

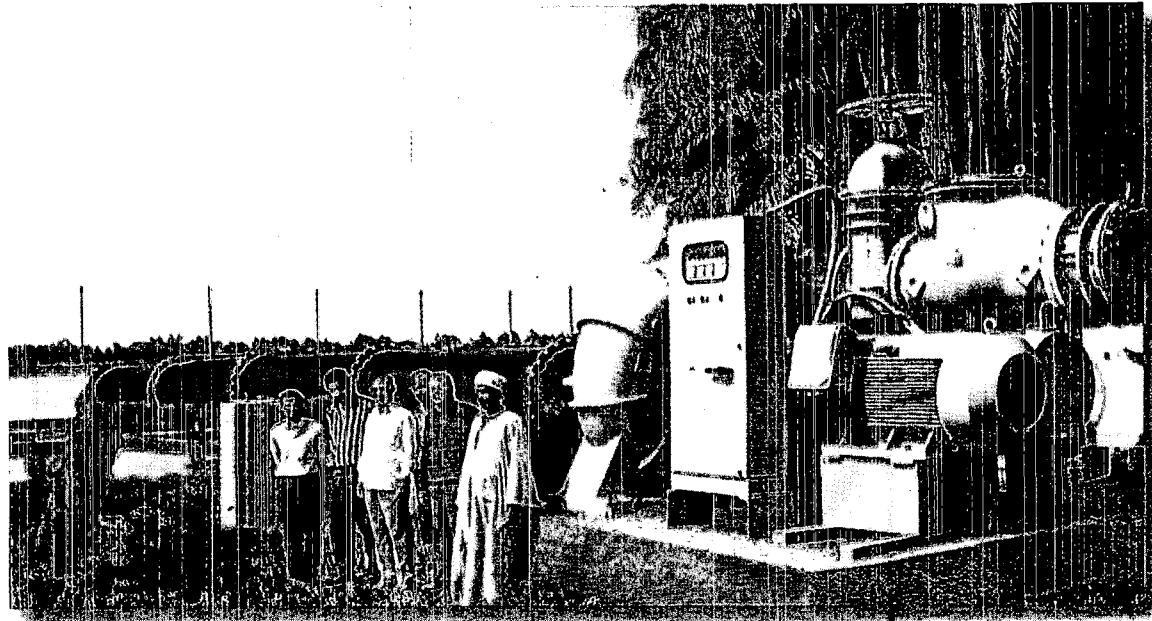
*Kirloskar*

KIRLOSKAR BROTHERS LIMITED

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SEVENTY SEVENTH ANNUAL REPORT 1996-97

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A mixed flow pump installed in Middle East.



Pontoon mounted mixed flow pumps in South East Asia.

**KIRLOSKAR BROTHERS LIMITED****BOARD OF DIRECTORS**

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	NA	AC	✓
AGM	✓	SH	✓
YE	✓		

Vijay R. Kirloskar  
Chairman

Sanjay C. Kirloskar  
Vice Chairman & Managing Director

V. R. Dagle

M. S. Kirloskar

S. S. Marathe

Vikram S. Kirloskar

J. R. Gagrath

Shivraj Gupta

S. N. Inamdar

M. G. Padhye

K. N. Bhandari

U. V. Rao

P. M. S. Malik

**COMPANY SECRETARY**

Sudha Santhanam

**AUDITORS**

M/s P. G. Bhagwat  
Chartered Accountants

**BANKERS**

Bank of India

Canara Bank

Bank of Maharashtra

The United Western Bank Limited

**REGISTERED OFFICE**

Udyog Bhavan, Tilak Road,  
Pune 411 002, Maharashtra State,  
(India)

**WORKS**

Kirloskarvadi

Dewas

Shirval

Pune

**TEN YEARS' SUMMARY**

(Rs. in Million)

