

PROCEEDINGS OF ANNUAL GENERAL MEETING

Good Morning Ladies and Gentlemen!

I would like to inform you about the sad demise of Mr. Tilak Dhar, who was appointed as an Additional Director of the Company on March 22, 2019. Mr Dhar, the former chairman of DCM Shriram Industries Ltd., was associated with the Shriram Institute of Industrial Research, FICCI, INTACH, and many others, and had recently been conferred a Lifetime Achievement Award by the Sugar Technologists Association of India. While he would have been a great asset to our board, he was unable to attend our last board meeting due to a sudden illness. I would like to express my heartfelt condolences to his family. As a tribute to him, may I request all of you to stand for a minute in silence.

Thank you

I would also like to place on record my gratitude to Mr. S N Inamdar, who resigned as the independent director on July 28, 2018 due to his health issues, and Mr. P S Jawadekar and Mrs. Lalita Gupte, who completed their tenure as Independent Directors of the Company with effect from March 31, 2019. As you are all aware, the company went through some very difficult times when we changed from being an EPC company to a product manufacturer. They and the other members of the board guided me during these trying times and were instrumental for the successful turnaround of the company.

On behalf of the Board of Directors, it gives me immense pleasure to welcome you all to the 99th Annual General Meeting of the Company. Let me start the meeting by introducing the Directors on the dais.

The year 2019 marks our entry into our 100th year of incorporation and, at the same time, the 150th birth anniversary of our founder -Shri.

Laxmanrao Kirloskar, which makes this year's Annual General Meeting all the more special.

2018-19 Economic Scenario

We have already discussed in detail about the global pump market in the annual report. Hence, today, I would like to share a few words about our economy. Due to the global turmoil resulting from the US-China trade war, decelerating European economy and slowdown in domestic demand and investments, India at present is witnessing a constrained GDP growth. Amidst these prevailing unfavourable conditions, the RBI has projected the GDP growth rate for 2019-20 to marginally slip from the earlier estimated 7% to 6.9%. Even global agencies like Fitch and CRISIL have also predicted a downward GDP growth trend for India during this fiscal year. The country recently has also slipped from the 5th to the 7th position in the global GDP rankings index. While we presume that Indian economic conditions may not revive soon and we may witness a slower growth trend for a few more quarters, we are optimistic and have full confidence in India's internal strength. We earnestly hope that the Government of India will take the necessary steps to get the economy back on track. The monsoon across the country has been good overall which is indeed an encouraging news particularly for us as every month thousands of our pumps are sold into the agriculture sector.

During FY 2018-19, KBL registered a rise of 14.9% in its operational revenue over the last financial year. During this financial year, revenue generated from operations was valued at Rs 2223 Cr as against Rs 1934 Cr in the previous year. The profit before tax was valued at Rs 124 Cr as against Rs 92 Cr in the previous year. The company's Profit After Tax (PAT) increased from Rs 65 Cr to Rs 87 Cr, which is a significant growth of 33% over the PY. This resulted in substantial increase in return on net worth ratio.

Domestic & Exports

Our focus on value added products as part of the company's strategy to move its business from Projects to Products worked well during the last fiscal year. We constantly strive towards increasing our market reach through various initiatives.

Significant number of prestigious project orders were executed during the period, including the MEDEA Project in Algeria, Marubeni South Bangkok Power Plant project in Thailand and the commissioning of various pumping system packages for Calik Energy in Uzbekistan.

Products:

In FY 18-19, Products accounted for 95% of the overall sales. This was a result of the focus on improving profitability and product competitiveness through product lifecycle monitoring, design benchmarking, feature augmentation, etc. Products like Autoprime pumps, LLC series and process pumps witnessed rise in sales.

To strengthen our position in the retail and SME segment, we launched KU6, which is India's first-of-its-kind borewell oil-filled submersible pump. The Kirloskar Vertical Multi-stage (KVM) pump was predominantly developed for use in RO plants and K-Kleen 25, which has a unique chlorination technology and has been designed for improving the quality of water delivered through the pump.

