

PROCEEDINGS OF ANNUAL GENERAL MEETING

Good Morning Ladies and Gentlemen!

On behalf of the Board of Directors, it gives me immense pleasure to welcome you all to the 98th Annual General Meeting of the Company. Let me start the meeting by introducing the Directors on the dais.

2017-18 Economic Scenario:

As a lot has been expressed about the global economy as well as the global pump market in the annual report, I shall say a few words about our economy. Though India witnessed a comparatively lower GDP growth of 6.5% in 2017, the International Monetary Fund has projected that the country's GDP would witness a surge over the next few years. As per a recent report released by the IMF, India is expected to grow at a rate of 7.4% in 2018, as against China's 6.8%, thus making it the fastest growing country among emerging economies and the epicentre of global economic growth. This is a progressive outcome of India's recovery from the after-effects of demonetisation and GST. This rise in growth rate is expected to continue further in 2019 wherein the country is expected to register a GDP of 7.8%.

During FY 2017-18, KBL registered a rise of 6% in its operational revenue over the last financial year. During this financial year revenue generated from operations was valued at Rs. 1934 Cr as against Rs 1823 Cr in the previous year, registering rise of 6.11%. Further the profit before tax was valued at Rs 92 Cr as against Rs 53 Cr in previous year. During this year, revenue generated by the Projects business from product sales rose to 72% from 67% in the previous year.

Domestic & Exports

We continue our focus on diversifying in key markets globally. Cross border synergies across all KBL offices and subsidiaries are helping us receive orders across continents. Our effort to continue developing our channel partner network across multiple regions has helped us reach our local customer base in that region effectively and win many prestigious projects like Exxonmobile Project, Binh Bo Pumping Station, Bang Sue Drainage Project, HNSS Lift Irrigation Project, Pettiseema Project, etc.

Our dedicated and planned focus on expanding our business operations in the South-East Asia region, especially in countries like Thailand, Vietnam, Cambodia, Laos PDR and Myanmar, has helped us increase our sales there as well. We are also taking proactive efforts to further strengthen our footmarks as a preferred provider of fluid management products and solutions in countries of Africa, South East Asia and Latin America.

KBL's consistent efforts in Bangladesh for last 3 years have yielded good results, strengthening our share in the FM/UL pump market, which earlier was predominantly owned by the European and Middle-East brands.

Product Business

In FY 2017-18, KBL launched an array of new products, among which the KOSi, Vertical Inline Pump (VIP) and the elbow pump sets were among our most remarkable developments. KOSi, the newest entrant to our open-well submersible pump range, is a pure blend of cost-effective design and energy-efficient performance.

The axially split elbow type pump, on the other hand, is aimed at bigger irrigation schemes for transfer of large mass of water, especially through river canals. The pump, which is very easy to assemble and maintain, eliminates the need for a separate sump or water tank, thus drastically reducing the overall civil cost of the pump house.

While the KOSi and the elbow pumps have been designed for exclusive purposes, the vertical inline pump has been developed exclusively for our customers in the U.S. The pump carries a unique hydraulic design in

accordance with the HIS (Hydraulic Institutes Standards)/Euro standards applicable in the Europe & US markets and complies with the Minimum Efficiency Index (MEI) requirements.

In the B&C sector, KBL introduced a new firefighting product, First Line of Defence (FLD), a skid-mounted fire-sprinkler pumping system for small and medium shops, enterprises and residential apartments. For irrigation applications, the R&D wing developed a bi-directional pump for customers seeking a pumping solution with a very high discharge and a low head.

Apart from all the above product developments, KBL's position as a design and innovation leader in the Indian pump industry was further reaffirmed by the prestigious India Design Mark (IDM) that we received for five of our flagship products (HYPN, ROMAK, i-NS, i-CM & AT) from the India Design Council (IDC), a national strategic body established by the Government of India with an aim to promote best design practices in the country.

Projects

KBL continues to be selective in taking project orders, preferably opting to be an equipment seller on payment terms which are fair and reasonable.

As far as the Water segment is concerned, the two most prominent domestic projects undertaken during the period included the 350+ pumps contract from Telengana Water-Grid and an order for auto-prime pumps for flood and disaster management from the Srinagar Municipal Corporation.