Particulars	1988	1989	@ 1990	1991	1992	1993	1994	1995	1996	1997
Net Sales	895	1072	806	1473	1913	2228	2059	2129	2691	3169
Raw Material Cost	423	505	418	690	888	1109	1082	1060	1353	1639
Employee Related Expenses	147	180	115	204	260	281	260	335	367	386
Mfg. Expenses & Overheads	141	159	119	251	302	328	278	296	364	409
Admn. Selling & other Expenses	113	141	94	182	255	327	312	326	402	446
Interest	43	47	42	57	77	111	82	88	120	172
Depreciation	16	17	12	21	27	32	32	37	42	51
Other Income	13	11	14	17	18	39	34	61	61	69
Profit Before Tax	25	34	20	85	122	79	47	48	104	135
Income Tax Provision	4	15	2	37	60	30	20	18	37	26
Net Profit After Tax	21	19	18	48	62	49	27	30	67	109
Dividend	6	6	5	9	11	11	11	14	20	* 21
Share Capital	31	31	31	31	31	31	31	42	50	** 71
Reserves	90	98	111	150	201	370	387	642	866	923
Net Worth	121	129	142	181	232	401	418	684	916	994
Imports	22	36	37	72	79	108	77	50	65	67
Exports	48	56	77	130	173	302	307	230	357	605
Earnings per Share (Rs)	6.91	5.89	5.96	15.54	20.17	16.02	8.78	9.65	13.38	***15.40

Previous years' figures have been regrouped to make them comparable.

In the year 1993-94, the Hermetically Sealed Compressor Division was separated to form a new company.

@ The figures are for an eight-month period.

\* Proposed Dividend.

\*\* Enhanced capital (after Bonus issue).

\*\*\* On enhanced capital.



# KIRLOSKAR BROTHERS LIMITED

Registered Office : Udyog Bhavan, Tilak Road, Pune 411002

## NOTICE

To,  
The Members of Kirloskar Brothers Limited

NOTICE is hereby given that the 77th Annual General Meeting of the Members of KIRLOSKAR BROTHERS LIMITED will be held in the Auditorium of **Tilak Smarak Mandir, Tilak Road, Pune 411030 on Wednesday, the 24th day of September, 1997 at 3:00 P.M.** to transact the following business :-

1. To consider and adopt the Directors' Report, Audited Balance Sheet as at and Profit and Loss Account of the Company for the year ended on 31st March, 1997 and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. J.R. Gagrath, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.S. Marathe, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vijay R. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Vikram S. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
8. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution :

RESOLVED that in pursuance of Section 228 of the Companies Act, 1956, the Accounts of the Company's Branch Offices at Ahmedabad, Bangalore, Bhubaneswar, Calcutta, Chennai, Indore, Jaipur, Kochi, Lucknow, Nagpur and Secunderabad for the year 1997-98 be audited by such persons other than the Company's Auditors, as are qualified for appointment as auditors of the Company under Section 226 of the Companies Act, 1956, and the Board of Directors be and is hereby authorised to appoint such Branch Auditors in consultation with the Company's Auditors on such terms and conditions and on such remuneration as may be fixed by the Board of Directors.

9. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution :

RESOLVED that pursuant to Section 372(4) of the Companies Act, 1956, and subject to such approvals as may be necessary, sanction of the Members be and is hereby accorded to the Company making an investment of an amount not exceeding Rs. 2.75 million (Rupees Two million and Seven hundred Fifty Thousand Only) in the share capital of Pratibha Communications Private Limited and that the said investment which is in excess of the limits laid down under Section 372(2) of the Companies Act, 1956, be and is hereby approved.

RESOLVED FURTHER that within the aforesaid limits, the Board of Directors be and are hereby authorised to determine the timing, manner and quantum of actual investment and to do all such other acts, deeds and things as may be necessary or incidental thereto.

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NOTES :

1. The Register of Members and Transfer Books of the Company will remain closed from Tuesday, the 16th September, 1997 to Wednesday, the 24th September, 1997 (both days inclusive).
2. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members are requested to advise the Company immediately of any change in their addresses.

Members are also requested to intimate their bank account number alongwith branch where the dividend Warrants will be deposited. This will enable the Company to print these particulars on the dividend warrant and minimise the chances of fraudulent encashment. Kindly note however that dividend warrants will continue to be posted at the address given by the Members.