During the period, to meet the demands of the U.S. market, we undertook a series of initiatives including the range extension of FM/UL pumps. The company launched "KFE," a new series of engine-driven firefighting pump sets that became very popular in a short time, thus witnessing a substantial increase in demand. Continuing our association with the Indian Navy, KBL developed Ballast and Canned Motor (CM) pumps for its upcoming projects. We are very proud to have supplied our FM/UL firefighting pumps to the Indian Space Research Organisation (ISRO) for its new fire pump room at the Thumba Equatorial Rocket Launching Station, Thiruvananthapuram, during the period.

In the B&C sector, we developed our biggest ever pressure-boosting (HYPN) system with a total system flow of 600 m³/hr (167 lps) and appropriately backed by a 160 m head.

During the last financial year, we had received the prestigious design mark for five of our new products (HYPN, ROMAK, i-NS, i-CM and AT). In FY 18-19, we again received the India Design Mark for our FLD fire sprinkler set reaffirming our leadership position in design and innovation.

Projects:

As in earlier years KBL is selective in taking project orders, opting to be an equipment seller on payment terms which are fair and reasonable.

In the Water segment, we successfully won the Versova E&M project order from the Municipal Corporation of Greater Mumbai (MCGM).

As far as the Irrigation department is concerned, the vertical focused on expanding its product business and witnessed 100% growth, procuring major product orders from Gujarat, Madhya Pradesh and Andhra Pradesh.

Focus on national projects like Smart City, river linking schemes, AMRUT projects and rural development programmes being implemented by the central and state governments further helped improve demand for engineered products.

In the Oil & Gas (OAG) segment, the business grew significantly during the last fiscal year, with the division registering sales growth of 30% over FY17-18.

International Projects

In FY 2018-19, KBL recorded a substantial revenue growth of 63% in its export sales over the last year.

I am very proud to inform you all that we were the only Indian pump company to supply cooling water pumps for the world's largest nuclear fusion project - ITER in France.

For a project awarded by the Government of Suriname, we successfully supplied three bi-directional pumps designed by our R&D team in Holland with variable frequency drive for a very high discharge and low head and our largest ever Auto Prime pump set.

The company's presence in key global market through its subsidiaries in USA, UK, the Netherlands, South Africa and Thailand and other sales

offices helped us strengthen our position as a trusted and reliable solution provider while bidding for prestigious projects. For example, our subsidiary, SPP Pumps, was chosen as the primary supplier of more than 60 firefighting pump sets for the historic Hong Kong – Zhu Hai – Macau Bridge, the world's longest sea-bridge.

Engineering Service Division & Customer Service & Spares

Customer satisfaction is at the core of everything we do. And so, KBL has the largest service network in India. This helps us in providing prompt service support to our customers.

We are exploring new ways and initiatives to work closely with our customers, including introducing the One4All mobile app for product warranty registration for better after sales service. We have also taken steps to create awareness about use of genuine spare parts in order to improve our product life and performance.

IT

In FY 18-19, we completed the first year of our SAP optimisation project journey related to S/4 HANA with strong results on multiple dimensions, including automation, real time dashboards, mobility solutions and new processes across the business. Besides, the Citrix desktop virtualisation was initiated across the organisation for Business continuity, Data Security, centralize and effective management of workstations.

Factories

During fiscal 2018-19, our Kirloskarvadi plant achieved its highest production and dispatch, setting new benchmarks for itself. It successfully executed various prestigious orders related to the Large Pumps business, namely the order from Suriname and NPCIL.

The Dewas plant registered 22% growth in pump production over the last fiscal year. It launched various new pumps targeting the market and the customer requirements. Our Sanand plant, a facility dedicated for the manufacture of submersible pumps, registered growth of 32% over the last fiscal year. Our all-women factory at Kaniyur continues to set new

benchmarks. The first export order for the new Mini series pump, was recently dispatched to South Africa by the Kaniyur team.

Implementation of the Total Productive Maintenance (TPM) was initiated at the Dewas and Kirloskarvadi plants to improve plant productivity and operational efficiency through optimal utilisation of machinery and resources.

