> **Our technology. Your success.**
Pumps ▪ Valves ▪ Service

KSB

58th Abridged Annual Report, 2017


South side view


North side view

Artist's impression
Phase II (Part 1) of Energy Pumps Division,
MIDC Khandala, Satara.

After successful implementation of phase I of the **Energy Pumps Division,** Phase II work has commenced.

On 28th April 2017, KSB Pumps Limited inaugurated its 6th Manufacturing base – The Energy Pumps Division – at Khandala MIDC Ph-II, near Pune at the hands of **Mr. U. C. Muktibodh** (Director Technical – NPCIL) and **Dr. Jürgen Morhard** (Consulate General – Federal Republic of Germany in Mumbai). The other galaxy of dignitaries at the glittering function included key customers; suppliers and senior management of KSB India and Germany.

Mr. Gaurav Swarup (Chairman – KSB India), in his address said "KSB always likes to embrace change with the objective to be **Ahead of time all the time**. KSB in India has always been committed to innovative design translating to reproduce defect free manufacturing and that is what KSB is known for."

CONTENTS

ANNUAL GENERAL MEETING

Date	:	25th April, 2018
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. Sulajja Firodia Motwani
Dr. Stephan Bross
Dr. Matthias Schmitz
Mr. Rajeev Jain (Managing Director)

Registered Office

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

Zonal Offices

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

Factories

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

Tamil Nadu -
NSN Palayam, Coimbatore

Collaborators

KSB SE & Co. KGaA, Germany

Bankers

Central Bank of India
Deutsche Bank AG
Standard Chartered Bank

Auditors

Price Waterhouse Chartered Accountants LLP

Cost Auditors

Dhananjay V. Joshi & Associates

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.
Tel. No. : 022 4918 2322
E-mail : rnt.helpdesk@linkintime.co.in

NOTICE

NOTICE is hereby given that the Fifty-Eighth Annual General Meeting of the members of KSB PUMPS LIMITED will be held at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, on Wednesday, 25th April, 2018 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, 2017, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. G. Swarup (DIN: 00374298), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Stephan Bross (DIN: 00423114), who retires by rotation, and being eligible, offers himself for re-appointment.
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 139 and other applicable provisions, of the Companies Act, 2013 and Rules thereunder and pursuant to the approval of members at the 57th Annual General Meeting, the appointment of M/s Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016), as Statutory Auditors of the Company, be and is hereby ratified to hold office as such from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as may be decided by the Managing Director of the Company."

SPECIAL BUSINESS:

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

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

   "**RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 and Rules thereunder, Dr. Matthias Schmitz (DIN: 07884418), who was appointed as an Additional Director of the Company w.e.f. 25th July, 2017 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 Dr. Matthias Schmitz for the office of Director, be and is hereby appointed as a 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 Section 197 and other applicable provisions of the Companies Act, 2013 and pursuant to Article 113 of the Articles of Association of the Company and subject to such other approvals, if necessary, the consent of the members of the Company be and is hereby accorded to the payment of remuneration to Directors (excluding the Managing Director and Whole Time Director, if any) by way of commission calculated up to a level of 1% of the net profits of the Company computed in the manner laid down in the Section 198 of the Companies Act, 2013 for each of the financial year commencing from 1st January, 2018, with an authority to the Board of Directors to determine the amount of commission payable to each such Director within the aforesaid limits."

8. 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 Sections 4, 13, 14 and other applicable provisions of the Companies Act, 2013 and Rules thereunder, provision of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the approval, consent, sanction and permission of the Central Government/ Registrar of Companies/ Stock Exchanges/ appropriate Regulatory and Statutory Authorities as may be necessary, consent of the members of the Company be and is hereby accorded to change of name of the Company from “KSB PUMPS LIMITED” to “KSB LIMITED”;

RESOLVED FURTHER THAT upon receipt of fresh certificate of incorporation consequent to change of name, the name “KSB PUMPS LIMITED” wherever appears in the Memorandum of Association and Articles of Association and other documents and papers of the Company be substituted with “KSB LIMITED”;

RESOLVED FURTHER THAT any Director, Mr. Milind Khadilkar, Chief Financial Officer and Mr. Narasimhan R, Company Secretary of the Company, be and are hereby severally authorized to make, sign and execute and file necessary applications, forms, papers, documents and information as may be considered necessary or expedient including appointing attorney/s or authorized representatives under appropriate Letter/s of Authority/ies, to appear before the office of the Ministry of Corporate Affairs / Registrar of Companies / Stock Exchanges where securities of the Company are listed and other Regulatory or Statutory Authority/ies, as may be required from time to time and to do all such acts, deeds and things including settling and finalizing all issues that may arise in this regard in order to give effect to the abovementioned resolution and to delegate all or any of the powers conferred herein as they may, in their absolute discretion, deem fit.”

9. 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 Sections 12, 13 and other applicable provisions of the Companies Act, 2013 and Rules thereunder, provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the approval, consent, sanction and permission of the Central Government/ Regional Director/ appropriate Regulatory and Statutory Authorities as may be necessary, consent of the members of the Company be and is hereby accorded to shift the Registered Office of the Company from the city of Mumbai (jurisdiction of Registrar of Companies of Maharashtra at Mumbai) to Pune (jurisdiction of Registrar of Companies of Maharashtra at Pune) within the State of Maharashtra and Clause II of the Memorandum of Association of the Company be substituted with the following clause:

“II. The Registered Office of the Company will be situated in the State of Maharashtra i.e. within the jurisdiction of Registrar of Companies of Maharashtra at Pune.”

RESOLVED FURTHER THAT upon receipt of the order of Central Government/ Regional Director approving the alteration, the Registered Office of the Company be shifted from 126, Maker Chambers-III, Nariman Point, Mumbai 400021, Maharashtra to 104th Milestone, Mumbai-Pune Road, Pimpri, Pune 411018, Maharashtra;

RESOLVED FURTHER THAT any Director, Mr. Milind Khadilkar, Chief Financial Officer and Mr. Narasimhan R, Company Secretary of the Company, be and are hereby severally authorized to make, sign and execute and file necessary applications, forms, papers, documents and information as may be considered necessary or expedient including appointing attorney/s or authorized representatives under appropriate Letter/s of Authority/ies, to appear before the office of the Ministry of Corporate Affairs/ Registrar of Companies and other Regulatory or Statutory Authority/ies, as may be required from time to time issue notice, advertisements, obtain orders of shifting of registered office from the concerned authorities and to do all such acts, deeds and things including settling and finalizing all issues that may arise in this regard in order to give effect to the abovementioned resolution and to delegate all or any of the powers conferred herein as they may, in their absolute discretion, deem fit.”

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

NOTICE (Contd.)

"**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013, the remuneration payable for the year ending 31st December, 2018 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 service tax as applicable and reimbursement of out of pocket expenses incurred during the course of audit be and is hereby ratified and confirmed."

By Order of the Board

G. SWARUP
Chairman

Registered Office:

126, Maker Chambers III
Nariman Point,
Mumbai 400 021

Pune, 22nd February, 2018

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 information regarding the Directors who are proposed to be re-appointed, as required to be provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations, 2015") and Secretarial Standard on General Meetings, is annexed hereto.

e. The Register of Members and the Share Transfer Books of the Company will remain closed from Sunday, 15th April, 2018 to Wednesday, 25th April, 2018 (both days inclusive).

f. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after Wednesday, 16th May, 2018 to those members whose names appear in the Register of Members at the close of the business hours on 14th April, 2018, 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 14th April, 2018 in respect of shares held by them in dematerialised form.

g. Unclaimed Final Dividend for the financial year ended 31st December, 2009 and interim dividend for the financial year ended 31st December, 2010 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. '10	21st Apr. '11	20th Apr. '18
Interim	31st Dec. '11	15th Nov. '11	14th Nov. '18
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

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.

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

i. 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 2017 is being sent to those members whose email addresses are registered with their respective Depository Participants ("DPs"), Company or to the 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 abridged Annual Report for the year 2017 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 Eighth 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.

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 Abridged Annual Report and Full Annual Report duly circulated to the members of the Company, are available on the Company's website 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 Listing Regulation 44 of the Regulations, 2015, the members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Central Depository Services Limited (CDSL), on all resolutions set forth in this Notice.

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

i. Log on to the e-voting website www.evotingindia.com during the voting period.

ii. Click on "Shareholders" tab.

iii. Now Enter your User ID.

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 should enter Folio Number registered with the Company.

iv. Next enter the Image Verification Code as displayed and Click on Login.

v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

vi. If you are a first time user follow the steps given below:

For members holding shares in demat form and 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 Participant are requested to use the sequence number which is enclosed/ printed on Ballot / Attendance Slip indicated in the PAN field.
DOB#	Enter the Date of Birth in dd/mm/yyyy format 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 Details as recorded in your demat account or in the Company records for the said demat account or folio. #Please enter the DOB or 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. iii.

vii. After entering these details appropriately, click on 'SUBMIT' tab.

viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x. Click on the relevant EVSN of KSB Pumps Limited on which you choose to vote.

xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.

xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvi. If demat account holder has forgotten the changed password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.

xvii. Note for Non-Individual Shareholders and Custodians

a. Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians.

b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. They should upload a scanned copy of the Board Resolution/ authority letter etc. in PDF format in the system for the scrutinizer to verify the same.

xviii. Any person, who acquires shares of the Company and become a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., 19th April, 2018 may follow the same instructions as mentioned above for e-voting.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(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 along with Annual Report.

ii. A Member desiring to exercise voting by using Ballot Form shall complete the enclosed 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 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 21st April, 2018 (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 **21st April, 2018 (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 AGM 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, 22nd April, 2018** at **9.00 a.m.** and ends on **Tuesday, 24th April, 2018** 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, **19th April, 2018** (**the cut-off date**) may cast their vote electronically. The e-voting module shall be disabled by CDSL 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 **19th April, 2018.**

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 and on the website of CSDL at www.cdslindia.com within two days of the 58th Annual General Meeting of the Company to be held on 25th April, 2018.

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 15th April, 2018 so that the answers/details can be kept ready at the Annual General Meeting.

ANNEXURE TO THE NOTICE

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

BUSINESS NO. 6:

The Board upon recommendation of the Nomination and Remuneration Committee, at its meeting held on 25th July, 2017, appointed Dr. Matthias Schmitz as an Additional Director of the Company, liable to retire by rotation. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Dr. Matthias Schmitz for the office of Director.

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

The Directors recommend the resolution for approval.

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

BUSINESS NO. 7:

At the Annual General Meeting of the Company held on 12th April, 2013, members of the Company had authorised the Board of Directors to remunerate the non-executive Directors of the Company (excluding the Managing Director and Whole Time Directors, if any) by way of commission for their services up to an amount of 1% of the net profits of the Company, for each of the five financial years commencing from 1st January, 2013.

Accordingly, it is proposed that in terms of section 197 of the Companies Act, 2013 and Article 113 of the Articles of Association of the Company, the Directors (excluding the Managing Director and Whole Time Directors, if any) be paid, for each financial year commencing from 1st January, 2018, remuneration not exceeding 1% of the net profits of the Company computed in accordance with the provisions of the Section 198 of the Companies Act, 2013, with an authority to the Board of Directors to determine the amount of commission payable to each such Directors within the aforesaid limit.

All the Directors of the Company except Mr. Rajeev Jain, Managing Director are concerned or interested in the resolution to the extent of the remuneration that may be received by each of them. None of the Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

BUSINESS NO. 8:

The Company has business in the area of pumps, valves and service related activities. The present name of the Company, however, seems to be restricting the business of the Company to pumps alone.

In view of the above, the Board of Directors of the Company, at its meeting held on 26th April, 2017, decided to change the name of the Company from "KSB PUMPS LIMITED" to "KSB LIMITED" and consequential alteration of Memorandum of Association and Articles of Association and other documents and papers of the Company, subject to requisite approvals. The Board of Directors believes that the change in the name of the Company is being undertaken as part of Corporate rebranding, in order to further strengthen the image of the Company with the goodwill and reputation of the brand "KSB".

The proposed change of name will not result in change of the legal status or constitution or operations or activities of the Company, nor would it affect any of the rights of the Company or of the members/ stakeholders of the Company. All existing share certificates bearing the current name of the Company will, after the change of the name, continue to be valid for all purposes.

The Directors recommend the special 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 NO. 9:

Presently, the registered office of the Company is situated at 126, Maker Chambers-III, Nariman Point, Mumbai 400021, Maharashtra. The corporate office overseeing the day to day operations of the Company is situated at 104th Milestone Mumbai-Pune Road, Pimpri, Pune 411018, Maharashtra. Subsequent to reorganization/retirement and constitution of senior management offices at the Corporate office of the Company at Pune, it is proposed to shift the registered office of the Company from Mumbai to Pune.

The shifting of registered office will help the management to deliver better services to shareholders, exercise better administrative control and other operational convenience. Thus, to streamline the operations and management of affairs, the Board of Directors of the Company in its meeting held on 22nd February, 2018 has recommended to shift the registered office of the Company from Mumbai (within the jurisdiction of Registrar of Companies at Mumbai, Maharashtra) to Pune (within the jurisdiction of Registrar of Companies at Mumbai, Maharashtra) within the state of Maharashtra, subject to necessary approvals.

The shifting of registered office as aforesaid is in the best interest of the Company, shareholders and all other stakeholders concerned. The proposed shifting of office is not prejudicial to the interests of any stakeholders.

The Directors recommend the special 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 NO. 10:

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, 2018. 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 Item No. 10 of the Notice for ratification of the remuneration amounting to ₹ 4,85,000 plus applicable service tax 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.

By Order of the Board

G. SWARUP
Chairman
(DIN : 00374298)

Registered Office:

126, Maker Chambers III
Nariman Point,
Mumbai 400 021
CIN : L29120MH1960PLC011635

Pune, 22nd February, 2018

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:

1. **Mr. G. Swarup:**

<table>
<tr><td>Age</td><td colspan="3">61 Years</td></tr>
<tr><td>Qualifications</td><td colspan="3">BE, MBA (Harvard)</td></tr>
<tr><td>Director since</td><td colspan="3">24th January, 2000</td></tr>
<tr><td>Experience</td><td colspan="3">Vast experience in the engineering industry</td></tr>
<tr><td rowspan="12">List of other Directorships</td><td colspan="3">Swadeshi Polytex Limited</td></tr>
<tr><td colspan="3">Industrial and Prudential Investment Company Limited</td></tr>
<tr><td colspan="3">Paharpur Cooling Towers Limited</td></tr>
<tr><td colspan="3">Avadh Sugar & Energy Limited</td></tr>
<tr><td colspan="3">TIL Limited</td></tr>
<tr><td colspan="3">Graphite India Limited</td></tr>
<tr><td colspan="3">Medica Synergie Private Limited</td></tr>
<tr><td colspan="3">Garima Private Limited</td></tr>
<tr><td colspan="3">Paharpur Mauritius Limited</td></tr>
<tr><td colspan="3">Paharpur USA Inc</td></tr>
<tr><td colspan="3">Safind Forest Products (Pty) Limited</td></tr>
<tr><td colspan="3">Paharpur Singapore Technologies (Pte) Ltd.</td></tr>
<tr><td rowspan="3">Membership / Chairmanship in Committees in other Companies*</td><td>Name of the Company</td><td>Audit Committee</td><td>Stakeholders' Relationship Committee</td></tr>
<tr><td>TIL Limited</td><td>Chairman</td><td>Member</td></tr>
<tr><td>Avadh Sugar & Energy Limited</td><td>-</td><td>Chairman</td></tr>
<tr><td>Relationship with other Directors and Key Managerial Personnel</td><td colspan="3">Nil</td></tr>
<tr><td>No. of shares held in the Company</td><td colspan="3">34,000</td></tr>
<tr><td>No. of Board meetings attended during last Financial Year</td><td colspan="3">5 (five)</td></tr>
<tr><td>Terms and conditions of appointment</td><td colspan="3">Non Executive Director (Non Independent), liable to retire by rotation.</td></tr>
</table>

2. **Dr. Stephan Bross:**

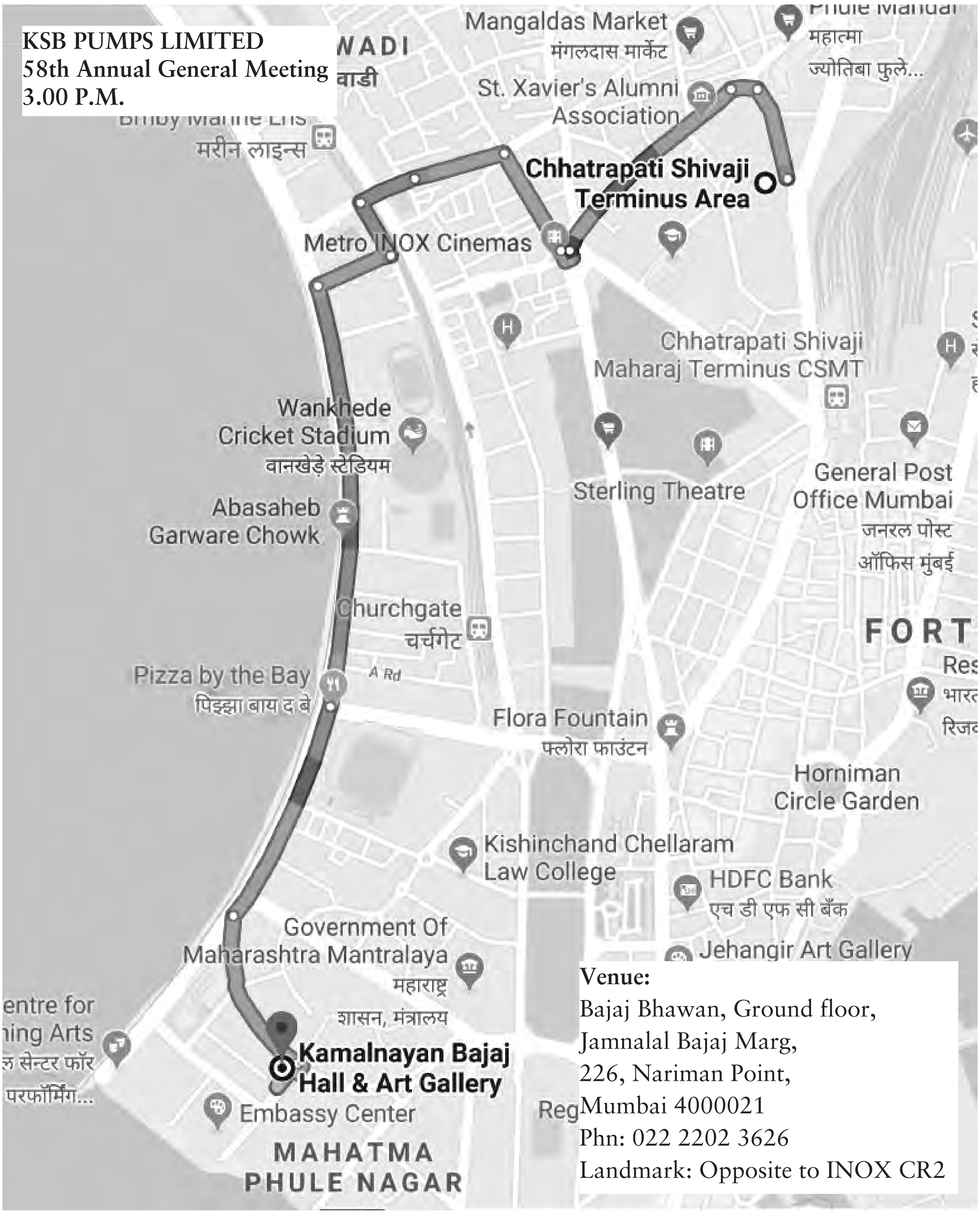
Age	55 Years
Qualifications	Mechanical Engineering Studies (Germany), Research Assistant, Institute for fluid Engineering (Germany).
Experience	Vast experience in engineering industry
Director Since	11th February, 2014
List of other Directorships	Burckhardt Compression AG Switzerland
Membership in Committees in other Companies*	Nil
Relationship with other Directors and Key Managerial Personnel	Nil
No. of shares held in the Company	Nil
No. of Board meetings attended during last Financial Year	4 (four)
Terms and conditions of appointment	Non Executive Director (Non Independent), liable to retire by rotation.