4. If dividend on the shares as recommended by the Directors is declared at the Meeting, the dividend warrants will be sent on or before 25th October, 1997 to those Members whose names appear in the Register of Members of the Company on 24th September, 1997.
5. Members of the Company and/or their proxies only will be allowed to attend the Annual General Meeting. Before entering the Meeting Hall, Members and/or proxies are requested to sign the attendance slip in the prescribed form and leave it at the counter.
6. Members who would like to ask any questions on the Statement of Accounts are requested to send their questions atleast ten days before the Annual General Meeting to enable the Company to answer the questions satisfactorily at the Meeting or by post, if possible, prior to the Meeting.
7. During the year ended 31st March, 1997, the Company has transferred Rs.473,849 to the General Revenue Account of the Central Government being unclaimed dividend for the year ended 31st March, 1993. A separate intimation giving the particulars of the dividend transferred to the General Revenue Account of the Central Government is being sent to concerned shareholders in terms of Rule 4-A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules, 1988.

By Order of the Board of Directors  
FOR KIRLOSKAR BROTHERS LIMITED

PUNE  
28th June, 1997

**SUDHA SANTHANAM**  
ASSOCIATE VICE PRESIDENT  
AND COMPANY SECRETARY



**ANNEXURE TO THE NOTICE OF THE 77TH ANNUAL GENERAL MEETING**

Explanatory statement as required under Section 173(2) of the Companies Act, 1956.

**Item No.9 of the Notice :**

Pratibha Communications Private Limited (PCPL) proposes to come out with an equity issue on private placement basis and the Company would be offered Equity Shares at Rs. 10/- each at such a premium as may be decided by PCPL, subject to an overall ceiling of total investment not exceeding Rs. 2.75 million in PCPL. Since the above investment will exceed the limit of investment laid down in section 372 (2) of the Companies Act, 1956 approval of the Members of the Company in the General Meeting and also of Central Government will be required. Hence, this resolution.

Mr. S. N. Inamdar, Director is also a Director of PCPL and may be deemed to be concerned or interested in this resolution. However, he has no pecuniary interest. None of the other Directors of the Company is concerned or interested in this resolution.

By Order of the Board of Directors  
FOR KIRLOSKAR BROTHERS LIMITED

PUNE  
28th June, 1997

**SUDHA SANTHANAM**  
ASSOCIATE VICE PRESIDENT  
AND COMPANY SECRETARY

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## CHAIRMAN'S STATEMENT

### The Task Ahead

As the Asian Economy gathers momentum, there is bound to be a manifold increase in the potentially beneficial opportunities open to us. To choose suitable ones, to weave out of them a coherent strategy and to articulate the organisation's intent is the task of corporate leadership. However, a sound strategy does not by itself ensure a healthy bottom line. The arduous and important task of putting strategies into action and thus orchestrating a fine performance demands an organisation that is responsive and full of energy.

### Technological Advances

In continuation with our proven philosophy of doing what we know best, we decided to enhance our capabilities in the turbomachinery field by concluding a collaboration agreement for Steam Turbines with Finmeccanica S.p.A. Azienda Ansaldo of Italy. This provides for comprehensive training in design technologies. This investment in advanced technology for our people is expected to add significant value to our product chain and technology spectrum.

Our Company's Research and Engineering Division has made good progress. Finite Element Modelling and Computational Fluid Dynamics packages for Hydraulic analysis are used to provide optimised solutions to our customers.

These advances will allow us to remain focused in our business; keep us prepared to meet customers' changing expectations; and enable us to gradually and steadily expand our geographical reach.

### Global player

KBL continues to do well on the export front. In the South East Asian countries KBL has been awarded prestigious orders. We continue to export to Europe and maintain a strong presence in the Middle East. The business from the Indian Ocean Rim countries is expected to grow allowing us to take up a dominant position.

In tune with the programme to reach the customer faster and make KBL products available easier to our international customers KBL along with other group companies participated in Kirloskar Middle East SZE in Ajman, UAE which will look after the interests of the Kirloskar Group in the region.