The commissioning of our large VT pump sets for the Petiseema project, Asia's largest lift irrigation scheme, was one of the most noteworthy endeavours executed by KBL during the last fiscal year. The various pump sets supplied by KBL for the project included the largest-ever single stage VT pump developed by us with a colossal capacity of 36,000 m³/hr. Interestingly, overall, the KBL pump sets consumed on an average 197 KW lesser power than other pump brands, resulting in an annual savings of almost INR 50.94 Mn for the client.

During the period, we commissioned specially designed largest HSC pump with bottom suction arrangement as part of the Calcutta (Kolkata) Environmental Improvement Investment Programme. Under the Irrigation sector, despite stiff price competition in the domestic market, we were successful in booking product orders for projects like Sauni, Piyaz and the Orissa cluster. With increased focus on the order for smaller and medium sized VT pumps, we booked various orders from Haryana and other states.

As far as the Power sector is concerned, we registered a comparatively lower order intake last year, which was mainly attributed to the sluggish growth in the thermal water power segment. Even in this backdrop and in spite of the continued stiff competition, we received order for supply of Concrete Volute Pumps (CVPs) for Jawahar Port and Opra projects. In fact, in the Power Sector, the company even received a breakthrough development order for boiler feed pump and primary (sea water transfer) coolant pump from the Nuclear sector, which is likely to result in repeat business for the company after the sanctioning of funds by the Government of India for setting up 10 nos. of 700 MWe indigenous nuclear power plants.

In the Oil & Gas sector, we received a prestigious order for FM/UL pumps from Oil India Limited. In keeping with our continued efforts towards driving the government's "Make in India" initiative, KBL was associated with the Ministry of Defence's indigenous project for the development of water mist based firefighting system as an alternative to the traditional halon-based firefighting system for the Indian Navy.

International Projects

The company's presence in key global markets through its subsidiaries in USA, UK, the Netherlands, South Africa and Thailand and sales offices helped us catapult our position as a trusted and reliable service provider while bidding for prestigious projects across the globe. Particularly, in South Africa, we have moved away from government business and are doing business which gives us the ability to build every pump.

During the period, we have been getting repeat orders for all the Metro lines in Qatar. The commissioning of the pumping station for the Government of

Thailand's Bang Sue drainage project, basically designed to prevent flooding in six frequently affected districts in Thailand, was among the most significant international projects undertaken by KBL during the period. The scope of work for the project involved commissioning of 6 Concrete Volute Pumps (CVPs) and 2000 kW HV motors and designing of a comprehensive pumping system.

The construction of the Binh Bo pump station in Vietnam was one of the showcase projects for similar fruitful collaborations in the future between the Government of India, KBL and the Government of Vietnam. KBL undertook the end-to-end execution of this project right from its conception to commissioning. The construction of the Binh Bo pump station would facilitate draining of flood waters from around 5,367 Ha of rice fields in the country.

Apart from these two prominent drainage projects in South East Asia, KBL was also associated with various critical government and non-government projects in countries like U.S., Singapore, Suriname and other Middle-East countries.

Customer Service & Spares

Last year, KBL increased its extensive service network to over 125 authorised service and spares dealers and more than 460 authorised service centres. This, by far, forms the largest service network for a pump manufacturing company in India.

The CSS department has been undertaking special initiatives to improve customer relationship by means of conducting segment-specific technical seminars. CSS has also gained leverage for expanding the company's spares & service business portfolio in neighbouring countries like Nepal, Bangladesh, Bhutan, Sri Lanka, and Myanmar.

In fiscal year 2017-18, KBL became the first company worldwide to introduce an online selection software for Multi-Stage Multi-Outlet (MSMO) pumps.

Our FM/UL service cell is currently executing Annual Maintenance Contracts (AMC) for more than 50 FM/UL systems. No other company offers such specialised premium services in India.

KBL has always been committed to ensuring and maintaining best-in-class service standards across all its business verticals. Last year, our skilled and dedicated team of expert service engineers exhibited the highest levels of commitment and service capabilities, ensuring timely customer service and support in some of the most geographically challenging conditions and environments, including 14,500 ft. above the earth's surface in the terror-sensitive Uri region in Kashmir, an 1150 ft. deep coal mine of the Central Coalfield Ltd. in Dhanbad as well as at a site located 1.9 km (2000 ft) below the earth's surface in Chinakuri, one of the deepest and oldest underground mines in Asia.