3. **Dr. Matthias Schmitz:**

Age	54 Years
Qualifications	Doctorate and engineering and business administration degree from University of Kaiserslautern
Experience	Vast experience in engineering industry
Director Since	25th July, 2017
List of other Directorships	KSB Finanz, S.A. Luxemburg
	Canadian Kay Pump Ltd., Canada
	KSB Shanghai Pump Co. Ltd. China
	SEC-KSB Nuclear Pumps and Valves. Ltd.
	GIW Industries, Inc., USA
	KSB SE (previously KSB AG), Germany
Membership in Committees in other Companies*	Nil
Relationship with other Directors and Key Managerial Personnel	Nil
No. of shares held in the Company	Nil
No. of Board meetings attended during last Financial Year	1 (One)
Terms and conditions of appointment	Non Executive Director (Non Independent), liable to retire by rotation.

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

ROUTE MAP FOR THE VENUE OF ANNUAL GENERAL MEETING



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, 2017.

FINANCIAL RESULTS AND DIVIDEND

The Company had adopted Indian Accounting Standards ("Ind AS") with effect from 1st January, 2017. Accordingly, the Financial Statements for the year ended 31st December, 2017 of the Company and its subsidiary are prepared with comparative data, in compliance with Ind AS.

Financial Results (Standalone):

INR Million

	Year ended December, 2017	Year ended December, 2016
Revenue from operations & Other Income	10,009.41	9,052.45
Profit before taxation	1,046.69	989.64
Income tax expense		
Current	404.74	343.22
Deferred tax (Credit)	(35.10)	(7.00)
Total tax expense	**369.64**	**336.22**
Profit for the year	677.05	653.42
Other Comprehensive income	22.68	(36.51)
Total comprehensive income	**699.73**	**616.91**
Appropriations:		
Opening balance of retained earnings	4,719.36	4,332.86
Profit for the year	677.05	653.42
Dividend Paid (including tax thereon)	(230.41)	(230.41)
Other comprehensive income recognised directly in retained earnings	22.68	(36.51)
Total retained earnings	**5,188.68**	**4,719.36**

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 2017. Hence, situation of heavy pressure on margins continued in the year.

Export increased by ₹ 228 Million from ₹ 1,133 Million last year to ₹ 1,361 Million.

Commercial production of the new plant facility at MIDC, Shirwal, ("EPD") Maharashtra, has commenced during the year under review.

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

Unclaimed Bonus Shares:

Total 20,304 bonus shares held by 144 shareholders were unclaimed in the end of year 2016. During the year 1 shareholder had approached/ claimed for bonus shares. The total number of shares outstanding at the end of the year 2017 is 20,074 held by 143 shareholders.

Change of name of the company:

It is proposed to change the name of the Company from KSB PUMPS LIMITED to KSB LIMITED. Since the Company has business in the area of pumps, valves and service related activities, the present name of the Company, however, seems to be restricting the business of the Company to pumps alone. As part of corporate rebranding and in order to further strengthen the image of the Company with the goodwill and reputation of the brand "KSB", it is proposed to change the name of the Company subject to necessary approvals of the authorities. A resolution seeking approval for the same forms part of the Notice convening the 58th Annual General Meeting and the same is recommended for your consideration and approval.

Shifting of registered office:

It is proposed to shift the registered office of the Company from the city of Mumbai to Pune within the same state of Maharashtra subject to necessary approvals, to deliver better services to shareholders, exercise better administrative control and other operational convenience. A resolution seeking approval for the same forms part of the Notice convening the 58th Annual General Meeting and the same is recommended for your consideration and approval.

Fixed Deposits:

The Company has no unclaimed deposits.

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

During the year, in accordance with section 125 of the Companies Act, 2013 ("the Act") an amount of ₹ 272,523 being unclaimed dividends up to the year 31st December, 2010, were transferred to the Investor Education and Protection Fund established by the Central Government.

In accordance with the provisions of IEPF Rules, 2016 the Company during the year has communicated individually to the concerned shareholders whose shares are liable to be transferred to IEPF Authority for taking appropriate actions. However, for transfer of such shares to IEPF Authority, the Company has been facing technical problems. The Company along with its Registrar and Transfer Agents is taking necessary steps to resolve the problem thereby transferring shares to IEPF.

Subsidiary & Associate:

The Company has 1 subsidiary, viz. Pofran Sales and Agency Limited and 1 associate, viz. KSB MIL Controls Limited (previously MIL Controls Limited) as on 31st December, 2017.

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, 2017 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.

ABRIDGED ANNUAL REPORT

In terms of the provision of the Companies Act, 2013, Rules thereunder and SEBI Listing Regulations, 2015 the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the balance sheet and statement of profit and loss and other documents to the shareholders for the financial year 2017, under the relevant laws.

Members who desire to obtain the full version of the Annual Report may write to the Company Secretary at the registered office. Full version of the Annual Report is also available on the Company's website at www.ksbindia.co.in

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexed to this report as Annexure II.

REPORT ON CORPORATE GOVERNANCE

Annexed to this Report alongwith certificate thereon as Annexure III.

BUSINESS RESPONSIBILITY REPORT

Annexed to this report as Annexure IV.

EXTRACT OF ANNUAL RETURN

Annexed to this report as Annexure V.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Contracts or arrangements with related parties referred to under Section 188 of the Act, entered into during the financial year, were on an arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, no transactions are being reported in form AOC-2 in terms of section 134 of the Act.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not granted any loans, guarantees and investments covered under section 186 of the Act during the year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism to provide avenues to the stakeholders to bring to the attention of the management, the concerns about behaviour of employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy. The details of the said policy are included in the report on Corporate Governance.

RISK MANAGEMENT

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no significant or material order passed during the year by any regulators, courts or tribunals impacting the going concern status of the Company or its future operations.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder and Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment. During the year, no complaint with allegations of sexual harassment was received by the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. G. Swarup and Dr. Stephan Bross, Directors, retire by rotation and are eligible for reappointment.

Dr. Matthias Schmitz, on recommendation of the Nomination and Remuneration Committee was appointed by the Board as Additional Director effective from 25th July, 2017 and he shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for appointment of Director under Section 160 of the Companies Act, 2013.

Mr. W. Stegmuller retired from services and hence resigned from the Board effective from close of the business hours on 31st May, 2017. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director.

Ms. Sulajja Firodia Motwani resigned from the Board effective from close of business hours on 22nd February, 2018. The Board expresses its sincere appreciation for the valuable services provided by her during her tenure as a Director.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee and Audit Committee, appointed Mr. Milind Khadilkar as Chief Financial Officer of the Company effective from 6th June, 2017.

Mr. Verghese Oommen, Chief Financial Officer retired on 31st May, 2017. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as Chief Financial Officer.

DECLARATIONS BY INDEPENDENT DIRECTORS

The Independent Directors have given a declaration to the Company that they meet the criteria of independence as per Section 149(6) of the Act.

BOARD MEETINGS

During the year ended 31st December, 2017, five meetings of the Board were held.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

EVALUATION OF BOARD OF DIRECTORS

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

BOARD COMMITTEES

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. Share Transfer Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors report that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) proper internal financial controls are in place and that such internal financial controls are adequate and are operating effectively; and

(f) systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules are provided in the Annual Report. The disclosures as specified under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure VI.

The information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the (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 58th 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.

A certificate from Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, if ratified at ensuing Annual General Meeting, would be according to the terms and conditions prescribed under Section 139 of the Act and Rules thereunder.

A resolution seeking ratification of their appointment forms part of the Notice convening the 58th Annual General Meeting and the same is recommended for your consideration and approval.

The Auditors' Report for the financial year 2017 does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2017.

COST AUDITORS

Pursuant to provisions of Section 148 of the Act and Rules thereunder, 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 2018 at a remuneration as mentioned in the Notice convening the 58th Annual General Meeting and the same is recommended for your consideration and ratification. The Cost Audit Report for financial year 2016 which was due to be filed with the Ministry of Corporate Affairs on 29th June, 2017, was filed on 25th May, 2017 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 2017 issued by Secretarial Auditors, M/s Nilesh Shah and Associates, Company Secretaries, Mumbai is annexed to this report as Annexure VII and it does not contain any qualification, reservation, adverse remark or disclaimer.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in the annexure to this report as Annexure VIII.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition of the CSR Committee, CSR Policy and other required details are given in the Annual Report on CSR Activities annexed to this Report as Annexure IX.

ACKNOWLEDGEMENTS

The Board of Directors are grateful to Canadian Kay Pump Ltd., the main shareholder, and to KSB SE (previously KSB AG), Germany, the Company's collaborators, for their valuable assistance and support. They wish to record their appreciation for the co-operation and support of the Company's shareholders, bankers and other lending institutions, all employees including the workers, staff and middle management and all others concerned with the Company's business.

On behalf of the Board of Directors
G. SWARUP
Chairman

Pune, 22th February, 2018

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, 2017 to 31st March, 2018*
Reporting currency and Exchange rate	INR
Share capital	0.50
Reserves & Surplus	55.66
Total Assets	56.22
Total Liabilities	0.06
Investments	-
Turnover	0.13
Profit / (Loss) before taxation	3.26
Provision for taxation	0.84
Profit / (Loss) after taxation	2.42
Proposed Dividend	-
% of shareholding	100

*The consolidation is based on the unaudited financial information for the period ended as on 31st December, 2017 of the subsidiary.

Part "B": Associate

INR Million

Name of associate	KSB MIL Controls Limited (previously MIL Controls Limited)
The date on which associate was associated / acquired	24th October, 1997
Latest audited Balance Sheet date	31st December, 2017
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	578.19
Profit / Loss for the year	
i. Considered in consolidation	53.28
ii. Not Considered in consolidation	55.45

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

Pune, 22nd February, 2018

ANNEXURE II TO BOARD'S REPORT

1. INTRODUCTION

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

2. INDUSTRY STRUCTURE AND DEVELOPMENT

2.1 General

Global economic growth for 2017 is estimated to be 3.7% with Europe and Asia in growth phase. The stronger momentum of 2017 is expected to continue in 2018 & 2019 with estimated growth rate of 3.9%.

Indian economy was marked with strong macro-economic fundamentals. However, the growth of GDP moderated in 2017 compared to 2016.

2.2 Pumps & Valves Industries

Growth is witnessed in Pumps and Valves industries in 2017 compared to 2016 in regions of Europe and Asia – Pacific.

Growth in Pumps and Valves industries in India witnessed increase which was also moderated due to tax regime changes and banking sector conditions.

3. OPPORTUNITIES AND THREATS

The growth phase of 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 and takes steps to maintain/ enhance existing competence.

4. SEGMENTWISE PERFORMANCE

During the year under review, pumps and related spares worth ₹ 7,118 Million (Previous year ₹ 6,296 Million) and valves and related spares worth ₹ 1,437 Million (Previous year ₹ 1,238 Million) were sold.

Out of the above, export of pumps, valves and their spares in terms of value were ₹ 1,150 Million (Previous year ₹ 1,133 Million).

5. 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.

6. RISKS & CONCERNS THE MANAGEMENT PERCEIVE

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

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

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal Control Systems are implemented:-

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

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

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

The Audit Committee meets periodically to review -

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

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

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

The following statements cover financial performance review, which are attached to this report.

a) Distribution of income

b) Financial position at a glance

c) Financial summary

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS

The company has taken various steps in human resources to achieve its strategic vision by ensuring employees are engaged and motivated. Attracting and retaining the talent with specific competencies continued to be a challenge for the Company during 2017. Moving forward, the Company will continue to focus on Leadership Development, Performance Management, Learning and Development, Succession Planning and Health and Safety Management and align these initiatives to the business requirements.

Based on the inputs from "KSB Voice Employee Engagement Survey - 2016" and feedback from the employees, the company has taken steps to evaluate the compensation, performance review and development and made an attempt to enhance the employee's entire work life cycle. With an objective to enhance the engagement level of the employees, programmes such as better communication across the organization, reward and recognition, competence and career development, developing IT infrastructure and idea management have been implemented and will be institutionalized during the next year. With sustained initiatives, the attrition level remained below the average level of the job market in 2017. In addition to the above, we have mechanism in place to foster a positive workplace environment, free from harassment of any nature at workplace. The employee relations at all the plants continued to be healthy and productive.

10. 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

Pune, 22nd February, 2018

DISTRIBUTION OF INCOME (STANDALONE)

INR Million

		Year ended December 31, 2017 INR	%	Year ended December 31, 2016 INR	%
1	Raw Materials/Bought-out Components Consumed	4,672	46.68	3,870	42.74
2	Excise Duty (till 30th June, 2017)	249	2.49	543	5.99
3	Employee benefits expense	1,445	14.44	1,360	15.02
4	Other Expenses	2,250	22.48	1,964	21.70
5	Finance cost	37	0.37	31	0.34
6	Depreciation	309	3.09	294	3.25
7	Taxation				
	Current	405	4.05	343	3.79
	Deferred	(35)	(0.35)	(7)	(0.08)
8	Other Comprehensive (Income)/Expense	(23)	(0.25)	37	0.41
9	Dividend (including tax thereon)	230	2.30	230	2.54
10	Retained Earnings	470	4.70	387	4.28
	TOTAL	10,009	100	9,052	100

FINANCIAL POSITION AT A GLANCE (STANDALONE)

INR Million

CAPITAL	Year ended December 31, 2017	Year ended December 31, 2016
ASSETS OWNED		
Non-Current Assets -		
1. Property, Plant and Equipment (including Capital Work in Progress)	3,104	2,328
2. Intangible Assets	19	23
3. Investments	63	63
4. Other Non-Current Assets (net)	196	334
5. Deferred Tax Assets (net)	176	153
Current Assets (Net) excluding borrowings-	3,194	3,325
TOTAL	6,752	6,226
FINANCED BY		
1. Borrowings	127	70
2. Net Worth*	6,625	6,156
TOTAL	6,752	6,226
*Represented by Equity Share		
Capital	348	348
Other equity	6,277	5,808
TOTAL	6,625	6,156
INCOME EARNED		
1. Revenue from operations	9,692	8,791
2. Other Income	317	261
TOTAL	10,009	9,052
INCOME DISTRIBUTED		
1. Materials consumed	4,672	3,870
2. Excise Duty (till 30th June, 2017)	249	543
3. Employee benefits expense	1,445	1,360
4. Other expenses	2,250	1,964

INR Million

		Year ended December 31, 2017	Year ended December 31, 2016
5.	Finance cost	37	31
6.	Depreciation	309	294
7.	Taxation		
	Current	405	343
	Deferred	(35)	(7)
8.	Other Comprehensive (Income)/Expense (net)	(23)	37
9.	Dividend (including tax thereon)	230	230
10.	Retained Income	470	387
	TOTAL	10,009	9,052

FINANCIAL SUMMARY (STANDALONE)

	2017*	2016*	2015	2014	2013
CAPITAL ACCOUNTS (INR Million)					
Liabilities					
Equity Share Capital	348	348	348	348	348
Other equity	6,277	5,808	5,184	4,709	4,284
Non-Current Liabilities	373	370	365	363	293
Assets					
Non-Current Assets					
Gross Block	6,152	5,149	4,603	4,319	3,967
Net Block	3,123	2,351	2,083	2,008	1,895
Investments	63	63	63	63	63
Other Non-Current Assets	569	704	492	549	565
Deferred Tax Assets (net)	176	153	128	100	78
Current Assets (Net)	3,067	3,255	3,131	2,700	2,325
REVENUE ACCOUNTS (INR Million)					
Revenue from operations and Other Income	10,009	9,052	8,497	8,292	7,475
Gross Profit before finance cost and depreciation	1,393	1,315	1,350	1,269	1,167
Finance cost	37	31	17	22	26
Depreciation	309	294	278	276	265
Profit before tax	1,047	990	1,055	971	876
Profit after tax	677	654	698	654	597
Dividend amount (including tax thereon)	230	230	223	229	224
Retained earnings	470	387	475	425	373
SELECTED INDICATORS					
Return on Capital Employed %	16.05	16.40	19.33	18.73	19.34
Current Ratio	2.01	2.17	2.01	2.00	1.93
Earnings per share	19.45	18.77	20.06	18.79	17.17
Debt equity ratio	0.02	0.01	0.00	0.05	0.01
Book value per share	190.34	176.87	158.94	145.29	133.08
Dividend %	55	55	55	55	55
Fixed Assets Turnover	3.20	3.85	4.08	4.13	3.94

* Figures for the years 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 eight 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	No
Mr. D. N. Damania	00403834	NED – I	5	Yes
Mr. Pradip Shah	00066242	NED – I	4	Yes
Dr. Stephan Bross	00423114	NED	4	Yes
Mr. V. K. Viswanathan	01782934	NED-I	3	Yes
Mr. N.N. Kampani* (Upto 26th April, 2017)	00009071	NED	1	No
Mr. W. Stegmuller** (Upto 31st May, 2017)	06929923	NED	2	Yes
Dr. Matthias Schmitz*** (effective from 25th July, 2017)	07884418	NED	1	N.A.
Ms. Sulajja Firodia Motwani**** (Upto 22nd February, 2018)	00052851	NED-I	2	No
Mr. Rajeev Jain	07475640	Managing Director –ED	5	Yes

ED : Executive Director

NED – I : Non-Executive Director – Independent

N.A. : Not Applicable

* Mr. N. N. Kampani retired w.e.f. close of the business hours on 26th April, 2017.