Dear Shareholders,

The last year has seen the continuing progress of the Indian economy towards becoming an Asian major. The GDP posted a growth rate of 6.8% while the industry grew at a good 9.8% in 1996-97. We expect a similar growth this year even though the first quarter, as always, shows a little decline in the rate. Barring a few instances of political uncertainty the general stability on the socio-political front augurs well for the coming year. Economic reforms have continued with lower corporate and personal income tax rates, abolition of tax on dividend, restructuring of excise duties and lowering of customs duties. These will certainly have a positive effect on the economy and bring about healthy competition. I had expressed concern about the increasing borrowing rates last year. Further re-organisation of the financial sector and recent lowering of the borrowings rates will improve the money availability which will provide an impetus to the economy. You will be happy to learn that our Company achieved good results in this year. Major national and international corporates and consultants entrusted us with important orders.

### SAARC

The development in relations with our neighbours are very encouraging. It is an opportunity in tune with our objective of becoming a global player. Recent study of the SAARC countries reveals that water supply and small hydro power are the needs of these economies. This fits well into our company's opportunity spectrum.

***"The business practices  
that proved effective in  
the past will not  
guarantee future  
success. We must  
change the way we  
operate and accelerate  
all business processes"***

**KIRLOSKAR BROTHERS LIMITED****Investments in IT**

Fresh investments have been made in the area of Information technology (IT) to help retain our edge in operational efficiency and logistics management. The group company offices and plants are now connected through V-SAT satellite network ensuring speedy communication. State-of-the-art workstations and latest personal computers have been procured to meet increasing requirements.

Our Company's website has received good response and earned accolades from international magazines.

**More Efficient Manufacturing**

The concept of work cells that function as a factory within a factory, successfully implemented at Dewas, has brought down the product cycle time sharply and resulted in balanced inventory of components based on actual demand.

**Need for Benchmarking**

We expect strong competitive and pricing pressures to remain for the foreseeable future and we cannot rely exclusively on volume increases to significantly improve profitability. Therefore, we seek total commitment from all concerned to examine and continuously improve our business practices in an effort to enhance customer satisfaction, overall financial performance and shareholder value.

We must change the way we operate and accelerate all business processes. Prompt responses improve customer satisfaction, faster product development and the expeditious application of new technologies will ensure a sustainable competitive advantage.

Organisation building is a continuous process. Inbound and outbound logistics have to be judiciously balanced to have an optimum product mix, "a basket of products" catering well to the growing sectors of economy.

**Health and Welfare**

I am proud to say that in the last 109 years of existence, our organisation has always kept its socio-

welfare commitments. Recognising the need for modern housing, the Company has undertaken construction of new houses for employees at Kirloskarvadi.

**New businesses**

The Company has made a breakthrough by securing major orders for several turnkey Mini Hydel power projects. This has opened up a significant growth area for our Company.

We have tied up with ASV Stubbe GmbH & Co. KG, Germany to market a range of thermoplastic pumps in the domestic market.

**Joint Ventures and Subsidiaries**

The joint ventures and subsidiary companies have made good progress.

Kirloskar Ebara Pumps Limited has shown an impressive performance again recording a sales growth rate of 70% and continues to remain the market leader in the API segment of process pumps. There is a lot to admire about the way this company is growing in overall performance in terms of turnover, profitability and market share.

Kirloskar Copeland Limited continues to do well. With the inauguration of its Atit plant the production has increased.

Kirloskar Silk Industries Limited has acquired 200 hectares of land in Nasik district. While the land acquisition process continues, the company has started a commercial pilot at Nasik. This is in preparation for implementing the project.

As always you have supported the Company in achieving its objectives and I thank you for this. I also take this opportunity to congratulate the Managing Director and his team for a job well done and wish them the best in the coming year. To conclude, the present order booking position of Rs.2000 Million and growing export demands make the prospects for the coming year look good.



**VIJAY R. KIRLOSKAR**  
CHAIRMAN

***"Technologies sourced  
from overseas and  
indigenous Research  
and Development dovetail  
into our long term vision of  
steady growth"***

***The task ahead  
"to convert strategies to  
actions and articulate  
company's intent to all"***