

## NOTICE

NOTICE is hereby given that the Fifty-Fifth 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, 22nd April, 2015 at 3.00 p.m. to transact the following items of business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31st December, 2014, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. N. N. Kampani (DIN: 00009071) who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. W. Spiegel (DIN: 00058903) 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** the retiring auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai having Registration No. 117366W/ W-100018, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, be and are hereby re-appointed to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Managing Director of the Company be and is hereby authorised to fix their remuneration."

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as ORDINARY RESOLUTION:  
**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and any rules made thereunder read with Schedule IV to the Act, Ms. Sulajja Firodia Motwani (DIN 00052851), who was appointed as an Additional Director/ Independent Director of the Company with effect from 16th January, 2015 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 along with requisite deposit, proposing Ms. Sulajja Firodia Motwani's candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold office for a period of 5

years from 16th January, 2015 and whose office shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and any rules made thereunder read with Schedule IV to the Act, Mr. V.K. Viswanathan (DIN 01782934), who was appointed as an Additional Director/ Independent Director of the Company with effect from 16th January, 2015 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 along with requisite deposit, proposing Mr. V. K. Viswanathan's candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold office for a period of 5 years from 16th January, 2015 and whose office shall not be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable for the year ending 31st December, 2015 to Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm's 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 ₹ 4,40,000/- (Rupees Four Lakhs Forty Thousand) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred during the course of audit be and is hereby ratified and confirmed."

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

**"RESOLVED THAT** pursuant to the provisions of Clause 49 (VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactments thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors (including its Committee thereof), to enter into material contracts / arrangements / transactions in the normal course of business with KSB AG, Germany ("KSB AG"), a 'Related Party'

as defined under Clause 49 (VII) of the Listing Agreement, as set out in the Statement under Item No. 9 in the Annexure to the notice, on such terms and conditions as may be mutually agreed upon between the Company and KSB AG for an amount not exceeding in aggregate ₹ 2,000 Millions in each financial year.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things, and to finalise the terms and conditions as may be considered necessary, expedient or desirable in order to give effect to this Resolution.”

**NOTES:**

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE ‘MEETING’) 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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. Member/proxies should 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 as required to be provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges on which shares of the Company are listed, regarding the Directors who are proposed to be re-appointed is annexed hereto.
- e. An Explanatory Statement under Section 102 of the Companies Act, 2013, is annexed hereto.
- f. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 1st April, 2015 to Wednesday, 22nd April, 2015 (both days inclusive).
- g. Dividend if declared will be paid on or after Friday, 15th May, 2015 to those members whose names appear in the Company’s Register of Members on 22nd April, 2015.
- h. The Company in accordance with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, has transferred to General Revenue Account of the Central Government, all dividend declared up to the Final Dividend for the year 1994-95, and remaining unclaimed.

Concerned shareholders can receive the amount of their unclaimed dividend from the Registrar of Companies, at Mumbai, Maharashtra, upon preferring an application in the form prescribed under the said Rules.

- i. Unclaimed Final Dividend for the financial year ended and Unpaid Final Dividend for the financial year ended 31.12.2006 have been transferred to the Investor Education and Protection Fund after completion of seven years in accordance with Section 205C of the Companies Act, 1956. Other unpaid dividends that are due for transfer are detailed below:

Dividend	For the Financial Year ended	Date of Payment	Due for Transfer on
Interim	31.12.2007	22.11.2007	21.11.2014
Final	31.12.2007	30.05.2008	29.05.2015
Interim	31.12.2008	19.11.2008	18.11.2015
Final	31.12.2008	12.05.2009	11.05.2016
Interim	31.12.2009	17.11.2009	16.11.2016
Final	31.12.2009	18.05.2010	17.05.2017
Interim	31.12.2010	15.11.2010	14.11.2017
Final	31.12.2010	21.04.2011	20.04.2018
Interim	31.12.2011	15.11.2011	14.11.2018
Final	31.12.2011	07.05.2012	06.05.2019
Interim	31.12.2012	22.11.2012	21.11.2019
Second Interim	31.12.2012	18.03.2013	17.03.2020
Interim	31.12.2013	20.11.2013	19.11.2020
Final	31.12.2013	05.05.2014	04.05.2021

Members who have not encashed their dividend warrants pertaining to the earlier years may approach the Company’s Registrar & Transfer Agent, Link Intime India Pvt. Ltd., at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, for the same.