** Mr. W. Stegmuller retired w.e.f. close of the business hours on 31st May, 2017.

*** Dr. Matthias Schmitz is appointed as an Additional Director w.e.f 25th July, 2017

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

(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	17	7	1
Dr. Stephan Bross	1	Nil	Nil
Mr. V. K. Viswanathan	8	8	5
Ms. Sulajja Firodia Motwani*	8	Nil	Nil
Dr. Matthias Schmitz *	6	Nil	Nil
Mr. Rajeev Jain	3	Nil	1

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

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

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

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

Meetings were held on 20th February, 2017, 26th April, 2017, 5th June, 2017, 25th July, 2017 and 2nd November, 2017.

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

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

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

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

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

3. Committees of the Board

A. Audit Committee

i. Terms of Reference

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

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	5	5
Mr. G. Swarup	5	5
Dr. Stephan Bross	5	4
Mr. A. R. Broacha	5	4
Mr. Pradip Shah	5	4
Mr. V. K. Viswanathan*	N.A.	N.A.

*Member w.e.f. 3rd November, 2017.

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

Meetings were held on 20th February, 2017, 26th April, 2017, 5th June, 2017, 25th July, 2017 and 2nd November, 2017.

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)	4	4
Mr. Pradip Shah	4	3
Mr. G. Swarup	4	4

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

Meetings were held on 20th February, 2017, 5th June, 2017, 25th July, 2017 and 2nd November, 2017.

iv. Remuneration Policy

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

v. Annual evaluation of Board, Committees and individual Directors

Pursuant to the provisions of the Act, Listing Regulations, 2015 and the Remuneration Policy of the Company, the Board of Directors/ Independent Directors/ Nomination and Remuneration Committee (as applicable) has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. Such evaluation are presented to the 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)	1	1
Mr. G. Swarup	1	1
Mr. Rajeev Jain	1	1

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

Meeting was held on 25th July, 2017.

D. Stakeholders' Relationship Committee

i. Terms of Reference:

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

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. A. R. Broacha (Chairman)	1	1
Mr. G. Swarup	1	1
Mr. Rajeev Jain	1	1

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

Meeting was held on 2nd November, 2017.

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

v. Complaints

During the year under review 10 grievances were received. All the grievances have been resolved to the satisfaction of the shareholders.

E. Share Transfer Committee

i. Terms of Reference

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

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. G. Swarup (Chairman)	10	9
Mr. A. R. Broacha	10	10
Mr. D. N. Damania	10	9
Mr. Rajeev Jain	10	9

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

Meetings were held on 4th January, 2017, 31st January, 2017, 24th February, 2017, 15th May, 2017, 25th May, 2017, 28th June, 2017, 17th July, 2017, 17th August, 2017, 11th September, 2017 and 16th November, 2017.

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 Directors for the year under review

INR '000s

Name of the Director	Salary	Commission	Performance linked bonus	Perquisites and Contribution to Provident Fund	Terms of appointment
Mr. Rajeev Jain	10,661	5,331	3,031	8,018	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 is 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, 2017 to 31st December, 2017 are as under:

INR '000s

Name of the Directors	Directors' Fees	Commission
Mr. G. Swarup	325	600
Mr. A. R. Broacha	235	600
Mr. D. N. Damania	320	600
Mr. Pradip Shah	210	600
Dr. Stephan Bross	180	600
Mr. V. K. Viswanathan	75	600
Ms. S. F. Motwani	50	600
Mr. N. N. Kampani	25	300
Mr. W. Stegmuller	50	300
Dr. Matthias Schmitz	25	300

5. **General Body Meetings**

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

Financial Year	Date	Time	Venue
2014	22nd April, 2015	3.00 p.m.	Bajaj Bhavan, Mumbai
2015	26th April, 2016	2.00 p.m.	Bajaj Bhavan, Mumbai
2016	26th April, 2017	3.00 p.m.	Bajaj Bhavan, Mumbai

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

Financial Year	Special Resolution Passed
2014	Yes
2015	No
2016	No

(iii) Postal Ballot

No resolution was required to be passed by means of a postal ballot during the last year. Resolution, if required, shall be passed by Postal Ballot during the Financial Year 2018, as per the prescribed procedure.

6. **Means of Communication**

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

7. **General Shareholder Information**

AGM: Date, Time and Venue	25th April, 2018 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, 2017 to 31st December, 2017.
Date of Book Closure	15th April, 2018 to 25th April, 2018 (both days inclusive).
Dividend Payment date	16th May, 2018 onwards
Listing on Stock Exchanges	1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited (NSE), Mumbai The Company has paid the listing fees for the period 1st April, 2017 to 31st March, 2018.
Stock Code	1. BSE : 500249 2. NSE : KSBPUMPS 3. ISIN : INE999A01015
Market Price Data: High, Low during each month in last Financial year	Please see Annexure 'A'.
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.	The performance of the Company's share relative to the BSE sensitive index is given in Annexure 'B'.
Registrar and Transfer Agent	Link Intime India Pvt. Ltd.
Share Transfer System	All the dematerialised shares are transferred through the depository participants in electronic mode. The physical transfers received are processed by the Registrar and Transfer Agent. To facilitate prompt services to the shareholders, the Company Secretary is authorised to approve transfers and transmission not exceeding 300 shares per folio per occasion. These are processed on a fortnightly basis. Consolidation, sub-division of shares and issue of duplicate share certificates are approved by the Share Transfer Committee/Board of Directors.
Distribution of Shareholding and Shareholding pattern as on 31st December, 2017	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	98.97% of the Paid-up Capital has been dematerialised as on 31st December, 2017.
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, Dist. Satara **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 4918 2322 E-mail: rnt.helpdesk@linkintime.co.in

8. **Disclosures**

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

B. Disclosure on Material Related Party Transactions

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

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

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

b. Related party transactions

Normal trade transactions, sales commission agreement for exports and license and technical collaboration agreements are being entered into with KSB 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.

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

Pune, 22nd February, 2018

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 2017.

Rajeev Jain
Managing Director

Pune, 22nd February, 2018

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
KSB Pumps Limited

We have examined the compliance with conditions of Corporate Governance by KSB Pumps Ltd., for the year ended on 31st December, 2017, as stipulated in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

Based on the representation received from the Company and certified by the Registrars and Transfer Agent, no investor grievance is pending for a period exceeding one month as on 31st December, 2017 against the Company and the Registrars and Transfer Agents have reported to the Shareholders/Investors Grievances 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

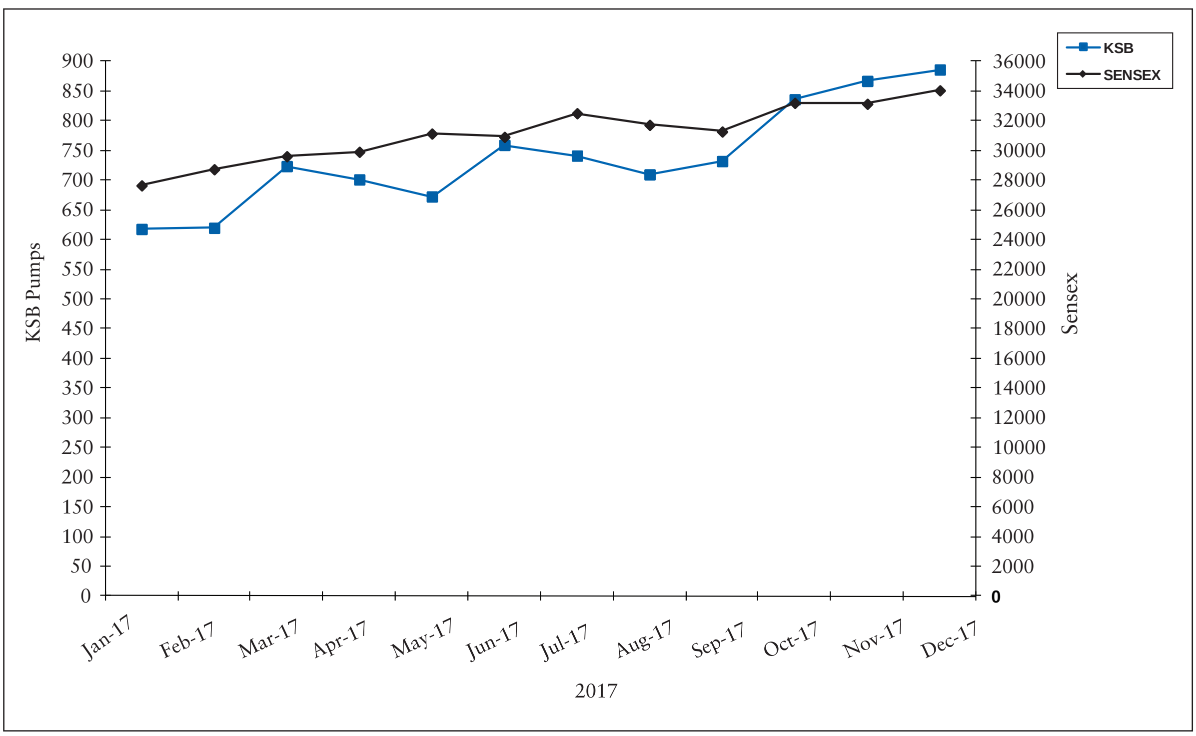
Mumbai, 22nd February, 2018

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, 2017	662	605	26,140	662	605	117,108
February, 2017	637	601	23,600	639	598	88,713
March, 2017	733	600	44,640	739	598	415,931
April, 2017	742	686	91,142	745	688	363,367
May, 2017	719	655	23,071	711	656	145,177
June, 2017	803	676	126,262	805	671	583,674
July, 2017	839	686	210,599	839	738	1,033,612
August, 2017	777	659	152,187	777	660	242,444
September, 2017	800	681	34,458	792	684	064,075
October, 2017	931	716	66,713	888	721	447,271
November, 2017	922	810	38,022	913	824	251,218
December, 2017	925	828	138,301	929	835	320,334

ANNEXURE B



REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNEXURE C

Distribution of shareholding as on 31st December, 2017

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	9,734	85.04	941,009	2.70
501-1,000	814	7.11	622,770	1.79
1,001-2,000	554	4.84	815,671	2.34
2,001-3,000	157	1.37	377,546	1.09
3,001-4,000	49	0.43	168,837	0.49
4,001-5,000	36	0.32	164,407	0.47
5,001-10,000	49	0.43	341,622	0.98
10,001 and above	53	0.46	31,375,982	90.14
Total	**11,446**	**100.00**	**34,807,844**	**100.00**

Shareholding pattern as on 31st December, 2017

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	9,003,458	25.87
Foreign Promoters	1	14,110,848	40.54
Mutual Funds & UTI	26	4,461,216	12.82
Banks, Financial Institutions and Insurance Companies	7	1,014,587	2.91
Foreign Institutional Investors	0	0	0.00
Private Corporate Bodies	359	1,315,468	3.78
Indian Public/Trust	10,694	3,500,504	10.05
Foreign Nationals/NRIs	351	1,401,763	4.02
Total	**11,446**	**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 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, 2017 to 31st December, 2017
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 15 branch offices at different locations across India.
10. **Markets served by the Company :** Local, state, national, international

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR Million):** 348.08
2. **Total turnover (INR Million):** 9,692.34 (Standalone)
3. **Total profit after taxes (INR Million):** 677.05 (Standalone)
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 2.97
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 Number (if applicable)	07475640
2.	Name	Rajeev Jain
3.	Designation	Managing Director
4.	Telephone number	020 2710 1000
5.	e-mail id	rajeev.jain@ksb.com

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

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

These are briefly are as under:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights

P6 Businesses should respect, protect and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for principle	Y	Y	Y	Y	Y*	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify?	The policies are developed and aligned to applicable legal and regulatory requirements, guidelines, regulations and our internal mandates; and are in line with international standards and practices such as ISO 9001, ISO 14001, OHSAS 18001, ISO 26000, PED 97/23/EC etc.								

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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-en/Investor-relations/Corporate-Governance/Code-of-Conduct/ CSR Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/csr-policy/csr-policy/91858/ Whistle Blower Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/whistle-blower-policy/ All other policies are available on the Company's internal network.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies communicated to internal stakeholders are available on the internal network. Policies communicated to external stakeholders are available on the website of the Company.								
8	Does the company have in-house structure to implement the policy / policies?	Yes. There is an in-house structure with defined roles and responsibilities.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. The Company has a grievance redressal mechanism.								
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. The Company's policies and procedures are supported by internal risk controls. These risk controls are continually evaluated for their efficacy through internal audit mechanism and are also subject to external audits.								

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

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

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principle	–	–	–	–	–	–	–	–	–
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 2017.

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 (previously KSB AG), 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.

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

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

Principle 3 : Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees:** 1,657
2. **Please indicate the total number of employees hired on temporary/ contractual/ casual basis:** 951
3. **Please indicate the number of permanent women employees:** 33

BUSINESS RESPONSIBILITY REPORT (Contd.)

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/ Contractual Employees:** 100%

   (d) **Employees with Disabilities:** N. A.

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

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

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

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

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

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

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

Principle 5 : Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

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

   Yes. The Company identifies and assesses potential environmental risks.

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

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

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

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

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

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

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

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

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

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

   The Company is a member of:

   i. Mahratta Chamber of Commerce Industries and Agriculture (MCCIA)

   ii. Indian Pumps Manufacturers' Association (IPMA)

   iii. Confederation of Indian Industry (CII)

   iv. Indo-German Chamber of Commerce (IGCC)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes, following are the broad areas:

   i. Governance and Administration

   ii. Economic Reforms

Principle 8 : Businesses should support inclusive growth and equitable development

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

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

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

   The activities are undertaken through KSB Care Charitable Trust.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board of Directors

G. SWARUP
Chairman

Pune, 22nd February, 2018

ANNEXURE V TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st December, 2017

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

I. REGISTRATION & OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the Company
1	Manufacturing of pumps and spares thereof	2812	82.53
2	Manufacturing of valves and spares thereof	2813	16.16

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Pofran Sales and Agency Limited, 104th Mile Stone Mumbai-Pune Road, Pimpri, Pune-411018	U51103PN2005PLC020123	Subsidiary	100	2(87)
2	KSB MIL Controls Limited (Previously MIL Controls Limited) Meladoor, Annamanada, Thrissur, Kerala- 680741	U32107KL1983PLC003725	Associate	49	2(6)

IV. SHARE HOLDING PATTERN

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	153,458	-	153,458	0.44	153,458	-	153,458	0.44	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8,850,000	-	8,850,000	25.43	8,850,000	-	8,850,000	25.43	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	**9,003,458**	**-**	**9,003,458**	**25.87**	**9,003,458**	**-**	**9,003,458**	**25.87**	**-**
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	14,110,848	-	14,110,848	40.54	14,110,848	-	14,110,848	40.54	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**14,110,848**	**-**	**14,110,848**	**40.54**	**14,110,848**	**-**	**14,110,848**	**40.54**	**-**
Total Shareholding of Promoter [(A)= (A)(1)+(A)(2)]	**23,114,306**	**-**	**23,114,306**	**66.41**	**23,114,306**	**-**	**23,114,306**	**66.41**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	4,247,875	700	4,248,575	12.21	4,460,516	700	4,461,216	12.82	0.61
b) Banks / FI	3,303	808	4,111	0.01	6,668	808	7,476	0.02	0.01
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	956,014	-	956,014	2.74	1,007,111	-	1,007,111	2.89	0.15
g) FIIs	6,460	-	6,460	0.02	-	-	-	-	(0.02)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	1,194,414	-	1,194,414	3.43	1,228,356	-	1,228,356	3.53	0.10
j) Foreign Financial Institution	-	1,000	1,000	0.00	-	1,000	1,000	0.00	-
Sub-total (B)(1)	**6,408,066**	**2,508**	**6,410,574**	**18.41**	**6,702,651**	**2,508**	**6,705,159**	**19.26**	**0.85**