IT

Keeping up with our approach to stay a step ahead, KBL embarked on an IT transformational journey during 17-18, upgrading from our existing ERP – KBL's allied ecosystem, comprising SAP ECC, SAP BIW, CRM and host of other allied systems, to the latest SAP S/4 HANA ecosystem. This new ERP system is expected to improve our order visibility and performance tracking in a faster and effective way. It is aimed at bringing all domestic and international entities of KBL onto a single platform in order to introduce consistency in business processes globally and for facilitating seamless transactions across all our business locations. It will act as a single system for financial and sales reporting.

Factories

During fiscal 2017-18, both our Sanand and Kaniyur plant achieved their highest ever production. In fact, the Kaniyur plant increased its production capacity to a staggering 75,000 pumps per month. Apart from upgrading its production capacity, the plant also undertook various energy conservation initiatives during the period for which it was adjudged the unanimous winner of the Sustainability Award conducted by Manufacturing Today.

Our Dewas plant also received the prestigious CII GreenCo 'Gold' certification for its environmental performance during the year. The plant initiated implementation of Total Productive Maintenance (TPM) during the period, which was among the major initiatives undertaken by the plant for productivity improvement in order to meet the market demand. The plant capacity utilisation has improved in this year. Overall, a total of 30 new products were developed and the increased production was aligned during the year.

During the period, the Kirloskarvadi plant registered 18% growth by value over the previous year. The plant, during the year, executed several prestigious orders related to our Large Pumps business like Yettinahole in Karnataka, Al Majis in Oman, Telengana project, Thon La Sugar in Thailand, etc., resulting in significant increase in the plant's export value over the last year. The plant was recognised by the Maharashtra Energy Development Agency (MEDA) with the 12th State Level Award for Excellence in Energy Conservation and Management for its various energy conservation initiatives. For its environmental sustainability efforts, even the Kirloskarvadi plant received the prestigious CII GreenCo 'Gold' certification.

The Kondhapuri plant, on the other hand, won the 2nd prize at the same award ceremony under the SME sector for the year 2016-17. During the period, the plant system in the Kondhapuri plant was upgraded from SA-8000: 2008 to SA 8000:2014. Besides, we received approval from agencies such as AECOM, NJP and MIDC.

As far as the Shirwal plant is concerned, KBL became the first and only company in India to have fully automated its set-up for HYPN systems. This year, the plant manufactured new products like fire sprinkler system, skid-mounted HYPN system and CPBS pump models.

I am happy to share the results for the 1st quarter of the year 2018-19, which have been approved by the Board today. Sales for quarter ended on June 30, 2018 are at Rs. 4,561 M against PY sales of Rs. 4,225 M (net of Excise) registering a rise of 8%. Sale of own manufactured products have increased by 15% over PY. P B T for quarter ended on June 30, 2018 is at Rs. 249 M against PY P B T of Rs. 74 M.

Going Forward

The complexities, confusion and economic instability related to the GST have reduced considerably over the period. Going by the current economic scenario in the country, the GST is expected to ease out over the next few quarters, driving demands for pumps.

Our continued focus to increase contribution of value added products in our overall business will further strengthen our bottom-line due to better margin. The R&D team, which now extends across three continents, will further strengthen our value added product portfolio in the coming future through exchange of technology and innovation.

With elections looming next year, we expect to get favourable orders in the Irrigation sector, especially from the state governments, considering that Irrigation is largely a state subject. Demand for KBL pumps from sectors like steel industry, oil and gas, and chemical industry is expected to grow. The growth potential is likely to trigger plant expansion and upgradation of the existing set-up from the respective industry players. Initially, rather than looking at growth what we are looking at is a better order profile and better payment term. In the coming year, the petrochemical segment is expected to create considerable investment opportunities for KBL for the supply of fire-fighting and cooling water pumps. Furthermore, the anticipated boom in the hotel industry is expected to pave the way for the construction of new properties, thereby leading to increase in demand for water management systems.

In the Solar Pumps sector, going by the government's current drive and emphasis on the use of solar powered pumps, we are expecting to achieve a much better growth this year.

Our focus to improve both internal process efficiency through technology upgradation and external market offerings through innovative and customised products, will further consolidate our position as a global leader in fluid management solutions. For KBL, this is a giant stride forward towards the achievement of our vision 2020.

Year 2018 marked the completion of our 130 years of establishment. We expect the next financial year to be a promising year for KBL wherein the company will look to capitalise and seize momentum on the growth that it achieved during the last fiscal year.