- j. Members having more than one folio in identical names are requested to consolidate the same.
- k. As per directions of SEBI and as a part of green initiative activity undertaken by the Company, members are requested to update their e-mail addresses to the Company’s Registrar & Transfer Agent, Link Intime India Pvt. Ltd., at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, or at [ksbpumpsgogreen@linkintime.co.in](mailto:ksbpumpsgogreen@linkintime.co.in)
- l. The Annual Report duly circulated to the members of the Company, is available on the Company’s website [www.ksbindia.co.in](http://www.ksbindia.co.in)
- m. As you are aware the Company’s shares have been dematerialised for all investors, members holding share certificates in the physical form are requested to de-materialise their shares by approaching any of the Depository Participants registered with SEBI.

n. Voting options:

**(1) 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 Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Members are provided with the facility to cast their vote electronically, through the 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](http://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](http://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)
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field.</li> </ul>

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.

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- 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
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates and custodians.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - 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.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - 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. 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (2) **In case of voting by using Ballot Forms**
- In terms of Clause 35B of the Listing Agreement, the Company, in order to enable its Members, who do not have access to 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.
  - 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.
- 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.
  - Duly completed and signed Ballot Forms shall reach the Scrutinizer before the close of working hours on **16th April, 2015 (6.00 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.
  - Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer’s decision on validity of the Ballot Form shall be final.
  - A Member may request duplicate Ballot Form, if so required, by writing to the Company’s Registrar & Share Transfer Agent, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 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 **16th April, 2015 (6.00 p.m.)**.
  - 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 AGM:** The Members who have not casted their vote either electronically or through Ballot Form, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. If a member casts vote in AGM 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:**
- The e-voting period commences on **Tuesday, 14th April, 2015 at 9.00 a.m.** and ends on **Thursday, 16th April, 2015 at 6.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Friday, 13th March, 2015 (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 13th March, 2015.
- iii. Ms. Hetal Shah, Partner M/s. Nilesh Shah & Associates, Company Secretaries, Mumbai has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- iv. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.ksbindia.co.in](http://www.ksbindia.co.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the 55th AGM of the Company to be held on 22nd April, 2015.

#### Notes on Directors seeking re-appointment

As required under Listing Agreement, particulars of Directors who are to be re-appointed are given below:

##### 1. Mr. N. N. Kampani:

Age	68 years		
Qualifications	B. Com, FCA		
Experience	Investment Banking including mergers, acquisitions & restructuring. Corporate Finance and Capital Markets		
Director since	27th February 1989		
List of other Directorships	Apollo Tyres Limited Britannia Industries Limited Capital Market Publishers India Pvt. Ltd. Deepak Nitrite Limited J.M. Financial & Investment Consultancy Services Pvt. Ltd. JM Financial Limited JM Financial Trustee Company Pvt. Ltd. JM Financial Services Limited J.M. Financial Institutional Securities Ltd. Kampani Consultants Limited		
Membership in Committees in other Companies	Name of the Company	Audit Committee	Stakeholders Relationship Committee
	Britania Industries Limited	Member	Member
	JM Financial Services Limited	Chairman	-
	JM Financial Institutional Securities Ltd.	Chairman	-
	JM Financial Ltd.	-	Member
No. of shares held	Nil		

##### 2. Mr. W. Spiegel

Age	63 years		
Qualifications	Mechanical Engineer		
Experience	Vast experience in the engineering industry		
Director of the Company Since	1st January, 2002		
List of other Directorship	MIL Controls Ltd. KSB Tech Private Limited KSB Pumps Company Limited, Lahore SEC-KSB Nuclear Pumps and Valves Co. Ltd., Shanghai KSB Shanghai Pump Co. Ltd., Shanghai KSB Valves (Shanghai) Co. Ltd. KSB Australia Pty. Ltd. PT. KSB Indonesia Dalian KSB Amri Valves Co. Ltd., Shanghai KSB Seil Co. Ltd.		
Membership in Committees in other companies	None		
No. of shares held	Nil		

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

By Order of the Board

G. SWARUP  
Chairman

Registered Office:  
126, Maker Chambers III  
Nariman Point  
Mumbai 400 021  
Mumbai, 20th February, 2015

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## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 6:

The Board of Directors appointed Ms. Sulajja Firodia Motwani (DIN 00052851), as an Additional Director/Independent Director with effect from 16th January, 2015 pursuant to Section 149 and 161 of the Companies Act, 2013. She holds office till conclusion of this Annual General Meeting.