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,318,933	3,966	1,322,899	3.80	1,267,794	3,966	1,271,760	3.65	(0.15)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,796,912	318,258	3,115,170	8.95	2,642,698	295,345	2,938,043	8.44	(0.51)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	488,595	50,112	538,707	1.55	351,920	50,112	402,032	1.16	(0.39)
c) Trusts	1,716	-	1,716	0.00	1,716	-	1,716	0.00	0.00
d) Hindu Undivided Family	95,841	-	95,841	0.28	117,293	-	117,293	0.34	0.06
e) Non-Resident Indians	146,672	5,604	152,276	0.44	166,803	5,604	172,407	0.49	0.05
f) Directors/ Relatives	41,420	-	41,420	0.12	41,420	-	41,420	0.12	0.00
g) Clearing Members	14,935	-	14,935	0.04	43,708	-	43,708	0.13	0.09
Sub-total (B)(2)	**4,905,024**	**377,940**	**5,282,964**	**15.18**	**4,633,352**	**355,027**	**4,988,379**	**14.33**	**(0.85)**
Total Public Shareholding [(B) = (B)(1)+(B)(2)]	**11,313,090**	**380,448**	**11,693,538**	**33.59**	**11,336,003**	**357,535**	**11,693,538**	**33.59**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**34,427,396**	**380,448**	**34,807,844**	**100.00**	**34,450,309**	**357,535**	**34,807,844**	**100.00**	**0.00**

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Vikram Swarup	40,000	0.11	-	40,000	0.11	-	-
2	Gaurav Swarup	34,000	0.10	-	34,000	0.10	-	-
3	Bindu Vikram Swarup	16,000	0.05	-	16,000	0.05	-	-
4	Parul Swarup	3,058	0.01	-	3,058	0.01	-	-
5	Vikram Swarup & Gaurav Swarup	60,400	0.17	-	60,400	0.17	-	-

ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
6	The Industrial And Prudential Investment Co. Ltd.	7,140,000	20.51	-	7,140,000	20.51	-	-
7	Paharpur Cooling Towers Ltd.	1,450,000	4.17	-	1,450,000	4.17	-	-
8	New Holding And Trading Co. Ltd.	260,000	0.75	-	260,000	0.75	-	-
9	Canadian Kay Pump Limited	14,110,848	40.54	-	14,110,848	40.54	-	-
	Total	**23,114,306**	**66.41**	**-**	**23,114,306**	**66.41**	**-**	**-**

(iii) Change in Promoters' Shareholding

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

(iv) Shareholding Pattern of Top Ten Shareholders

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

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND							
		2,520,693	7.24					
				26-May-2017	4,700	Purchase	2,525,393	7.26
				7-Jul-2017	(24,314)	Sale	2,501,079	7.19
				14-Jul-2017	(10,000)	Sale	2,491,079	7.16
				18-Aug-2017	8,228	Purchase	2,499,307	7.18
				8-Sep-2017	6,913	Purchase	2,506,220	7.20
				15-Sep-2017	20,087	Purchase	2,526,307	7.26
				22-Sep-2017	767	Purchase	2,527,074	7.26
				29-Sep-2017	41,945	Purchase	2,569,019	7.38
				13-Oct-2017	45,506	Purchase	2,614,525	7.51
				20-Oct-2017	32,258	Purchase	2,646,783	7.60
				27-Oct-2017	943	Purchase	2,647,726	7.61
				3-Nov-2017	7,815	Purchase	2,655,541	7.63
				10-Nov-2017	27,772	Purchase	2,683,313	7.71
				17-Nov-2017	6,588	Purchase	2,689,901	7.73
				24-Nov-2017	5,851	Purchase	2,695,752	7.74
				1-Dec-2017	6,749	Purchase	2,702,501	7.76
				8-Dec-2017	14,164	Purchase	2,716,665	7.80

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
				15-Dec-2017	3,300	Purchase	2,719,965	7.81
				29-Dec-2017	9,979	Purchase	2,729,944	7.84
		2,729,944	7.84					
2	THYSSENKRUPP INDUSTRIES INDIA PRIVATE LIMITED.							
		1,080,000	3.10					
						No change in the shareholding during the year		
		1,080,000	3.10					
3	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.							
		956,014	2.75					
				6-Jan-2017	7,500	Purchase	963,514	2.77
				20-Jan-2017	2,000	Purchase	965,514	2.77
				27-Jan-2017	12,000	Purchase	977,514	2.81
				3-Feb-2017	2,000	Purchase	979,514	2.81
				24-Feb-2017	5,000	Purchase	984,514	2.83
				3-Mar-2017	2,000	Purchase	986,514	2.83
				24-Mar-2017	5,000	Purchase	991,514	2.85
				31-Mar-2017	33,000	Purchase	1,024,514	2.94
				7-Apr-2017	47,990	Purchase	1,072,504	3.08
				14-Apr-2017	10	Purchase	1,072,514	3.08
				21-Apr-2017	(19,000)	Sale	1,053,514	3.03
				28-Apr-2017	(47,000)	Sale	1,006,514	2.89
				2-Jun-2017	3,000	Purchase	1,009,514	2.90
				28-Jul-2017	(2,403)	Sale	1,007,111	2.89
				25-Aug-2017	(30,000)	Sale	977,111	2.81
				22-Sep-2017	(10,000)	Sale	967,111	2.78
				6-Oct-2017	5,000	Purchase	972,111	2.79
				15-Dec-2017	20,000	Purchase	992,111	2.85
				22-Dec-2017	5,000	Purchase	997,111	2.86
				29-Dec-2017	10,000	Purchase	1,007,111	2.89
		1,007,111	2.89					
4	PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED							
		965,351	2.77					
						No change in the shareholding during the year		
		965,351	2.77					
5	SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND							
		581,109	1.67					
				9-Jun-2017	2,750	Purchase	583,859	1.68
				16-Jun-2017	3,329	Purchase	587,188	1.69

ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
				23-Jun-2017	7,321	Purchase	594,509	1.71
				30-Jun-2017	2,625	Purchase	597,134	1.72
				18-Aug-2017	2,775	Purchase	599,909	1.72
				25-Aug-2017	45,612	Purchase	645,521	1.85
				8-Sep-2017	111,873	Purchase	757,394	2.18
				15-Sep-2017	2,718	Purchase	760,112	2.18
				22-Sep-2017	20,524	Purchase	780,636	2.24
				29-Sep-2017	4,473	Purchase	785,109	2.26
				20-Oct-2017	1,787	Purchase	786,896	2.26
		786,896	2.26					
6	DSP BLACKROCK MICRO CAP FUND							
		615,478	1.77					
				28-Apr-2017	58,768	Purchase	674,246	1.94
				5-May-2017	5,684	Purchase	679,930	1.95
				12-May-2017	11,438	Purchase	691,368	1.99
				9-Jun-2017	50,000	Purchase	741,368	2.13
		741,368	2.13					
7	IIFL BEST OF CLASS FUND 1 - CLASS 2							
		119,959	0.34					
						No change in the shareholding during the year		
		119,959	0.34					
8	ANANT VENKATRAO SETALVAD							
		112,200	0.32					
				7-Jul-2017	(1,500)	Sale	110,700	0.32
		110,700	0.32					
9	GOVERNMENT OF SINGAPORE - E							
		-	-					
				17-Mar-2017	87,907	Purchase	87,907	0.25
				24-Mar-2017	20,000	Purchase	107,907	0.31
		107,907	0.31					
10	RAMESH DAMANI							
		94,035	0.27					
						No change in the shareholding during the year		
		94,035	0.27					

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	Shareholding of each Director and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. A.R. Broacha						
	At the beginning of the year	1-Jan-2017		30,000	0.09	30,000	0.09
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2017		30,000	0.09	30,000	0.09
2	Mr. D.N. Damania						
	At the beginning of the year	1-Jan-2017		4,200	0.02	4,200	0.02
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2017		4,200	0.02	4,200	0.02
3	Mr. G. Swarup						
	At the beginning of the year	1-Jan-2017		34,000	0.10	34,000	0.10
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2017		34,000	0.10	34,000	0.10

V. INDEBTEDNESS

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

INR Million

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	51.84	18.03	-	69.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**51.84**	**18.03**	**-**	**69.87**
Change in Indebtedness during the financial year				
Addition (Net)	64.75	-	-	64.75
Reduction (Net)	-	8.28	-	8.28
Net Change	64.75	8.28	-	56.47
Indebtedness at the end of the financial year				
i) Principal Amount	116.59	9.75	-	126.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**116.59**	**9.75**	**-**	**126.34**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.42
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.34
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	-
5	Others (Contribution to Provident Fund)	1.28
	Total (A)	**27.04**
	Ceiling as per the Act	54.31

B. Remuneration to other Directors — INR Million

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Mr. A.R. Broacha	Mr. V.K. Viswanathan	Mr. Pradip Shah	Ms. S. F. Motwani	Mr. D. N. Damania	
	Fee for attending board / committee meetings	0.24	0.08	0.21	0.05	0.32	
	Commission	0.60	0.60	0.60	0.60	0.60	
	Others	-	-	-	-	-	
	Total (1)	**0.84**	**0.68**	**0.81**	**0.65**	**0.92**	**3.89**
2	Other Non-Executive Directors	Mr. G. Swarup	Dr. Stephan Bross	Mr. N.N. Kampani	Mr. W. Stegmuller	Dr. Matthias Schmitz	
	Fee for attending board / committee meetings	0.33	0.18	0.03	0.05	0.03	
	Commission	0.60	0.60	0.30	0.30	0.30	
	Others	-	-	-	-	-	
	Total (2)	**0.93**	**0.78**	**0.33**	**0.35**	**0.33**	**2.71**
	Total (B)=(1+2)						**6.60**
	Total Managerial Remuneration						**33.64**
	Overall Ceiling as per the Act						65.17

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

S. No.	Particulars of Remuneration Designation	Key Managerial Personnel			Total Amount
		Mr. Milind Khadilkar Chief Financial Officer (effective 6th June, 2017)	Mr. Verghese Oommen Chief Financial Officer (upto 31st May, 2017)	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.48	13.92*	2.65	21.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.06	0.02	0.08
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-		
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others (Contribution to Provident Fund)	0.20	0.15	0.12	0.47
	Total	**4.68**	**14.13**	**2.79**	**21.60**

* Including ₹ 8.13 Million for gratuity and leave encashment on retirement.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of Board of Directors

G. Swarup
Chairman

Pune, 22nd February, 2018

ANNEXURE VI TO BOARD'S REPORT

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

i. **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2017.**

No.	Name of the Director / KMP and Designation	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2017
1.	Mr. Rajeev Jain	Managing Director	37:1	3.5%
2	Mr. Verghese Oommen	Chief Financial Officer	Not Applicable	Refer Note 2
3	Mr. Milind Khadilkar	Chief Financial Officer	Not Applicable	Refer Note 2
4	Mr. Narasimhan R	Company Secretary	Not Applicable	9%

Note:

1. The Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors Remuneration is therefore not considered for the above purpose.
2. Since this information is for part of the year, the same is not comparable.

ii. **The percentage increase in the median remuneration of the employees in the financial year:**

There has been an increase of 6% in median remuneration of employees in Financial Year 2017 as compared to Financial Year 2016.

iii. **The number of permanent employees on the rolls of the Company:** There were 1,817 employees on the rolls of the Company as on 31st December, 2017.

iv. **Average percentage increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2017 and its comparison with the percentage increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 7% and that of managerial personnel has increased by 7%.

v. **Affirmation that the remuneration is as per the remuneration policy of the Company:** The remuneration of Directors was as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

G. Swarup
Chairman

Pune, 22nd February, 2018

ANNEXURE VII TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2017

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

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

Dear Sir / Madam,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st December, 2017, 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, 2017, as per the provisions of:

(i) The Companies Act, 2013 and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB), to the extent to which the same was applicable to the Company;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

    (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

ANNEXURE TO BOARD'S REPORT (Contd.)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 Listing Agreement(s) entered into by the Company with the Bombay Stock Exchange and the National Stock Exchange.

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

(a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(c) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);

Based on aforesaid information provided by the Company and the comments made under Note 29 (c) of the audited Standalone financial statement, we report that during the financial year under report, 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 and in case of urgency shorter notice was given to all Directors to schedule the Board Meetings and necessary compliances as envisaged in the Secretarial Standard was carried out in respect of holding of Board Meeting. The agenda alongwith detailed notes to agenda were generally sent at least 7 days in advance unless the meeting was called at the short notice and a reasonable system exists for Board Members to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

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

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

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

For Nilesh Shah & Associates
Company Secretaries

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

Mumbai, 22nd February, 2018

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

'ANNEXURE A'

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

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

For Nilesh Shah & Associates
Company Secretaries

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

Mumbai, February 22, 2018

ANNEXURE VIII 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.

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.

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.

4. Future Plans

   To strengthen our product range for Building Services and Sewage segments to meet the developing needs of these sectors.

5. Expenditure on Research and Development

   The recurring expenditure during the year amounted to ₹ 3.79 Million (previous year ₹ 2.93 Million) and it is 0.04 % (previous year 0.04%) of the total turnover. There is no capital expenditure during the year under review and previous year.

6. Technology Absorption, Adaptation and Innovation

   The indigenously developed new series for Energy sector has been successfully introduced. Also, new End Suction Series are launched for meeting increasing needs of Building Services and Industry segments.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 1,361 Million. Total foreign exchange earned during the year was ₹ 1,405 Million. Export orders outstanding for execution are ₹ 434 Million. Total foreign exchange used during the year was ₹ 881 Million.

On behalf of the Board of Directors

G. Swarup

Pune, 22nd February, 2018 Chairman

ANNEXURE IX TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

2. **Composition of CSR Committee:**

   Mr. D. N. Damania (Chairman)

   Mr. G. Swarup

   Mr. Rajeev Jain

3. **Average net profit before tax of the company for last three financial years:** ₹ 1,006.77 Million

4. **Prescribed CSR Expenditure (two per cent of the amount as above):** ₹ 20.14 Million

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

   (a) Total amount spent for the financial year: ₹ 20.14 Million has been contributed to KSB Care Charitable Trust.

   (b) Amount unspent: Nil

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

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (INR Million)
1	Support for destitute children	Destitute care and rehabilitation	Pune, Maharashtra	2.06
2	Support for children of socially backward women	Children rehabilitation	Pune, Maharashtra	0.48
3	Support for education of children from economically backward areas/ orphans	Education	Pune, Maharashtra, Sinnar, Maharashtra, Coimbatore, Tamil Nadu	2.83
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	3.11
5	Support for old age home	Destitute care	Pune, Maharashtra	1.10
6	Support for providing containerized sanitation unit	Sanitation	Pune, Maharashtra	1.40

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 (INR Million)
7	Support for upliftment of Village	Eradicating poverty & reducing inequalities faced by socially & economically backward groups	Shirwal, Maharashtra	1.50
8	Support for children, destitute women and education	Children/ women rehabilitation, education	Nashik, Maharashtra	2.74
9	Support for providing primary medical facilities	Healthcare	Nashik, Maharashtra	0.30
10	Providing vocational skills for livelihood of women from rural areas	Employment	Nashik, Maharashtra	0.54
	Total			**16.01**

Notes:

1. The programs and projects identified are in and around manufacturing locations of the Company.
2. The Company spends the amounts allocated for CSR activities through its implementing agency KSB Care Charitable Trust, Mumbai. The trustees and the CSR committee approves the projects identified. The above projects/activities undertaken during the year 2017 are from the contribution, which the company made during the year 2016. Similarly, the contribution which has been made in 2017 will be spent for the projects to be approved in 2018. The said trust spends the amount on CSR activities as per the specific instructions given by the CSR Committee over a specified time frame. No overhead expenditure is proposed to be incurred on these projects.
3. For the amount spent on the projects or programmes (direct expenditure/overheads), cumulative expenditure upto the reporting period and amount spent (direct or through implementing agency) refer Note 2 above.

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:** Not Applicable.
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,
Managing Director

D. N. Damania
Chairman of CSR Committee

Pune, 22nd February, 2018

East side view

Aerial view

Magnificent Aerial view of EPD

Phase I

Phase II (Part 1)

Project Highlights

Project Cost - Rs. 35 Cr.

Covered Area - 6500 sq. mtr.

Facility will be used for assembly of high pressure multistage pumps and as a storage space for pump components.

High pressure, multistage barrel casing pumps CHTR 5/9 with motor of 1300 kW were tested at **Energy Pumps Division.** These pumps will work as main pumps in one of the LPG pipeline projects in India.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
KSB PUMPS LIMITED

Report on the abridged standalone Indian Accounting Standards (Ind AS) financial statements

1. The accompanying abridged standalone Ind AS financial statements of KSB Pumps Limited (the "Company") comprise the abridged balance sheet as at December 31, 2017, the abridged statement of profit and loss (including Other Comprehensive Income), abridged cash flow statement and the abridged Statement of Changes in Equity for the year then ended together with the related notes, which we have signed under reference to this report.
2. These abridged standalone Ind AS financial statements are derived from the statutory audited standalone Ind AS financial statements of the Company for the year ended December 31, 2017 prepared by the Company's Management 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 Companies Act, 2013 (the "Act"), covered by our attached report of even date to the Members of the Company pursuant to Section 143 of the Act, in which we have expressed an unmodified audit opinion.
3. The abridged standalone Ind AS financial statements do not contain all the disclosures required by the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act and Schedule III to the Act, applied in the preparation and presentation of the audited standalone Ind AS financial statements of the Company. Reading the abridged standalone Ind AS financial statements, therefore, is not a substitute for reading the audited standalone Ind AS financial statements of the Company.

Management's Responsibility for the Abridged Standalone Ind AS Financial Statements

4. The Company's Management is responsible for the preparation of the abridged standalone Ind AS financial statements in accordance with Section 136 of the Act. The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged standalone Ind AS financial statements that are consistent with the audited standalone Ind AS financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Act.
5. The Company's Management (including Directors) are also responsible for ensuring that the Company complies with the requirements of Section 136 of the Act.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged standalone Ind AS financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India.