Our emphasise on use of renewable energy sources in all the manufacturing processes across our plants has resulted in substantial reduction in specific energy consumption over the last year.

I am happy to share the results of the 1st quarter of the year 2019-20, which have been approved by the Board today. Sales for the quarter ended on June 30, 2019 are at Rs XX against PY sales of Rs XX.

Going Forward

With stable government in place, the overall economic momentum is expected to remain steady in FY 2019-20. The government has set a target of making India a USD 5 trillion economy by 2024. Favourable demand from each sector of the growing economy combined with many pertinent initiatives undertaken by the Government is expected to further drive demand for pumps, valves and turbines in the future.

Projects like river linking, smart cities and AMRUT are anticipated to lead to a rise in demand for large pumps. We are already witnessing significant increase in demand for our energy efficient pumps like LLC due to greater awareness.

Overall, rapid growth in the infrastructure space, including airports, metro rails, hospitals and hotels, and strong growth witnessed by the Pharma and Chemical industries augurs well in terms of the demand for industrial and specialised pumps like HYPN, HVAC and other firefighting and process pumps.

Rapid urbanisation, mainly in tier-2 and tier-3 cities, and initiatives like affordable housing scheme are expected to boost the demand for pumps across the domestic segment. The recent announcement by the Government of India with respect to the “**Har Ghar Jal**” programme to

supply water to every house is likely to lead to a further rise in demand for pumps.

The government's plan to increase its spending on the Agriculture sector and provide assured income support to over 120 million farmers under the "Pradhan Mantri Kisan Samman Nidhi" is expected to further drive demand for pumps.

For the past few years, we have worked extensively on bringing synergies among our subsidiaries, which has helped us in bringing product innovation, nurturing a transnational talent workforce and developing a comprehensive product portfolio to provide our global customers with world-class products and services.

As we celebrate the 100th year of our incorporation, I would like to thank all our customers, channel partners, suppliers and shareholders for their consistent support and trust in our company. I also thank all our employees for their indispensable contribution over the years without which we would not have been celebrating this milestone.

E-Voting option was given to the shareholders holding shares of the Company as on August 2, 2019 for all the resolutions placed before the 99th Annual General Meeting. The e-voting was kept open for 3 days – from Friday, August 9, 2019 (9.00 a.m.) to Sunday, August 11, 2019 (5.00 p.m.). Shareholders who could not vote electronically may cast their votes now by exercising their votes on a Ballot paper which is made available to them.

Please note that in case of double voting, the votes 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 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:

1. Adoption of financial statements for the year ended March 31, 2019:
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 2018-19. If approved, the said dividend shall be paid to all those shareholders who were holding shares on the Record Date i.e. August 2, 2019.

This item is proposed for shareholders' approval.

3. Re-appointment of Ms. Rama Kirloskar as a Director, retiring by rotation:

The details as required to be mentioned regarding her 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 Mr. Rajeev Kher as an Independent Director:

Mr. Rajeev Kher 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 January 24, 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 Mr. Tilak Dhar as a Director:

As he has passed away, the proposed appointment stands withdrawn.

6. To consider appointment of Mr. Pratap B. Shirke as a Director:

Mr. Pratap Shirke 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 his appointment are given in the Notice convening this meeting and the Corporate Governance report.

This item is proposed for shareholders' approval.

7. To consider the appointment of Mr. Pradyumna Vyas as an Independent Director:

Mr. Pradyumna Vyas 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 May 15, 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.

8. To consider the appointment of Ms. Shailaja Kher as an Independent Director:

Ms. Shailaja Kher 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 May 15, 2022. The details as required to be mentioned regarding her 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.

9. 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 825,000/- (Rupees Eight Lakhs Twenty Five 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 2019 -20.

10. Approval to the change in terms of appointment of Managing Director of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on May 16, 2019 has approved a change in term of my appointment as Managing Director of the Company. The said change is set out in the proposed resolution in the Notice of the 99th Annual General Meeting.

This appointment is subject to the shareholders' approval.

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 deep appreciation for the guidance and support from all the members of the Board including those who have recently retired. 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)