Ms. Sulajja Firodia Motwani, being eligible, the resolution seeks the approval of members for her appointment as an Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules made there under (including any statutory modification or re-enactment thereof, for the time being in force), and that she shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member along with a deposit of ₹ 100,000/- proposing the candidature of Ms. Sulajja Firodia Motwani, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Ms. Sulajja Firodia Motwani, (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 she is not disqualified under Section 164(2) of the Act, confirming her eligibility for such appointment and (iii) a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act.

Ms. Motwani is an MBA from Carnegie Mellon University Pennsylvania, USA. She is the Vice Chairperson of Kinetic Engineering Ltd. and plays a key role in steering business strategy and its implementation across group companies. She has received numerous awards for her achievements and has been invited to speak at a large number of forums.

In the opinion of the Board, Ms. Sulajja Firodia Motwani fulfills the conditions specified in the Act and the Rules made there under for her appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for the appointment of Ms. Sulajja Firodia Motwani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday. The Board

considers that her association would be of immense benefit to the Company and it is desirable to avail her service as Independent Director.

The Directors recommend the resolution for approval. No director, key managerial personnel or their relatives, except Ms. Sulajja Firodia Motwani, to whom the resolution relates, is interested or concerned in the resolution.

#### ITEM NO. 7:

The Board of Directors appointed Mr. V. K. Viswanathan (DIN 01782934), as an Additional Director/Independent Director with effect from 16th January, 2015 pursuant to Section 149 and 161 of the Companies Act, 2013. He holds office till the conclusion of this Annual General Meeting.

Mr. V. K. Viswanathan, being eligible, the resolution seeks the approval of members for his appointment as an Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules made there under (including any statutory modification or re-enactment thereof, for the time being in force), and that he shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member along with a deposit of ₹ 100,000/- proposing the candidature of Mr. V. K. Viswanathan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Mr. V. K. Viswanathan, (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 she is not disqualified under Section 164(2) of the Act, confirming his eligibility for such appointment and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act.

Mr. Viswanathan is a Chartered Accountant and attended advanced leadership programmes in many prestigious institutions including Stanford University, USA. He has worked in senior positions in several reputed organizations like Tata Consultancy Services Ltd., Lipton India Ltd., Hindustan Uniliver Ltd. and Bosch Ltd. of which he is presently the Chairman. He has flair for teaching and has given many key note speeches in many national and international events.

In the opinion of the Board, Mr. V. K. Viswanathan fulfills the conditions specified in the Act and the Rules made there under for his appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for the appointment of Mr. V. K. Viswanathan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his service as Independent Director.

The Directors recommend the resolution for approval.

No director, key managerial personnel or their relatives, except Mr. V. K. Viswanathan, to whom the resolution relates, is interested or concerned in the resolution.

#### ITEM NO. 8:

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm's Registration No. 000030), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st December, 2015.

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. 8 of the Notice for ratification of the remuneration amounting to ₹ 4,40,000/- 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.

#### ITEM NO. 9:

KSB AG, GERMANY ("KSB AG"), the Company's collaborators, is one of the world's leading manufacturers of pumps, valves and systems for process engineering applications, building services, for water and waste water management, energy and mining sectors. The Group has a presence across more than 100 countries with its own sales and marketing organizations, manufacturing facilities and service operations having its head quarters situated at Germany.

KSB Pumps Limited is engaged in the business of manufacture of power driven pumps and industrial valves. The Company has 5 manufacturing plants and a nation-wide sales, distribution and service network. The Company being part of the KSB AG group, has access to the group's synergies, research, technology, competency, brand name, process, best practices and systems, market information & analysis and support for export; which are critical and essential to carry out its business operations most efficiently and profitably.