Opinion

7. In our opinion, the accompanying abridged standalone Ind AS financial statements, are consistent, in all material respects, with the audited standalone Ind AS statutory financial statements of the Company as at and for the year ended December 31, 2017 prepared in accordance with Division II to Schedule III to the Act, covered by our attached report of even date to the Members of the Company pursuant to section 143 of the Act, in accordance with Section 136 of the Act.

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

Neeraj Sharma
Partner
Membership Number 108391

Pune, February 22, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
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 Pumps Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017, 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 misstatement.

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.

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, 2017, 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.

Other Matter

9. The comparative financial information of the Company for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 included in these standalone Ind AS financial statements, are based on the

previously issued statutory financial statements for the years ended December 31, 2016 and December 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated February 20, 2017 and February 18, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. 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.

11. 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (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, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 29a;

        ii. The Company has made provision as at December 31, 2017, 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;

        iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended December 31, 2017. However, in respect of 8,028 shares as referred to in Note 29c to the Ind AS Standalone financial statements, the Company has not been able to transfer the shares to the Investor Education and Protection Fund for the reasons set out in the aforesaid note and is taking necessary steps in this regard.

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

Neeraj Sharma
Partner
Membership Number 108391

Pune, February 22, 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11f of the Independent Auditors' Report of even date to the members of KSB Pumps Limited on the standalone financial statements for the year ended December 31, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of KSB Pumps Limited ("the Company") as of December 31, 2017 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, 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
Chartered Accountants

Neeraj Sharma
Partner
Membership Number 108391

Pune, February 22, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of KSB Pumps Limited on the standalone financial statements as of and for the year ended December 31, 2017

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] 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 income tax, duty of excise, service tax, value added tax, sales tax, goods and service tax and 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, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, value added tax, sales 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, 2017 which have not been deposited on account of a dispute, are as follows:

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)	20.27	0.01	December 1998 to February 2003	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		26.5	1.6	March 2002 to March 2007	
Finance Act, 1994	Service Tax (including interest and penalty if applicable)	404	9.49	September 2004 to September 2014	
Income Tax Act,1961	Income Tax (including interest and penalty if applicable)	3.60	-	AY 1989-90	High Court
		5.61	-	AY 1995-96	
		2.88	-	AY 1996-97	

ANNEXURE TO THE INDEPENDENT AUDITOR'S 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
		2.28	-	AY 2004-05	Commissioner of Income-tax (Appeals) CIT(A)
		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	Income Tax Appellate Tribunal (ITAT)
		17.82	-	AY 2011-12	
		26.69	5	AY 2012-13	

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.

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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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
Chartered Accountants

Neeraj Sharma
Partner
Membership Number 108391

Pune, 22nd February, 2018

Abridged Balance Sheet as at 31st December, 2017

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS				
I. Non-current assets				
Property, plant and equipment		3,063.50	2,163.08	1,930.42
Capital work-in-progress		40.92	164.95	142.18
Intangible assets		18.49	23.22	10.12
Financial assets				
(a) Investments		63.15	63.15	63.15
(b) Loans		33.93	25.49	23.75
(c) Other financial assets		31.24	35.88	35.02
Assets for Current Tax (net)		98.70	88.91	91.09
Deferred tax assets (net)		175.78	152.68	127.75
Other non - current assets		405.63	553.50	342.57
Total non-current assets		3,931.34	3,270.86	2,766.05
II. Current assets				
Inventories		2,476.37	2,118.63	1,826.41
Financial assets				
(a) Trade receivables		2,610.00	1,621.65	1,637.56
(b) Cash and cash equivalents	4	178.21	259.98	518.59
(c) Bank balances other than (b) above		679.56	1,713.83	1,733.80
(d) Loans		33.13	18.34	104.50
(e) Other financial assets		19.93	60.27	40.87
Other current assets		365.23	368.23	249.55
Total current assets		6,362.43	6,160.93	6,111.28
Total Assets		10,293.77	9,431.79	8,877.33
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		348.08	348.08	348.08
Other equity		6,277.21	5,807.89	5,421.39
Total Equity		6,625.29	6,155.97	5,769.47
LIABILITIES				
I. Non-Current liabilities				
Provisions		373.35	369.88	302.54
Total non-current liabilities		373.35	369.88	302.54
II. Current liabilities				
Financial liabilities				
(a) Borrowings		126.34	69.87	37.10
(b) Trade and other payables	5			
- Total outstanding dues of micro enterprises and small enterprises		9.67	0.24	0.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,851.87	1,506.42	1,360.91
(c) Other financial liabilities		372.90	332.62	360.01
Other current liabilities		513.18	597.47	646.21
Provisions		407.27	350.00	295.47
Current tax liabilities (net)		13.90	49.32	105.15
Total current liabilities		3,295.13	2,905.94	2,805.32
Total Liabilities		3,668.48	3,275.82	3,107.86
Total Equity and Liabilities		10,293.77	9,431.79	8,877.33

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

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

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Abridged Statement of Profit and Loss for the year ended 31st December, 2017

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Revenue from operations	6	9,692.34	8,790.66
Other Income		317.07	261.79
Total Income		10,009.41	9,052.45
Expenses			
Cost of materials consumed	7	4,302.35	3,595.20
Purchases of stock in trade		642.37	392.73
Changes in inventories of finished goods, work-in-progress and stock in trade		(272.99)	(117.67)
Excise duty		249.10	542.85
Employee benefits expense		1,445.57	1,360.12
Finance costs		36.75	31.51
Depreciation and amortisation expense		308.78	293.57
Other expenses		2,250.79	1,964.50
Total Expenses		8,962.72	8,062.81
Profit before tax		1,046.69	989.64
Income tax expense			
Current tax		404.74	343.22
Deferred tax		(35.10)	(7.00)
Total tax expense		369.64	336.22
Profit for the year		677.05	653.42
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations		34.69	(55.84)
Income tax relating to these items		(12.01)	19.33
Total other comprehensive income for the year, net of tax		22.68	(36.51)
Total comprehensive income for the year (net)		699.73	616.91
Earnings per share			
Basic and Diluted	9	19.45	18.77

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

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

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Abridged Statement of Changes in Equity

(All amounts in INR million, unless otherwise stated)

Equity Share Capital

As at January 1, 2016	348.08
Change in equity share capital	-
As at December 31, 2016	348.08
Change in equity share capital	-
As at December 31, 2017	348.08

Other Equity

	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2016	0.09	0.10	3.20	1,085.08	0.06	4,332.86	5,421.39
Profit for the year						653.42	653.42
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(36.51)	(36.51)
Transactions with owners in their capacity as owners:							
Dividends paid (including tax thereon)	-	-	-	-	-	(230.41)	(230.41)
As at December 31, 2016	0.09	0.10	3.20	1,085.08	0.06	4,719.36	5,807.89

	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 (including tax thereon)	-	-	-	-	-	(230.41)	(230.41)
As at December 31, 2017	0.09	0.10	3.20	1,085.08	0.06	5,188.68	6,277.21

The above Abridged Statement of changes in equity should be read in conjunction with the accompanying notes.

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Abridged Statement of Cash Flows

(All amounts in INR million, unless otherwise stated)

Particulars		Year ended December 31, 2017	Year ended December 31, 2016
A.	Cash flow from operating activities		
	Net cash flow from operating activities	(257.45)	568.20
B.	Cash flow from investing activities		
	Net cash flow used in investing activities	386.21	(596.03)
C.	Cash flow from financing activities		
	Net cash flow from / (used in) financing activities	(210.69)	(229.15)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(81.93)	(256.98)
Cash and cash equivalents (Opening Balance)		259.98	518.59
Effects of exchange rate changes on cash and cash equivalents		0.16	(1.63)
Cash and cash equivalents (Closing Balance)		178.21	259.98

Particulars		As at 31st December, 2017	As at 31st December, 2016	As at 31st December, 2015
Cash and cash equivalents at the end of the year include:				
(a)	Cash on hand	0.66	0.58	0.71
(b)	Balances with banks in current accounts	177.55	259.40	517.88
Cash and cash equivalents		178.21	259.98	518.59
Cash and Cash equivalents at the end of the year		178.21	259.98	518.59

The above abridged statement of cash flow should be read in conjunction with the accompanying notes.

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

(All amounts in INR million, unless otherwise stated)

Background:

KSB Pumps Limited 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 22, 2018.

1. Significant Accounting Policies:

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.

(a) Basis of preparation

(i) Compliance with Ind AS

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.

The separate financial statements up to year ended December 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 38 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

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

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

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.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Company's board of directors. Refer note 32 for segment information presented.

(c) Foreign currency translation

(i) Functional and presentation currency

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.

(ii) Transactions and balances

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

(d) Revenue recognition

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.

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.

(All amounts in INR million, unless otherwise stated)

	(i) Sale of Products and Services 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.
	(ii) Other Income Interest income Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income Dividend income from investments is recognized when the owner's right to receive the payment is established.
(e)	Income tax The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or 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.
(f)	Leases As a lessee Leases of property, plant and equipment, where the Company, as lessee has substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are recognized at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are 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. 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 profit or 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.
(g)	Impairment of assets The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount. Recoverable amount is higher of an asset's

(All amounts in INR million, unless otherwise stated)

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.

(h) Cash and cash equivalents

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.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

(k) Inventories

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.

(l) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a

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

(All amounts in INR million, unless otherwise stated)

hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Equity instruments

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

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit 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.

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

(iv) Derecognition of financial assets

A financial asset is derecognised only when

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

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

(m) Derivatives

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

(n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(o) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on the straight-line method/ written down value method over the useful lives of assets which has been assessed as under the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc., which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows:

(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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(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 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.

(All amounts in INR million, unless otherwise stated)

(s)	Employee Benefits (i) Short-term obligations Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. (ii) Other long-term employee benefit obligations The liabilities for privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in 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. (iii) Post-employment obligations The Company operates the following post-employment schemes: (a) Defined benefit plans – gratuity and superannuation (b) Defined contribution plans - provident fund (a)(i) Gratuity The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The liability or asset recognised in the balance sheet in respect of defined benefit 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. (a)(ii) Superannuation Superannuation is a benefit to certain employees (depending on the grade/ category of the employee and completed years of service) per month for each completed year of service. (b) Defined Contribution Plans The Company pays provident fund contributions for all employees to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.
(t)	Contributed equity Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(All amounts in INR million, unless otherwise stated)

(u) Earnings per share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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.

(v) Rounding of amounts:

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.

2. Significant accounting judgements, estimates and assumptions

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.

(a) Judgements

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

(i) Legal Contingencies

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

(ii) Segment Reporting

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.

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.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the 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.

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

(All amounts in INR million, unless otherwise stated)

	(i) Warranty 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. (ii) Gratuity 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. (iii) Recoverability of trade receivables Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 34 A for further details. (iv) Impairment of non-financial assets The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.
3.	Financial statements (Full and Abridged) This abridged Financial Statements have been compiled from Audited Separate financial Statements of the Company and containing the salient features of the Balance Sheet, Statement of Profit and Loss and Statement of Change in Equity as per the first proviso to sub-section 1 of section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014. Complete set of Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Change in Equity and notes thereto prepared as per the requirements of Division II of Schedule III of the Companies Act, 2013 are available at the Company's website at link www.ksbindia.co.in.

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

(All amounts in INR million, unless otherwise stated)

4 Cash and cash equivalents (Note 7 (a) of Audited separate financial statements)

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Cash on hand	0.66	0.58	0.71
Balances with banks			
In current accounts	72.21	51.69	231.87
In EEFC accounts	105.34	207.71	286.01
Total	178.21	259.98	518.59

5 Trade and other payables (Note 15 of Audited separate financial statements)

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, 2017	December 31, 2016	January 1, 2016
a)	Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end	9.67	0.24	0.47
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	0.08	-	-
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	127.89	2.99	3.93
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	1.52	0.06	0.09
f)	Interest accrued and remaining unpaid for the earlier years	3.55	2.03	1.97

6 Revenue from operations (Note 19 of Audited separate financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Sale of products (inclusive of excise duty)	9,508.86	8,542.02
Sale of services	105.86	145.87
Other Operating Revenue		
- Sale of scrap	34.34	27.14
- Export incentives	43.28	75.63
Total	77.62	102.77
Revenue from Operations	9,692.34	8,790.66

Sale of goods includes excise duty collected from customers of ₹ 249.10 million (December 31, 2016 ₹ 542.85 million).

(All amounts in INR million, unless otherwise stated)

7 Cost of materials consumed (Note 21 of Audited separate financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Opening stock	590.59	408.80
Add: Purchases	4,377.83	3,776.99
Less: Closing stock	666.07	590.59
Total	4,302.35	3,595.20

8 Corporate Social Responsibility (CSR) (Note 27 (a) of Audited separate financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Gross amount required to be spent by the Company during the year	20.10	19.90
Total	20.10	19.90

Amount spent during the year — In cash

	Year ended December 31, 2017	Year ended December 31, 2016
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	20.10	19.90
Total	20.10	19.90

9 Earnings per share (EPS) (Note 28 of Audited separate financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Net profit attributable to the Equity shareholders of the Company	677.05	653.42
Weighted average number of Equity shares	34,807,844	34,807,844
Basic & Diluted Earnings per share (in INR)	19.45	18.77

10 Contingencies and commitments (Note 29 of Audited separate financial statements)

a) Contingent liabilities

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Claims against the Company not acknowledged as debts	36.74	29.38	27.54
Taxation matters in dispute pending	122.45	98.79	66.85
Excise and Service Tax matters	497.78	512.42	484.46
Total	656.97	640.59	578.85

(All amounts in INR million, unless otherwise stated)

b) Capital commitments

i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 59.81 million (December 31, 2016 ₹ 544.42 million, January 1, 2016 ₹ 321.64 million)

c) Others

During the year ended December 31, 2017, the Company, in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and section 124(5) Companies Act 2013 has transferred unpaid dividend to Investor Education Protection fund ("IEPF").

The Company has communicated individually to the concerned shareholders whose shares (totalling to 8028 numbers) are liable to be transferred to the IEPF authority under the said Rules for taking appropriate action. The Company has also uploaded details of such shareholders whose shares are liable to be transferred to the IEPF Authority on its website. However, for the transfer of such shares to IEPF authority, the Company has been facing technical problems on account of mismatch of distinctive numbers of shares. The Company along with its Registrar and Transfer Agents is taking necessary steps to resolve the technical problem and thereby transferring shares to IEPF and to complete the necessary compliance. The Company has also informed about such delay to Ministry of Company Affairs and IEPF authority.

11 Related party transactions (Note 31 of Audited separate financial statements)

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.
	2 KSB Inc., USA
	3 KSB Pumps (S.A.) (Pty.) Ltd., South Africa
	4 KSB Australia
	5 KSB Chile S.A.
	6 KSB Singapore (Asia Pacific) PTE Ltd.Singapore
	7 KSB Limited, Hongkong
	8 KSB Pumps Co.Ltd., Thailand
	9 P.T. KSB., Indonesia
	10 KSB Taiwan Co.Ltd.

(All amounts in INR million, unless otherwise stated)

	11	KSB Ltd, Tokyo
	12	KSB Brazil
	13	KSB Korea
	14	KSB Mexico
	15	KSB Nederland
	16	DP Industries B.V., Nederland
	17	KSB Pumps Arabia Ltd.
	18	KSB Ltd., U.K.
	19	KSB Italia S.p.A., Italy
	20	KSB Pompa Turkey
	21	KSB Shanghai Pump Co. Ltd., China
	22	KSB Valves (Shanghai) Co. Ltd., China
	23	Mercantile-KSB Oy AB, Finland
	24	KSB 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 + Armatury spol. sr. o, Czech
	32	KSB Service LLC
	33	KSB Pompy Armatura Poland
	34	KSB Compania Sudamericana
	35	KSB Pumps & Valves Malaysia
	36	KSB Finanz SA
	37	KSB AMV SA Spain
	38	KSB Finland
	39	KSB Mork AB , Sweden
	40	KSB Pompes ET Robintteries Sarl, Morocco
	41	KSB Argentina
	42	KSB Service GMBH
	43	KSB Canada
	44	KSB New Zeland
	45	KSB OOO, Russia
	46	KSB Valvulas Ltda. Brazil
	47	AMRI Inc., USA
	48	KSB Vietnam Company Ltd.