As you are aware that E-Voting option was given to the shareholders holding shares as on July 20, 2018 for all the resolutions placed before the 98th Annual General Meeting. The e-voting was kept open for 3 days – from Tuesday, July 24, 2018 (9.00 a.m.) to Thursday, July 26, 2018 (5.00 p.m.). Shareholders who could not vote electronically may cast their votes now by exercising their voting on a Ballot paper which is made available to them.

Please note that in case of double voting, the vote casted through electronic voting shall only be considered.

As per the statutory requirements, the Chairpersons of all Committees of Board are present. Also, all the auditors are present.

The requisite quorum for commencing the proceedings of the Meeting being present; I declare that the meeting is validly convened.

No Proxies have been received.

The Register of Directors and Key Managerial Personnel (KMP) and their shareholdings, the Register of Contracts or arrangements in which the Directors and KMPs are interested and Register of Proxies are available for inspection during the meeting.

Mr. Shyamprasad Limaye - Practicing Company Secretary, has been appointed as Scrutinizer for e-voting process. He will submit his report to me not later than 2 days after this meeting.

The results shall be declared forthwith and the same will be uploaded on the Company's website.

The Notice of the Annual General Meeting is already with you. With your permission may I take it as read?For the benefit of everybody present here, I would like to highlight the items in the notice although e-voting on the said items has already been completed:

Before proceeding further, I would like to bring to you notice a typographical error on the 1st page regarding the date of appointment of Mr. Rakesh Mohan and Ms. Rama Kirloskar as Additional Directors of the Company to be read as July 28, 2017 and not as July 28, 2018.

1. Adoption of financial statements for the year ended March 31, 2018:

The financials are with you and few details about the performance of the Company have already been covered in my speech.

2. To declare payment of Dividend:

The Board of Directors of your Company has recommended a dividend @ 125% i.e. Re.2.50 per Equity Share of Rs.2/- each for the financial year 2017-18. If approved, the said dividend shall be paid to all those shareholders holding shares on the Record Date i.e. on July 13, 2018.

This item is proposed for shareholders' approval.

3. Re-appointment of Mr. Alok Kirloskar as a Director, retiring by rotation:
The details as required to be mentioned regarding his re-appointment are given in the Notice convening this meeting and the Corporate Governance report.

This item is proposed for shareholders' approval.

4. To consider the appointment of Dr. Rakesh Mohan as an Independent Director:
Dr. Rakesh Mohan who was appointed as an Additional Director of the Company is proposed to be appointed as an Independent Director of the Company for a term up to July 27, 2022. The details as required to be mentioned regarding his appointment are given in the Notice calling this meeting and the Corporate Governance report of the Annual Report.

This item is proposed for shareholders' approval.

5. To consider appointment of Ms. Rama S. Kirloskar a Director:
Ms. Rama S. Kirloskar who was appointed as an Additional Director of the Company is proposed to be appointed as a Director of the Company liable to retire by rotation. The details as required to be mentioned regarding her appointment are given in the Notice convening this meeting and the Corporate Governance report.

This item is proposed for shareholders' approval.

6. Approval for the payment of remuneration to the Cost Auditors, M/s Parkhi Limaye and Co.:
It is proposed to pay a remuneration up to Rs 750,000/- (Rupees Seven Lakhs Fifty Thousand only) p.a. excluding applicable taxes and out of pocket and travelling expenses, if any to M/s Parkhi Limaye and Co., Cost

Accountants, who have been appointed as the Cost Auditors by the Board of Directors of the Company for the year 2018-19.

As per the Companies Act, 2013, the Auditors' Report is to be read only when there are qualifications or adverse observations or comments in the report. The Financial Statements are unqualified.

I will be happy to answer queries if any, regarding financials and other matters.

(Shareholders to ask questions, if any – proxies cannot ask questions or speak at the meeting.)

On behalf of the Board, I wish to place on record our gratitude to our bankers and financial institutions for their encouragement and support and to all employees for their contribution to the growth of the Company. I would also like to express my profound appreciation for the guidance and support from all the members of the Board. In addition, I would like to thank you for your support and the keen interest shown in the working of the Company.

I now request Mr. Shyamprasad Limaye – Scrutinizer, to confirm that the empty ballot box is placed for the voting purpose.

On this note, I conclude the meeting and request all of you to join us in cafeteria. Shareholders may drop in their duly filled-in ballot papers in the ballot box as you leave the auditorium.

Thank you,

(This does not purport to be the minutes of the annual general meeting)