KSB AG through Canadian Kay Pump Limited, Toronto, Canada, (Canadian Kay Pump) a wholly owned subsidiary outside India, holds 40.54% of the total issued and paid up share capital in the KSB Pumps Limited. Accordingly, KSB AG is a 'related party' in terms of Clause 49 of the Listing Agreement.

KSB Pumps Limited has existing and prospective contracts/ agreements/ transactions with KSB AG. As part of its regular business, the Company enters into commercial transactions on an ongoing basis with KSB AG, for purchase and sale of goods/ rendering and availing of services related to business mainly for products, sales support, systems including IT, knowhow and royalty; at arm's length and in the ordinary course of business. The said contracts/ agreements/ transactions are in the business interest of the Company considering manufacturing support, sales support and effective utilisation of resources.

In terms of said provisions of Clause 49 of listing agreement, the transactions as described above are likely to exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members by way of a Special Resolution.

The proposed transactions with KSB AG play a significant role in the Company's business operations. These transactions are critical to the business interest of the Company considering the export potential, strategic value to the Business, technology support, administrative support, sales support, manufacturing support, requirements of third-party customers, strategic outsourcing, strategy based on location and customers and similar reasons. Accordingly, the Board recommends the Special Resolution for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. W. Spiegel, Mr. W. Stegmuller and Dr. Stephan Bross being nominee/ representative of KSB AG on the Board of the Company are concerned or interested, financially or otherwise, in the said Resolution.

The particulars of the Contract/arrangement/transaction are as under:

Name of the related party	KSB AG, Germany
Name of the director/ Key managerial personnel who is related, if any	None except Mr. W. Spiegel, Mr. W. Stegmuller and Dr. Stephan Bross being nominee/ representative of KSB AG on the Board of the Company.
Nature of relationship	KSB AG through Canadian Kay Pump Limited, Toronto, Canada, (Canadian Kay Pump) a wholly owned subsidiary outside India, holds 40.54% of the total issued and paid up share capital in KSB Pumps Limited.
Nature and particulars of transactions	Commercial transactions on an ongoing basis for purchase and sale of goods / rendering and availing of services related to business mainly for products, sales support, systems including IT, knowhow and royalty. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Material Terms of contracts/ arrangements/transactions	Terms and conditions for transaction in ordinary course of business and arm's length <ul style="list-style-type: none"> <li>• Delivery of materials – Mainly FOB</li> <li>• Services – On satisfactory completion</li> <li>• Payment terms – Mostly 90 days</li> <li>• Indirect taxes as applicable</li> <li>• Currency – Euro/ USD</li> </ul>
Duration of these transactions	These transactions are undertaken from time to time depending on needs of business. Sale and purchase of goods are against specific orders. Services are based on Agreements for a period.
The value of each type of transactions in the last 2 years	This information forms part of the Notes to the Audited financial statements to the extent they are executed in the respective years.
Estimated Monetary value of transactions	Not exceeding ₹2,000 Millions in each financial year. This includes contracts or arrangements entered into for delivery/receipt of products which are likely to continue beyond a financial year and hence not fully comparable to the executed projects value reported in the audited financial statements. The annual value of the transactions proposed is estimated on the basis of the Company's current level of business operations and future business projections.
Whether the transactions have been approved by the Audit Committee	Yes.
Any other information relevant or important for the members to make a decision on proposed transaction	The company, over and above the standard products, operates in core infrastructure, capital goods sectors such as energy, oil and gas, process industry, etc. The products to such projects are long lead items depending on complexity of development and execution. The amount sought to be approved takes this aspect into consideration. The enabling Resolution will permit the company to accept large value orders for such major projects which is executable over several years.

By Order of the Board

G. SWARUP  
Chairman

Registered Office:  
126, Maker Chambers III  
Nariman Point  
Mumbai 400 021

Mumbai, 20th February, 2015

## 55<sup>th</sup> Annual Report, 2014



# Products

**Flanged High Pressure Gate Valves**  
Made by KSB for Reliance Industries