(All amounts in INR million, unless otherwise stated)

	49	KSB Philippines
	50	KSB Colombia SAS
	51	KSB Zürich AG, Switzerland
	52	KSB Valves (Changzhou) Co., Ltd., China
	53	SISTO Armaturen S.A., Luxembourg
	54	Shanghai Electric-KSB Nuclear, China
	55	PT. KSB Sales Indonesia
	56	KSB Zambia Limited
f.	Key Management Personnel:	
	1	Mr. Rajeev Jain (w.e.f. 1st July 2016)
	2	Mr. W. Spiegel (retired on 30th June 2016)
	3	Mr. G. Swarup
	4	Mr. A. R. Broacha
	5	Mr. D. N. Damania
	6	Mr. N. N. Kampani
	7	Mr. Pradip Shah
	8	Dr. Stephan Bross
	9	Mr. V. K. Vishwanathan
	10	Mr. S. F. Motwani
	11	Mr. W. Stegmuller
g.	Individuals having significant influence over the enterprise	
	1	Mr. Gaurav Swarup
h.	Relatives of individuals having significant influence over the enterprise	
	1	Mrs. Gyan M Swarup
	2	Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF)
	3	Mr. Vikram Swarup
	4	Mrs. Bindu Swarup
	5	Mrs. Parul Swarup
i.	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	
	1	The Industrial & Prudential Investment Co. Ltd.
	2	New Holding and Trading Company Ltd.
	3	Paharpur Cooling Towers Ltd.
j.	Post employment benefit Trusts	
	1	KSB Pumps Employee’s Gratuity Trust
	2	Grade-O-Castings Employee’s Gratuity Trust
	3	KSB Pumps (Core Employee’s) Superannuation Trust

(All amounts in INR million, unless otherwise stated)

11 Related party transactions (Note 31 of Audited separate financial statements) (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Purchase of goods	133.63	-	11.56	161.32	-	-	-	-	-	-	306.51
	(341.65)	(-)	(3.39)	(93.63)	(-)	(-)	(-)	(-)	(-)	(-)	(438.67)
Purchase of Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
	(0.51)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.51)
Sale of goods	460.32	-	0.03	694.32	-	-	-	-	2.69	-	1,157.36
	(274.34)	(-)	(-)	(753.54)	(-)	(-)	(-)	(-)	(-)	(-)	(1,027.88)
Income from services	19.18	-	-	13.11	-	-	-	-	-	-	32.29
	(24.45)	(-)	(-)	(16.50)	(-)	(-)	(-)	(-)	(-)	(-)	(40.95)
Order Cancellation Charges received	1.56	-	-	-	-	-	-	-	-	-	1.56
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Site expenses paid	1.32	-	-	1.56	-	-	-	-	-	-	2.88
	(3.43)	(-)	(-)	(1.06)	(-)	(-)	(-)	(-)	(-)	(-)	(4.49)
Commission income	4.53	-	-	5.50	-	-	-	-	-	-	10.03
	(19.49)	(-)	(-)	(1.60)	(-)	(-)	(-)	(-)	(-)	(-)	(21.09)
Commission paid	31.45	-	-	-	-	-	-	-	-	-	31.45
	(71.60)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(71.60)
Group service charges paid	73.97	-	-	-	-	-	-	-	-	-	73.97
	(71.60)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(71.60)
Dividend received	-	-	22.42	-	-	-	-	-	-	-	22.42
	(-)	(-)	(22.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(22.05)
Charges paid for technical / Professional services	90.08	-	-	12.96	-	-	-	-	-	-	103.04
	(80.43)	(-)	(-)	(7.07)	(-)	(-)	(-)	(-)	(-)	(-)	(87.50)
Royalty paid	91.74	-	-	0.85	-	-	-	-	-	-	92.59
	(80.87)	(-)	(-)	(0.54)	(-)	(-)	(-)	(-)	(-)	(-)	(81.41)
Warranty charges paid	-	-	-	0.74	-	-	-	-	-	-	0.74
	(-)	(-)	(-)	(1.37)	(-)	(-)	(-)	(-)	(-)	(-)	(1.37)

(All amounts in INR million, unless otherwise stated)

11 Related party transactions (Note 31 of Audited separate financial statements) (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Rent received	-	0.06	-	-	-	-	-	-	-	-	0.06
	(-)	(0.06)	(2.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2.11)
Recovery of expenses	0.05	0.17	13.50	0.30	-	-	-	-	-	-	14.02
	(1.07)	(0.66)	(11.67)	(1.51)	(-)	(-)	(-)	(-)	(-)	(-)	(14.91)
Reimbursement of expenses	0.32	-	-	0.48	-	-	-	-	-	-	0.80
	(0.85)	(-)	(-)	(0.39)	(-)	(-)	(-)	(-)	(-)	(-)	(1.24)
Bad Debts	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.03)	(-)	(0.03)
Remuneration	-	-	-	-	31.01	-	-	-	-	-	31.01
	(-)	(-)	(-)	(-)	(23.68)	(-)	(-)	(-)	(-)	(-)	(23.68)
Sitting fees paid	-	-	-	-	1.18	-	0.33	-	-	-	1.51
	(-)	(-)	(-)	(-)	(1.14)	(-)	(0.27)	(-)	(-)	(-)	(1.41)
Dividend paid	77.61	-	-	-	-	-	0.19	0.66	48.68	-	127.14
	(77.61)	(-)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.68)	(-)	(127.14)
Commission to Directors	-	-	-	-	4.00	-	0.50	-	-	-	4.50
	(-)	(-)	(-)	(-)	(4.00)	(-)	(0.50)	(-)	(-)	(-)	(4.50)
Contribution of post employment benefits	-	-	-	-	-	-	-	-	-	39.00	39.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(40.40)	(40.40)

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

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

(All amounts in INR million, unless otherwise stated)

11 Related party transactions (Note 31 of Audited separate financial statements) (Contd.)

I Key management personnel compensation

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Short term employee benefits	31.01	23.68
Post-employment benefits	5.16	24.66
Long term employee benefits	1.04	1.06
Total	37.21	49.40

II Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2017	Year ended December 31, 2016
1	Purchase of goods	KSB SE & Co. KGaA	133.63	341.65
		KSB S.A.	88.64	52.77
		DP Industries B.V.	39.84	22.04
		KSB Shanghai Pump Co. Ltd.	30.20	11.66
2	Sale of goods	KSB SE & Co. KGaA	460.32	274.34
		KSB Singapore	94.43	182.53
3	Income from services	KSB SE & Co. KGaA	19.18	24.45
		KSB Tech. Pvt. Ltd.	9.89	9.96
4	Order Cancellation Charges received	KSB SE & Co. KGaA	1.56	-
5	Site expenses paid	KSB SE & Co. KGaA	1.32	3.43
		KSB PUMPS CO. LTD, Thailand	-	0.71
		KSB Australia Pty Ltd	0.57	-
		KSB Taiwan	0.67	-
6	Commission income	KSB SE & Co. KGaA	4.53	19.49
		KSB Service GmbH	4.98	0.08
7	Commission paid	KSB SE & Co. KGaA	31.45	71.60
8	Group service charges paid	KSB SE & Co. KGaA	73.97	-
9	Dividend received	KSB MIL Controls Ltd.	22.42	22.05
10	Charges paid for technical / Professional services	KSB SE & Co. KGaA	90.08	80.43
		KSB Tech. Pvt. Ltd.	12.43	7.07
11	Royalty paid	KSB SE & Co. KGaA	91.74	80.87
12	Warranty charges paid	KSB S.A.	0.74	1.09
		KSB Valves (Shanghai) Co. Ltd., China	-	0.28
13	Rent received	KSB MIL Controls Ltd.	-	2.05
		POFRAN Sales & Agency Ltd.	0.06	0.06

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

(All amounts in INR million, unless otherwise stated)

11 Related party transactions (Note 31 of Audited separate financial statements) (Contd.)

II Material transactions with related parties (Contd.)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2017	Year ended December 31, 2016
14	Recovery of expenses	KSB MIL Controls Ltd.	13.50	11.67
15	Reimbursement of expenses	KSB SE & Co. KGaA	0.32	0.85
		KSB Shanghai Pump Co., Ltd.	0.00	0.16
		KSB Finanz SA	0.33	0.17
16	Bad Debts	Paharpur Cooling Towers Ltd.	-	0.03
17	Remuneration	W. Spiegel	-	13.00
		Rajeev Jain	31.01	10.68
18	Sitting fees paid	G. Swarup	0.33	0.27
		A. R. Broacha	0.24	0.23
		D. N. Damania	0.32	0.23
		Pradip Shah	0.21	0.19
		Dr. Stephan Bross	0.18	0.18
19	Dividend paid	Canadian Kay Pump Ltd.	77.61	77.61
		The Industrial & Prudential Investment Co. Ltd.	39.27	39.27
20	Commission to Directors	G. Swarup	0.50	0.50
		A. R. Broacha	0.50	0.50
		D. N. Damania	0.50	0.50
		N. N. Kampani	0.50	0.50
		Pradip Shah	0.50	0.50
		Dr. Stephan Bross	0.50	0.50
		V. K. Vishwanathan	0.50	0.50
		S. F. Motwani	0.50	0.50
		W. Stegmuller	0.50	0.50
21	Contribution to Post employment benefits	KSB Pumps Employee's Gratuity Trust	35.80	37.40
		Grade-O-Castings Employee's Gratuity Trust	2.10	2.30
		KSB Pumps (Core Employee's) Superannuation Trust	1.10	0.70

III Outstanding balances arising from sales/ purchases of goods and services

Sr. No.	Particulars	Year ended December 31, 2017	Year ended December 31, 2016	Year ended January 1, 2016
1	Receivables	274.14	275.70	439.69
2	Payables	499.47	417.37	488.07
3	Provision for doubtful debts	1.15	1.15	1.15
4	Loans and advances	14.16	3.66	89.27
5	Security deposits	0.12	0.12	0.12

(All amounts in INR million, unless otherwise stated)

11 Related party transactions (Note 31 of Audited separate financial statements) (Contd.)

IV Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash.

12 Segment reporting (Note 32 of Audited separate financial statements)

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.

13 Dividends (Note 35 (b) of Audited separate financial statements)

		December 31, 2017	December 31, 2016
(i)	Equity shares		
	Final dividend paid for the year ended December 31, 2016 of ₹ 5.50 (December 31, 2015 of ₹ 5.50) per fully paid share	191.44	191.44
(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, 2016 - ₹ 5.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	208.85	191.44

14 The list of standards issued but not yet effective (Note 36 of Audited separate financial statements)

a) Impact of changes in Ind AS prospectively

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share based payment'. These amendments are applicable from financial year beginning on or after April 1, 2017.

b) Amendment to Ind AS 7

The amendment in Ind AS 7 introduces an additional disclosure that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. These include changes arising from

(i) Cash flows, such as drawdowns and repayments of borrowings

(ii) Non-cash changes (i.e. changes in fair values) , changes resulting from acquisitions and disposals of subsidiaries/businesses and the effect of foreign exchange differences. Hence, the amendment will enable the users of financial statements to better understand the changes in entity's debt. The Company does not have such transactions and therefore the amendment is not expected to have any impact on the financial statements.

c) Amendment to Ind AS 102

The amendment in Ind AS 102 addresses three classification and measurement issues. These relate to :-

(i) Measurement of cash-settled share-based payments that include non-market based performance condition

(ii) Modification of cash-settled arrangements to equity-settled share-based payments

(iii) Equity-settled awards that include a 'net-settlement' feature relating to tax obligations. The Company does not have share based payment awards. Hence, the amendment is not expected to have any impact on the financial statements.

(All amounts in INR million, unless otherwise stated)

15 Events occurring after the reporting period (Note 37 of Audited separate financial statements)

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.

16 First-time adoption (Note 38 of Audited separate financial statements)

Transition to Ind AS

These are the Company's first separate financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2017, the comparative information presented in these financial statements for the year ended December 31, 2016 and in the preparation of an opening Ind AS balance sheet at January 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions availed

a) Deemed cost - Property, plant and equipment (PPE), intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

b) Investment in subsidiary and associate

Ind AS 101 permits a first-time adopter to measure an investment in subsidiary, associate or a joint venture either at cost determined as per Ind AS 27 or deemed cost being the fair value as at the date of transition or the previous GAAP carrying amount as at that date. Accordingly, the Company has elected to measure its investment in subsidiary and associate at the previous GAAP carrying value.

II Exceptions applied

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at January 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

Reconciliation of total equity as at December 31, 2016 and January 1, 2016

	Notes to first time adoption	As at December 31, 2016	As at January 1, 2016
Total Equity as per previous GAAP		5,919.40	5,532.26
Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]			
i. Proposed dividend	5	230.41	230.41
ii. Fair valuation of derivative financial instruments	6	10.52	6.80
iii. Deferred tax impacts	3	(4.36)	-
Total Ind-AS adjustments		236.57	237.21
Total Equity as per Ind-AS		6,155.97	5,769.47

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

(All amounts in INR million, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended December 31, 2016

		Notes to first time adoption	Year ended December 31, 2016
Net profit after tax under previous GAAP			617.55
Ind AS adjustments [Increase in profits / (decrease in profits)]			
i.	Remeasurements of post employment benefit obligations	2	55.84
ii.	Fair valuation of derivative financial instruments	6	3.71
iii.	Tax effects of adjustments	3	(23.68)
	Total of adjustments		35.87
	Profit after tax as per Ind-AS		653.42
	Other Comprehensive Income		
i.	Remeasurements of post employment obligations	2	(55.84)
ii	Tax effects of adjustments	3	19.33
	Total Other comprehensive income		(36.51)
	Total Comprehensive Income as per Ind-AS		616.91

Impact of Ind AS adoption on the statements of cash flows for the year ended December 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	4 & 7	547.82	20.38	568.20
Net cash flows from investing activities		(596.03)	-	(596.03)
Net cash flows from financing activities	4 & 7	(208.77)	(20.38)	(229.15)
Net increase/(decrease) in cash and cash equivalents		(256.98)	-	(256.98)
Cash and cash equivalents as at January 1, 2016		518.59	-	518.59
Effects of exchange rate changes on cash and cash equivalents		(1.63)	-	(1.63)
Cash and cash equivalents as at December 31, 2016		259.98	-	259.98

Notes to first-time adoption

1 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as a part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 December 2016 by ₹ 542.85 million. There is no impact on the total equity and profit.

2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended December 31, 2016 increased by ₹ 55.84 million. There is no impact on the total equity as at 31 December 2016.

(All amounts in INR million, unless otherwise stated)

3 Deferred tax

Deferred tax has been recognised on the adjustments made on transition to Ind AS.

4 Transferred receivables

Under the previous GAAP, trade receivables discounted with bank (with recourse) were derecognised. Under Ind AS, such trade receivables are recognised until the obligations towards the trade receivables have not been extinguished or discharged if necessary. Accordingly, trade receivables and corresponding liability of equivalent amount has been recognised amounting to ₹ 18.03 million (January 1, 2016: ₹ 24.13 million). Accordingly, the net cash flows from operating activities have increased and net cash flows from financing activities have decreased by ₹ 6.10 million additionally recognised during the year ended December 31, 2016.

5 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by shareholders in the general meeting. Accordingly, the liability for proposed dividend (including tax thereon) of ₹ 230.41 million as at December 31, 2016 (December 31, 2015 - ₹ 230.41 million) included under short term provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

6 Fair Valuation of derivative financial instruments

Under the previous GAAP, derivative financial instruments in the nature of forward contracts (not designated as hedging instruments) entered into to hedge highly probable forecast transactions were fair valued and only loss, if any, was recognized as per the guidance applicable under the previous accounting framework. Gains, if any, were not recognized. Trade receivables against which derivative contracts were entered into were restated at forward rate. However, under Ind AS, they are restated at closing rate as at reporting date. For certain contracts with recognized underlying asset/liability, the forward premium was separated and amortised as expense over the tenure of forward contract. Under Ind-AS, such derivative financial instruments are fair valued and entire change in fair value of such instruments is recognized in profit or loss. Consequently, profit before tax and total equity increased by ₹ 10.52 million as at December 31, 2016.

7 Changes to presentation of Statement of cash flows

Under previous GAAP, the net interest on defined benefit obligations was presented as a part of employee benefits expense. Under Ind AS, the Company has elected to present the same under finance costs. Accordingly, the net cash flows from operating activities have increased and net cash flows from financing activities have decreased by ₹ 14.28 million respectively.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016
Chartered Accountants

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

New
Products Launched

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

Periboost

Perijet

K-Jet Pump

Magnochem

Gardo

Conti Cables

SPnorm & SPbloc

Stainless Steel Pumps for Solar applications

Sales Promotional Activities

Exhibitions


Baramati

Sangli

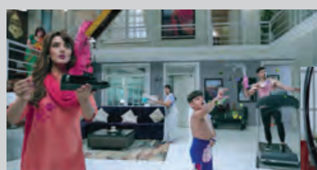

Delhi

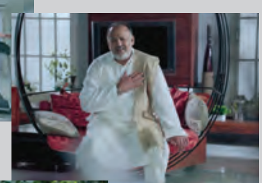

Delhi

Chennai

Branding

Submersible & domestic pumps film





In order to promote our domestic pumps basket; a film targeted to be primarily screened in theaters has been completed. This film is available in various Indian languages & also in English.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

KSB PUMPS LIMITED

Report on the abridged consolidated Indian Accounting Standards (Ind AS) financial statements

1. The accompanying abridged consolidated Ind AS financial statements of KSB Pumps Limited and its subsidiary and associate, comprise the abridged consolidated balance sheet as at December 31, 2017, the abridged consolidated Statement of Profit and Loss (including Other Comprehensive Income), abridged consolidated Cash Flow Statement and the abridged Statement of Changes in Equity for the year then ended together with the related notes, which we have signed under reference to this report.

2. These abridged consolidated Ind AS financial statements are derived from the statutory audited consolidated Ind AS financial statements of the Company for the year ended December 31, 2017 prepared by the Company's Management 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 Companies Act, 2013 (the "Act"), covered by our attached report of even date to the Board of Directors of the Company, in which we have expressed an unmodified audit opinion.

3. The abridged consolidated Ind AS financial statements do not contain all the disclosures required by Ind AS 110 – 'Consolidated Financial Statements', Ind AS 28 – 'Investments in Associates and Joint Ventures', applied in the preparation of the audited consolidated Ind AS financial statements of the Company. Reading the abridged consolidated Ind AS financial statements, therefore, is not a substitute for reading the audited consolidated Ind AS financial statements of the Company.

Management's Responsibility for the Abridged Consolidated Ind AS Financial Statements

4. The Company's Management is responsible for the preparation of the abridged consolidated Ind AS financial statements in accordance with Section 136 of the Act. The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged consolidated financial statements that are consistent with the audited consolidated Ind AS financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Act

5. The Company's Management (including directors) are also responsible for ensuring that the Company complies with the requirements of Section 136 of the Act.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged consolidated Ind AS financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India

Opinion

7. In our opinion, the accompanying abridged consolidated Ind AS financial statements are consistent, in all material respects, with the audited consolidated Ind AS financial statements of the Company as at and for the year ended December 31, 2017 prepared in accordance with the requirements of Ind AS 110 – 'Consolidated Financial Statements', Ind AS 28 – 'Investments in Associates and Joint Ventures', and covered by our attached report of even date to the Members of the Company, in accordance with Section 136 of the Act.

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

Neeraj Sharma
Partner
Membership Number 108391

Pune, February 22, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
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 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, 2017, 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 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 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, 2017, 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 ₹ 56.22 million and net assets of ₹ 56.16 million as at December 31, 2017, total revenue of ₹ 3.60 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2.42 million and net cash flows amounting to ₹ 8.28 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The 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, the 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 requirement below is not modified in respect of above matter with respect to the financial information certified by Management.

9. The comparative financial information of the Group for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended December 31, 2016 and December 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated February 20, 2017 and February 18, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. 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 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 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 agreement with the relevant books of account maintained by the Holding Company and associate company 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, 2017 taken on record by the Board of Directors of the Holding Company and 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, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the 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 matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at December 31, 2017 on the consolidated financial position of the Group and its associate – Refer Note (29a and 33c) 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 Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at December 31, 2017 – Refer Note 36c to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, its associate and (b) the Group's share of net profit in respect of its associate.

iii. Except for certain shares, as disclosed in Note 29c of the IND AS consolidated financial statements, in respect of which unpaid/unclaimed dividend has been transferred to Investor Education and Protection Fund, 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, 2017.

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

Neeraj Sharma
Partner
Membership Number 108391

Pune 22nd February, 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10f of the Independent Auditors' Report of even date to the members of KSB Pumps Limited on the consolidated financial statements for the year ended December 31, 2017

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 the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of KSB Pumps Limited (hereinafter referred to as "the Holding Company") and its associate company which is a company 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 over financial reporting is not applicable to the 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 over financial reporting 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, 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
Chartered Accountants

Neeraj Sharma
Partner
Membership Number 108391

Pune 22nd February, 2018

Abridged Consolidated Balance Sheet as at 31st December, 2017

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	December 31, 2017	December 31, 2016	January 1, 2016
ASSETS				
I. Non-current assets				
Property, plant and equipment		3,063.50	2,163.08	1,930.42
Capital work-in-progress		40.92	164.95	142.18
Intangible assets		18.49	23.23	10.14
Financial assets				
(a) Investments		578.19	541.05	513.67
(b) Loans		33.93	25.49	23.75
(c) Other financial assets		31.24	35.88	35.02
Assets for Current Tax (net)		99.96	89.55	91.86
Deferred tax assets (net)		83.47	66.64	46.41
Other non-current assets		405.63	553.50	342.57
Total non-current assets		4,355.33	3,663.37	3,136.02
II. Current assets				
Inventories		2,476.37	2,118.63	1,826.41
Financial assets				
(a) Trade receivables		2,608.69	1,625.41	1,650.20
(b) Cash and cash equivalents	4	187.08	260.56	521.02
(c) Bank balances other than (b) above		725.66	1,761.28	1,762.60
(d) Loans		33.13	18.34	104.50
(e) Other financial assets		21.24	61.79	41.56
Other current assets		365.23	368.23	249.56
Total current assets		6,417.40	6,214.24	6,155.85
Total Assets		10,772.73	9,877.61	9,291.87
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		348.08	348.08	348.08
Other equity		6,756.11	6,253.49	5,836.18
Total Equity		7,104.19	6,601.57	6,184.26
LIABILITIES				
I. Non-Current liabilities				
Provisions		373.35	369.88	302.54
Total non-current liabilities		373.35	369.88	302.54
II. Current liabilities				
Financial liabilities				
(a) Borrowings		126.34	69.87	37.10
(b) Trade and other payables		1,861.60	1,506.88	1,361.12
(c) Other financial liabilities		372.90	332.62	360.01
Other current liabilities		513.18	597.47	646.22
Provisions		407.27	350.00	295.47
Current tax liabilities (net)		13.90	49.32	105.15
Total current liabilities		3,295.19	2,906.16	2,805.07
Total Liabilities		3,668.54	3,276.04	3,107.61
Total Equity and Liabilities		10,772.73	9,877.61	9,291.87

The accompanying notes are an integral part of these abridged financial statements.
This is the Abridged Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP	For and on behalf of the Board of Directors	
Firm Registration Number: 012754N/N500016 Chartered Accountants	Milind Khadilkar Chief Financial Officer	G. Swarup Chairman
Neeraj Sharma Partner Membership No.: 108391	R. Narasimhan Company Secretary	D. N. Damania Director
Pune, 22nd February, 2018	Pune, 22nd February, 2018	Rajeev Jain Managing Director

Abridged Consolidated Statement of Profit and Loss 31st December, 2017

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2017	Year ended December 31, 2016
Revenue from operations	5	9,692.47	8,799.51
Other Income		298.13	243.73
Total Income		9,990.60	9,043.24
Expenses			
Cost of materials consumed	6	4,302.35	3,595.20
Purchases of stock in trade		642.37	392.73
Changes in inventories of finished goods, work-in-progress and stock in trade		(272.99)	(117.67)
Excise duty		249.10	542.85
Employee benefits expense		1,445.57	1,360.78
Finance costs		36.75	31.51
Depreciation and amortisation expense		308.78	293.58
Other expenses		2,251.12	1,964.72
Total Expenses		8,963.05	8,063.70
Profit before share of net profit of associates accounted for using the equity method and tax		1,027.55	979.54
Share of net profit of associates accounted for using the equity method		51.78	45.81
Profit before tax		1,079.33	1,025.35
Income tax expense			
Current tax		405.58	347.04
Deferred tax		(35.10)	(6.93)
Total tax expense		370.48	340.11
Profit for the year		708.85	685.24
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations		34.69	(55.84)
Income tax relating to these items		(12.01)	19.33
Share of comprehensive income of associate		1.50	(1.01)
Total other comprehensive income for the year, net of tax		24.18	(37.52)
Total comprehensive income for the year (net)		733.03	647.72
Earnings per share			
Basic and Diluted	7	20.36	19.69

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

This is the Abridged 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
Chartered Accountants

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Abridged Consolidated Statement of Changes in Equity

(All amounts in INR million, unless otherwise stated)

Equity Share Capital

As at January 1, 2016	348.08
Change in equity share capital	-
As at December 31, 2016	348.08
Change in equity share capital	-
As at December 31, 2017	348.08

Other Equity

	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2016	0.09	0.10	3.20	1,085.97	0.06	4,746.76	5,836.18
Profit for the year						685.24	685.24
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(37.52)	(37.52)
Transactions with owners in their capacity as owners:							
Dividends paid (including tax thereon)	-	-	-	-	-	(230.41)	(230.41)
As at December 31, 2016	0.09	0.10	3.20	1,085.97	0.06	5,164.07	6,253.49

	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 (including tax thereon)	-	-	-	-	-	(230.41)	(230.41)
As at December 31, 2017	0.09	0.10	3.20	1,085.97	0.06	5,666.69	6,756.11

The above Abridged Consolidated Statement of changes in equity should be read in conjunction with the accompanying notes.

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Abridged Consolidated Statement of Cash Flows

(All amounts in INR million, unless otherwise stated)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
A. Cash flow from operating activities		
Net cash flow from operating activities	(254.20)	582.58
B. Cash flow from investing activities		
Net cash flow used in investing activities	391.25	(612.26)
C. Cash flow from financing activities		
Net cash flow from / (used in) financing activities	(210.69)	(229.15)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(73.64)	(258.83)
Cash and cash equivalents (Opening Balance)	260.56	521.02
Effects of exchange rate changes on cash and cash equivalents	0.16	(1.63)
Cash and cash equivalents (Closing Balance)	187.08	260.56

Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 31st December, 2015
Cash and cash equivalents at the end of the year include:			
(a) Cash on hand	0.66	0.58	0.71
(b) Balances with banks in current accounts	186.42	259.98	520.31
Cash and cash equivalents	187.08	260.56	521.02
Cash and Cash equivalents at the end of the year	187.08	260.56	521.02

The above abridged consolidated statement of cash flow should be read in conjunction with the accompanying notes.

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

Neeraj Sharma
Partner
Membership No.: 108391

Pune, 22nd February, 2018

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

Pune, 22nd February, 2018

Notes to Abridged Consolidated financial statements

(All amounts in INR million, unless otherwise stated)

Background:

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 consolidated financial statements have been authorized for issue by the Board of Directors on February 22, 2018.

1. Significant Accounting Policies:

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

(a) Basis of preparation

(i) Compliance with Ind AS

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

The consolidated financial statements up to year ended December 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first consolidated financial statements of the Group under Ind AS. Refer note 40 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

(ii) Historical cost convention

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

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

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.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other

(All amounts in INR million, unless otherwise stated)

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.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Group's board of directors. Refer note 32 for segment information presented.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(e) Revenue recognition

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.

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.

(i) Sale of Products and Services

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.

(ii) Other Income

Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income

Dividend income from investments is recognized when the owner's right to receive the payment is established.

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect

(All amounts in INR million, unless otherwise stated)

	to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
	Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
	Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
	Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
	Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
(g)	Leases
	As a lessee
	Leases of property, plant and equipment, where the Group, as lessee has substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are recognized at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are 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.
	Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or 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.
(h)	Impairment of assets
	The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Group recognises an impairment loss as the excess of the 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.
(i)	Cash and cash equivalents
	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.
(j)	Trade receivables
	Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.
(k)	Borrowing costs
	Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

(All amounts in INR million, unless otherwise stated)

(l) Inventories

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.

(m) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

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

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

Debt instruments

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

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

Equity instruments

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

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit 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.

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.

(All amounts in INR million, unless otherwise stated)

(iv) Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(n) Derivatives

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

(o) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(p) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a 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.

Depreciation methods, estimated useful lives and residual value

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:

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 Group will obtain ownership at the end of the lease term. Leasehold land and assets taken on lease are amortized over the period of the lease.

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

(All amounts in INR million, unless otherwise stated)

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.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(q) 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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognized as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(r) Trade and other payables

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

(s) Provisions and Contingent Liabilities

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

Contingent liabilities are disclosed by way of a note to the consolidated financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(t) Employee Benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liabilities for privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted

(All amounts in INR million, unless otherwise stated)

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.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

(a) Defined benefit plans – gratuity and superannuation

(b) Defined contribution plans - provident fund

(a)(i) Gratuity

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

The liability or asset recognised in the balance sheet in respect of defined benefit 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.

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(a)(ii) Superannuation

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

(b) Defined Contribution Plans

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

(u) Contributed equity

Equity shares are classified as equity.

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

(v) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares

(All amounts in INR million, unless otherwise stated)

outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per Share

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.

(w) Rounding of amounts

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

2. Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. 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.

(a) Judgements

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

(i) Legal Contingencies

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

(ii) Segment Reporting

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.

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.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group bases 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 Group. Such changes are reflected in the assumptions when they occur.

(i) Warranty

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.

(All amounts in INR million, unless otherwise stated)

	(ii) Gratuity The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial 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.
	(iii) Recoverability of trade receivables Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 36 A for further details.
	(iv) Impairment of non-financial assets The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.
3.	Financial statements (Full and Abridged) This Abridged Consolidated Financial Statements has been compiled from Audited Consolidated Financial Statements of the Group and containing the salient features of Consolidated Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity as per first proviso to sub-section 1 of section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014. Complete set of Consolidated Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow, Statement of Changes in Equity and notes thereto prepared as per the requirements of Division II of the Schedule III of the Companies Act, 2013 are available at the Company's website at link www.ksbindia.co.in.

Notes to Abridged Consolidated financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

4 Cash and cash equivalents (Note 7 (a) of Audited consolidated financial statements)

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Cash on hand	0.66	0.58	0.71
Balances with banks			
In current accounts	73.58	52.27	234.30
In deposit accounts	7.50	-	-
In EEFC accounts	105.34	207.71	286.01
Total	187.08	260.56	521.02

5 Revenue from operations (Note 19 of Audited consolidated financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Sale of products (inclusive of excise duty)	9,508.86	8,542.02
Sale of services	105.99	154.72
Other Operating Revenue		
- Sale of scrap	34.34	27.14
- Export incentives	43.28	75.63
Total	77.62	102.77
Revenue from Operations	9,692.47	8,799.51

Sale of goods includes excise duty collected from customers of ₹ 249.10 million (December 31, 2016 ₹ 542.85 million).

6 Cost of materials consumed (Note 21 of Audited consolidated financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Opening stock	590.59	408.80
Add: Purchases	4,377.83	3,776.99
Less: Closing stock	666.07	590.59
Total	4,302.35	3,595.20

7 Earnings per share (EPS) (Note 28 of Audited consolidated financial statements)

	Year ended December 31, 2017	Year ended December 31, 2016
Net profit attributable to the Equity shareholders of the Company	708.85	685.24
Weighted average number of Equity shares	34,807,844	34,807,844
Basic & Diluted Earnings per share (in INR)	20.36	19.69

(All amounts in INR million, unless otherwise stated)

8 Contingencies and commitments (Note 29 of Audited consolidated financial statements)

a) Contingent liabilities

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Claims against the Company not acknowledged as debts	36.74	29.38	27.54
Taxation matters in dispute pending at various stages of appeal	122.45	98.79	66.85
Excise and Service Tax matters	497.78	512.42	484.46
Total	656.97	640.59	578.85

b) Capital commitments

i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 59.81 million (December 31, 2016 ₹ 544.42 million, January 1, 2016 ₹ 321.64 million)

c) Others

During the year ended December 31, 2017, the Company, in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and section 124(5) Companies Act, 2013 has transferred unpaid dividend to Investor Education Protection fund ("IEPF").

The Company has communicated individually to the concerned shareholders whose shares (totalling to 8028 numbers) are liable to be transferred to the IEPF authority under the said Rules for taking appropriate action. The Company has also uploaded details of such shareholders whose shares are liable to be transferred to the IEPF Authority on its website. However, for the transfer of such shares to IEPF authority, the Company has been facing technical problems on account of mismatch of distinctive numbers of shares. The Company along with its Registrar and Transfer Agents is taking necessary steps to resolve the technical problem and thereby transferring shares to IEPF and to complete the necessary compliance. The Company has also informed about such delay to Ministry of Company Affairs and IEPF authority.

9 Related party transactions (Note 31 of Audited consolidated financial statements)

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.	Other Related Parties with whom transactions have taken place during the year: Fellow Subsidiaries: 1 KSB S.A. 2 KSB Inc., USA

Notes to Abridged Consolidated financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

	3	KSB Pumps (S.A.) (Pty.) Ltd., South Africa
	4	KSB Australia
	5	KSB Chile S.A.
	6	KSB Singapore (Asia Pacific) PTE Ltd. Singapore
	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
	13	KSB Korea
	14	KSB Mexico
	15	KSB Nederland
	16	DP Industries B.V., Nederland
	17	KSB Pumps Arabia Ltd.
	18	KSB Ltd., U.K.
	19	KSB Italia S.p.A., Italy
	20	KSB Pompa Turkey
	21	KSB Shanghai Pump Co. Ltd., China
	22	KSB Valves (Shanghai) Co. Ltd., China
	23	Mercantile-KSB Oy AB, Finland
	24	KSB 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 + Armatury spol. sr. o, Czech
	32	KSB Service LLC
	33	KSB Pompy Armatura Poland
	34	KSB Compania Sudamericana
	35	KSB Pumps & Valves Malaysia
	36	KSB Finanz SA
	37	KSB AMV SA Spain
	38	KSB Finland
	39	KSB Mork AB, Sweden
	40	KSB Pompes ET Robintteries Sarl, Morocco
	41	KSB Argentina
	42	KSB Service GMBH
	43	KSB Canada
	44	KSB New Zeland
	45	KSB OOO, Russia

(All amounts in INR million, unless otherwise stated)

	46	KSB Valvulas Ltda. Brazil
	47	AMRI Inc., USA
	48	KSB Vietnam Company Ltd.
	49	KSB Philippines
	50	KSB Colombia SAS
	51	KSB Zürich AG, Switzerland
	52	KSB Valves (Changzhou) Co.,Ltd., China
	53	SISTO Armaturen S.A., Luxembourg
	54	Shanghai Electric-KSB Nuclear, China
	55	PT. KSB Sales Indonesia
	56	KSB Zambia Limited
d.	Key Management Personnel:	
	1	Mr. Rajeev Jain (w.e.f. 1st July 2016)
	2	Mr. W. Spiegel (retired on 30th June 2016)
	3	Mr. G. Swarup
	4	Mr. A. R. Broacha
	5	Mr. D. N. Damania
	6	Mr. N. N. Kampani
	7	Mr. Pradip Shah
	8	Dr. Stephan Bross
	9	Mr. V. K. Vishwanathan
	10	Mr. S. F. Motwani
	11	Mr. W. Stegmuller
e.	Individuals having significant influence over the enterprise	
	1	Mr. Gaurav Swarup
f.	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
g.	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.
h.	Post employment benefit Trusts	
	1	KSB Pumps Employee's Gratuity Trust
	2	Grade-O-Castings Employee's Gratuity Trust
	3	KSB Pumps (Core Employee's) Superannuation Trust

(All amounts in INR million, unless otherwise stated)

9 Related party transactions (Note 31 of Audited consolidated financial statements) (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	133.63	11.56	161.32	-	-	-	-	-	-	306.51
	(341.65)	(3.39)	(93.63)	(-)	(-)	(-)	(-)	(-)	(-)	(438.67)
Purchase of Property, plant and equipment	-	-	-	-	-	-	-	-	-	-
	(0.51)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.51)
Sale of goods	460.32	0.03	694.32	-	-	-	-	2.69	-	1,157.36
	(274.34)	(-)	(753.54)	(-)	(-)	(-)	(-)	(-)	(-)	(1,027.88)
Income from services	19.18	-	13.11	-	-	-	-	-	-	32.29
	(24.45)	(-)	(16.50)	(-)	(-)	(-)	(-)	(-)	(-)	(40.95)
Order Cancellation Charges received	1.56	-	-	-	-	-	-	-	-	1.56
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Site expenses paid	1.32	-	1.56	-	-	-	-	-	-	2.88
	(3.43)	(-)	(1.06)	(-)	(-)	(-)	(-)	(-)	(-)	(4.49)
Commission income	4.53	-	5.50	-	-	-	-	-	-	10.03
	(19.49)	(-)	(1.60)	(-)	(-)	(-)	(-)	(-)	(-)	(21.09)
Commission paid	31.45	-	-	-	-	-	-	-	-	31.45
	(71.60)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(71.60)
Group service charges paid	73.97	-	-	-	-	-	-	-	-	73.97
	(71.60)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(71.60)
Dividend received	-	22.42	-	-	-	-	-	-	-	22.42
	(-)	(22.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(22.05)
Charges paid for technical / Professional services	90.08	-	12.96	-	-	-	-	-	-	103.04
	(80.43)	(-)	(7.07)	(-)	(-)	(-)	(-)	(-)	(-)	(87.50)
Royalty paid	91.74	-	0.85	-	-	-	-	-	-	92.59
	(80.87)	(-)	(0.54)	(-)	(-)	(-)	(-)	(-)	(-)	(81.41)
Warranty charges paid	-	-	0.74	-	-	-	-	-	-	0.74
	(-)	(-)	(1.37)	(-)	(-)	(-)	(-)	(-)	(-)	(1.37)

(All amounts in INR million, unless otherwise stated)

9 Related party transactions (Note 31 of Audited consolidated financial statements) (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
Rent received	-	-	-	-	-	-	-	-	-	-
	(-)	(2.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2.05)
Recovery of expenses	0.05	13.50	0.30	-	-	-	-	-	-	13.85
	(1.07)	(11.67)	(1.51)	(-)	(-)	(-)	(-)	(-)	(-)	(14.25)
Reimbursement of expenses	0.32	-	0.48	-	-	-	-	-	-	0.80
	(0.85)	(-)	(0.39)	(-)	(-)	(-)	(-)	(-)	(-)	(1.24)
Bad Debts	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.03)	(-)	(0.03)
Remuneration	-	-	-	31.01	-	-	-	-	-	31.01
	(-)	(-)	(-)	(23.68)	(-)	(-)	(-)	(-)	(-)	(23.68)
Sitting fees paid	-	-	-	1.17	-	0.33	-	-	-	1.50
	(-)	(-)	(-)	(1.14)	(-)	(0.27)	(-)	(-)	(-)	(1.41)
Dividend paid	77.61	-	-	-	-	0.19	0.66	48.68	-	127.14
	(77.61)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.68)	(-)	(127.14)
Commission to Directors	-	-	-	4.00	-	0.50	-	-	-	4.50
	(-)	(-)	(-)	(4.00)	(-)	(0.50)	(-)	(-)	(-)	(4.50)
Contribution of post employment benefits	-	-	-	-	-	-	-	-	39.00	39.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(40.40)	(40.40)

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

Notes to Abridged Consolidated financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

9 Related party transactions (Note 31 of Audited consolidated financial statements) (Contd.)

I Key management personnel compensation

	Particulars	Year ended December 31, 2017	Year ended December 31, 2016
i)	Short term employee benefits	31.01	23.68
ii)	Post-employment benefits	5.16	24.66
iii)	Long term employee benefits	1.04	1.06
	Total	37.21	49.40

II Disclosure of material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2017	Year ended December 31, 2016
1	Purchase of goods	KSB SE & Co. KGaA	133.63	341.65
		KSB S.A.	88.64	52.77
		DP Industries B.V.	39.84	22.04
		KSB Shanghai Pump Co. Ltd.	30.20	11.66
2	Sale of goods	KSB SE & Co. KGaA	460.32	274.34
		KSB Singapore	94.43	182.53
3	Income from services	KSB SE & Co. KGaA	19.18	24.45
		KSB Tech. Pvt. Ltd.	9.89	9.96
4	Order Cancellation Charges received	KSB SE & Co. KGaA	1.56	-
5	Site expenses paid	KSB SE & Co. KGaA	1.32	3.43
		KSB PUMPS CO. LTD, Thailand	-	0.71
		KSB Australia Pty Ltd	0.57	-
		KSB Taiwan	0.67	-
6	Commission income	KSB SE & Co. KGaA	4.53	19.49
		KSB Service GmbH	4.98	0.08
7	Commission paid	KSB SE & Co. KGaA	31.45	71.60
8	Group service charges paid	KSB SE & Co. KGaA	73.97	-
9	Dividend received	KSB MIL Controls Ltd.	22.42	22.05
10	Charges paid for technical /	KSB SE & Co. KGaA	90.08	80.43
	Professional services	KSB Tech. Pvt. Ltd.	12.43	7.07
11	Royalty paid	KSB SE & Co. KGaA	91.74	80.87
12	Warranty charges paid	KSB S.A.	0.74	1.09
		KSB Valves (Shanghai) Co. Ltd., China	-	0.28
13	Rent received	KSB MIL Controls Ltd.	-	2.05
14	Recovery of expenses	KSB MIL Controls Ltd.	13.50	11.67
15	Reimbursement of expenses	KSB SE & Co. KGaA	0.32	0.85
		KSB Shanghai Pump Co., LTD	0.00	0.16
		KSB Finanz SA	0.33	0.17

(All amounts in INR million, unless otherwise stated)

9 Related party transactions (Note 31 of Audited consolidated financial statements) (Contd.)

II Disclosure of material transactions with related parties (Contd.)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2017	Year ended December 31, 2016
16	Bad Debts	Paharpur Cooling Towers Ltd.	-	0.03
17	Remuneration	W. Spiegel	-	13.00
		Rajeev Jain	31.01	10.68
18	Sitting fees paid	G. Swarup	0.33	0.27
		A. R. Broacha	0.24	0.23
		D. N. Damania	0.32	0.23
		Pradip Shah	0.21	0.19
		Dr. Stephan Bross	0.18	0.18
19	Dividend paid	Canadian Kay Pump Ltd.	77.61	77.61
		The Industrial & Prudential Investment Co. Ltd.	39.27	39.27
20	Commission to Directors	G. Swarup	0.50	0.50
		A. R. Broacha	0.50	0.50
		D. N. Damania	0.50	0.50
		N. N. Kampani	0.50	0.50
		Pradip Shah	0.50	0.50
		Dr. Stephan Bross	0.50	0.50
		V. K. Vishwanathan	0.50	0.50
		S. F. Motwani	0.50	0.50
		W. Stegmuller	0.50	0.50
21	Contribution to Post employment benefits	KSB Pumps Employee's Gratuity Trust	35.80	37.40
		Grade-O-Castings Employee's Gratuity Trust	2.10	2.30
		KSB Pumps (Core Employee's) Superannuation Trust	1.10	0.70

III Outstanding balances arising from sales/ purchases of goods and services

Sr. No.	Particulars	Year ended December 31, 2017	Year ended December 31, 2016	Year ended January 1, 2016
1	Receivables	274.09	275.49	439.48
2	Payables	499.47	417.37	488.07
3	Provision for doubtful debts	1.15	1.15	1.15
4	Loans and advances	14.16	3.66	89.27
5	Security deposits	0.12	0.12	0.12

IV Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash.

Notes to Abridged Consolidated financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

10 Segment reporting (Note 32 of Audited consolidated financial statements)

(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, 2017				Year ended December 31, 2016			
	Pumps	Valves	Others	Total	Pumps	Valves	Others	Total
Segment Revenue								
Total Segment Revenue	8,079.49	1,614.21	743.15	10,436.85	7,356.76	1,437.82	657.37	9,451.95
Inter Segment Revenue	-	(10.74)	(733.64)	(744.38)	-	(8.35)	(644.09)	(652.44)
Revenue from external customers	8,079.49	1,603.47	9.51	9,692.47	7,356.76	1,429.47	13.28	8,799.51
Segment Profit	953.31	87.00	(7.82)	1,032.49	903.58	19.91	(2.25)	921.24
Interest in profit and loss of associate accounted by using equity method	-	-	-	51.78	-	-	-	45.81
Unallocated Corporate expenses	-	-	-	(85.59)	-	-	-	(78.81)
Finance Cost	-	-	-	(36.75)	-	-	-	(31.51)
Interest income	-	-	-	117.40	-	-	-	168.62
Profit before tax	-	-	-	1,079.33	-	-	-	1,025.35

(C) Segment Assets

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Segment Assets			
Pumps	7,171.39	5,423.82	4,518.05
Valves	1,074.18	868.73	1,048.34
Others	852.82	847.94	765.79
Total segment assets	9,098.39	7,140.49	6,332.18
Investment in associate	578.19	541.05	513.67
Unallocated Corporate Assets	1,096.15	2,196.07	2,446.02
Total Assets	10,772.73	9,877.61	9,291.87

(D) Segment Liabilities

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Segment Liabilities			
Pumps	2,922.03	2,580.80	2,285.18
Valves	501.14	408.59	403.79
Others	100.37	152.87	264.19
Total segment liabilities	3,523.54	3,142.26	2,953.16
Unallocated Corporate Liabilities	145.02	133.78	154.46
Total Liabilities	3,668.56	3,276.04	3,107.62

(All amounts in INR million, unless otherwise stated)

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

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Cost Incurred during the period to acquire segment property, plant and equipment			
Pumps	1,137.67	660.61	233.95
Valves	20.99	31.97	24.40
Others	50.62	91.53	134.82

(F) Depreciation and amortisation

	As at December 31, 2017	As at December 31, 2016
Depreciation and amortisation		
Pumps	195.64	185.13
Valves	51.58	52.86
Others	61.56	55.59

(G) Geographical Segments

	Within India		Other countries		Total	
	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Segment revenue by geographical area based on geographical location of customers	8,245.60	7,015.71	1,446.87	1,240.95	9,692.47	8,256.66

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, 2017	As at December 31, 2016	As at January 1, 2016
India	3,628.53	2,994.34	2,517.19
Other countries	-	-	-
Total	3,628.53	2,994.34	2,517.19

11 Dividend (Note 37 (b) of Audited consolidated financial statements)

		Year ended December 31, 2017	Year ended December 31, 2016
i)	Equity shares		
	Final dividend for the year ended December 31, 2016 of ₹ 5.50 (December 31, 2015 of ₹ 5.50) per fully paid share	191.44	191.44
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, 2016 - ₹ 5.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	208.85	191.44

(All amounts in INR million, unless otherwise stated)

12 The list of standards issued but not yet effective (Note 38 of Audited consolidated financial statements)

a) Impact of changes in Ind AS prospectively

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share based payment'. These amendments are applicable from financial year beginning on or after April 1, 2017.

b) Amendment to Ind AS 7

The amendment in Ind AS 7 introduces an additional disclosure that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. These include changes arising from

(i) Cash flows, such as drawdowns and repayments of borrowings

(ii) Non-cash changes (i.e. changes in fair values), changes resulting from acquisitions and disposals of subsidiaries/businesses and the effect of foreign exchange differences. Hence, the amendment will enable the users of financial statements to better understand the changes in entity's debt. The Group does not have such transactions and therefore the amendment is not expected to have any impact on the financial statements.

c) Amendment to Ind AS 102

The amendment in Ind AS 102 addresses three classification and measurement issues. These relate to :-

(i) Measurement of cash-settled share-based payments that include non-market based performance condition

(ii) Modification of cash-settled arrangements to equity-settled share-based payments

(iii) Equity-settled awards that include a 'net-settlement' feature relating to tax obligations.

The Group does not have share based payment awards. Hence, the amendment is not expected to have any impact on the financial statements.

13 Events occuring after the reporting period (Note 39 of Audited consolidated financial statements)

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.

14 First-time adoption (Note 40 of Audited consolidated financial statements)

Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2017, the comparative information presented in these financial statements for the year ended December 31, 2016 and in the preparation of an opening Ind AS balance sheet at January 1, 2016 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions availed

a) Deemed cost - Property, plant and equipment (PPE), intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

b) Investment in associate

Ind AS 101 permits a first-time adopter to measure an investment in associate either at cost determined as per Ind AS 27 or deemed cost being the fair value as at the date of transition or the previous GAAP

(All amounts in INR million, unless otherwise stated)

carrying amount as at that date. Accordingly, the Group has elected to measure its investment in associate at the previous GAAP carrying value.

II Exceptions applied

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at January 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

Reconciliation of total equity as at December 31, 2016 and January 1, 2016

		Notes to first time adoption	As at December 31, 2016	As at January 1, 2016
Total Equity as per previous GAAP			6,451.03	6,028.46
Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]				
i.	Proposed dividend	5	230.41	230.41
ii.	Fair valuation of derivative financial instruments	6	10.53	6.80
iii.	Calculation of DTL on unremitted earnings	7	(86.04)	(81.41)
iv.	Deferred tax impacts	3	(4.36)	-
	Total Ind-AS adjustments		150.54	155.80
	Total Equity as per Ind-AS		6,601.57	6,184.26

Reconciliation of total comprehensive income for the year ended December 31, 2016

		Notes to first time adoption	Year ended December 31, 2016
Net profit after tax under previous GAAP			652.99
Ind AS adjustments [Increase in profits / (decrease in profits)]			
i.	Remeasurements of post employment obligations	2	36.52
ii.	Fair valuation of derivative financial instruments	6	3.71
iii.	Calculation of DTL on unremitted earnings of associate	7	(4.63)
iv.	Tax effects of adjustments	3	(4.36)
v.	Remeasurements of post employment obligations of associate	2	1.01
	Total of adjustments		32.25
	Profit after tax as per Ind-AS		685.24
	Other Comprehensive Income		
i.	Remeasurements of post employment obligations	2	(55.84)
ii	Tax effects of adjustments	3	19.33
iii.	Share of other comprehensive income of associate	2	(1.01)
	Total Other comprehensive income		(37.52)
	Total Comprehensive Income as per Ind-AS		647.72

Notes to Abridged Consolidated financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

Impact of Ind AS adoption on the statements of cash flows for the year ended December 31, 2016

	Notes to first time adoption	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	4 & 8	562.20	20.38	582.58
Net cash flows from investing activities		(612.26)	-	(612.26)
Net cash flows from financing activities	4 & 8	(208.77)	(20.38)	(229.15)
Net increase/(decrease) in cash and cash equivalents		(258.83)	-	(258.83)
Cash and cash equivalents as at January 1, 2016		521.02	-	521.02
Effects of exchange rate changes on cash and cash equivalents		(1.63)	-	(1.63)
Cash and cash equivalents as at December 31, 2016		260.56	-	260.56

Notes to first-time adoption

1 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as a part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 December 2016 by ₹ 542.85 million. There is no impact on the total equity and profit.

2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended December 31, 2016 increased by ₹ 55.84 million. There is no impact on the total equity as at 31 December 2016. Similarly, the Company's share in associate's remeasurement of post employment benefit obligations amounting to ₹ 1.01 million is presented under other comprehensive income in the consolidated financial statements.

3 Deferred tax

Deferred tax has been recognised on the adjustments made on transition to Ind AS.

4 Transferred receivables

Under the previous GAAP, trade receivables discounted with bank (with recourse) were derecognised. Under Ind AS, such trade receivables are recognised until the obligations towards the trade receivables have not been extinguished or discharged if necessary. Accordingly, trade receivables and corresponding liability of equivalent amount has been recognised amounting to ₹ 18.03 million (January 1, 2016: ₹ 24.13 million). Accordingly, the net cash flows from operating activities have increased and net cash flows from financing activities have decreased by ₹ 6.10 million additionally recognised during the year ended December 31, 2016.

5 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by shareholders in the general meeting. Accordingly, the liability for proposed dividend (including tax thereon) of ₹ 230.41 million as at December 31, 2016 (December 31, 2015 - ₹ 230.41 million) included under short term provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(All amounts in INR million, unless otherwise stated)

6 Fair Valuation of derivative financial instruments

Under the previous GAAP, derivative financial instruments in the nature of forward contracts (not designated as hedging instruments) entered into to hedge highly probable forecast transactions were fair valued and only loss, if any, was recognized as per the guidance applicable under the previous accounting framework. Gains, if any, were not recognized. Trade receivables against which derivative contracts were entered into were restated at forward rate. However, under Ind AS, they are restated at closing rate as at each reporting date. For certain contracts with recognized underlying asset/liability, the forward premium was separated and amortised as expense over the tenure of forward contract. Under Ind-AS, such derivative financial instruments are fair valued and entire change in fair value of such instruments is recognized in profit or loss. Consequently, profit before tax and total equity increased by ₹ 10.53 million as at December 31, 2016.

7 Deferred tax liability on unremitted earnings of associate

Under previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustment to tax expense was made on consolidation. Under Ind-AS, deferred tax liability has been recorded on the unremitted earnings of the associate KSB MIL. When dividend is actually paid by the associate, deferred tax liability is reversed. Deferred tax liability amounting to ₹ 81.41 million has been recognised as on January 1, 2016. Deferred tax liability has been reversed to the extent of ₹ 4.49 million as at December 31, 2016 when dividend was actually received from the associate.

8 Changes to presentation of Statement of cash flows

Under previous GAAP, the net interest on defined benefit obligations was presented as a part of employee benefits expense. Under Ind AS, the Group has elected to present the same under finance costs. Accordingly, the net cash flows from operating activities have increased and net cash flows from financing activities have decreased by ₹ 14.28 million respectively.

For Price Waterhouse Chartered Accountants LLP	For and on behalf of the Board of Directors	
Firm Registration Number: 012754N/N500016 Chartered Accountants	Milind Khadilkar Chief Financial Officer	G. Swarup Chairman
Neeraj Sharma Partner Membership No.: 108391	R. Narasimhan Company Secretary	D. N. Damania Director
Pune, 22nd February, 2018	Pune, 22nd February, 2018	Rajeev Jain Managing Director

KSB

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KSB Care Charitable Trust

Bal Kalyan Sanstha, Pune,
A unique institute working for the welfare of the special children.

To utilize the amphitheater & sandpit during the day time, a well structured covering is provided by KSB.

Niwara,
An oldage home located in Pune.

Solar panels of 15 kW installed by KSB. With this installation, electricity consumption will be reduced considerably.

A final check before despatch - CHTD 5/7 Pump at Energy Pumps Division.

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