



Enriching Lives

Our future was born 100 years ago.

Vision

Mission

Ideas

Ideologies

Technologies

Innovations

Certifications

Acquisitions

Performance

Leadership

Growth

Benchmarks

Equity

Consolidation

Profits

Progress

Born 28th May 1903, a man named S L Kirloskar gave birth to a vision. A vision, which looked beyond horizons, looked beyond circumstances, looked beyond the realms of reality. The vision was simple, yet profound. The vision was about enriching lives.

And ever since, we at Kirloskar have been drawing inspiration from it and following it like a religion. To ensure that the lists of innovations only grow longer. And most importantly, the smiles on our customers' faces only grow broader.

Today, after 100 years, we aren't looking back, but are looking ahead. Today, its a Kirloskar

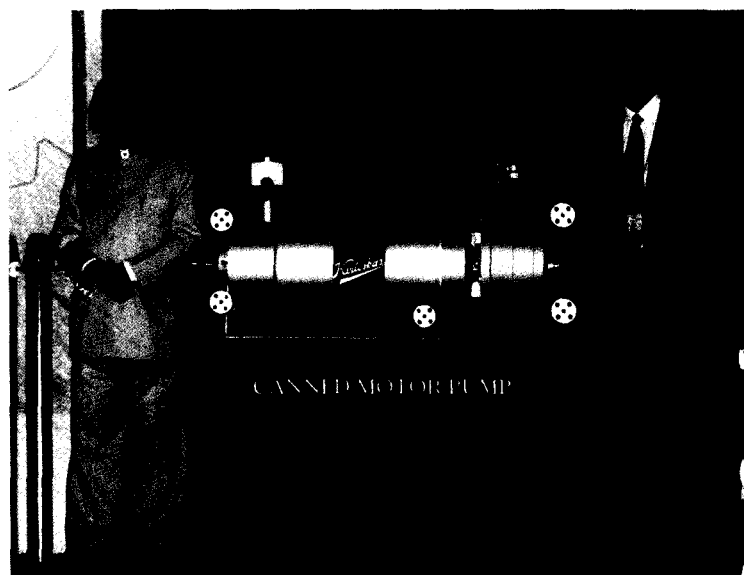
Canned Motor Pump which handles heavy

water in nuclear power plants, in addition

to handling toxic, hazardous and precious

liquids. Today, we are forging ahead to

create better tomorrows.



Dedicating Kirloskar Canned Motor Pump to the nation.



THE FIRE NEVER DIES

83rd ANNUAL REPORT 2002-2003**Board of Directors**

Sanjay Kirloskar
Chairman & Managing Director

Gautam Kulkarni
Vice Chairman

Vikram Kirloskar
Executive Director

M. S. Kirloskar

S. S. Marathe

J. R. Gagrath (upto September 24, 2002)

Shivraj Gupta

S. N. Inamdar

M. G. Padhye

Rahul Kirloskar

Kumar Bakhru

U. V. Rao

R. K. Srivastava
Whole Time Director

G. Ramaiya
Whole Time Director

Company Secretary

S. R. Bhagwat

Auditors

M/s P. G. Bhagwat
Chartered Accountants

Bankers

Bank of India

Canara Bank

Bank of Maharashtra

The United Western Bank Limited

Registered & Corporate Office

Udyog Bhavan, Tilak Road,
Pune - 411 002, Maharashtra State (India)
Phone : (020) 444-4444
Fax : (020) 444-4198, 444-0824
E-mail : kblin@kbl.co.in
Website : www.kbl.co.in
Group Website : www.kirloskar.com

Works

Kirloskarvadi
Dewas
Shirval
Kondhapuri
Pune

KIRLOSKAR BROTHERS LIMITED

TEN YEARS' SUMMARY

Rs. in Million

Particulars	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Net Sales	2059	2129	2691	3192	3375	3397	3713	4162	3746	4757
Other Income	34	61	61	68	51	86	79	295	82	72
Material Cost	1280	1274	1621	1930	1910	1782	2162	2557	2279	3126
Other Expenses	652	743	865	972	1168	1296	1270	1493	1209	1371
Interest	82	88	120	172	155	137	120	141	106	75
Depreciation	32	37	42	51	57	67	72	78	83	85
Profit before tax	47	48	104	135	136	211	168	188	151	172
Income tax provision	20	18	37	26	29	50	43	48	28	52
Net Profit after tax	27	30	67	109	107	161	125	140	123	120
Share Capital	31	42	50	71	71	71	71	71	71	71
Reserves	387	642	866	923	999	1125	1215	1321	1352	1459
Net Worth	418	684	916	994	1070	1196	1286	1392	1423	1530
Imports	77	50	65	67	114	101	51	54	49	119
Exports	307	230	357	605	760	853	456	588	585	585
Earnings per Share (Rs.)	8.78	7.05	13.38	15.40	15.24	22.89	17.71	19.91	17.41	17.03
Dividend per Share (Rs.)	3.50	4.50	4.00	4.00	4.00	4.50	4.50	4.50	4.50	* 4.50
Book Value per Share (Rs.)	135.92	162.78	181.94	**140.96	151.79	169.68	182.39	197.35	201.84	216.99

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

* Proposed Dividend.

** After issue of Bonus Shares in the ratio of 2 : 5

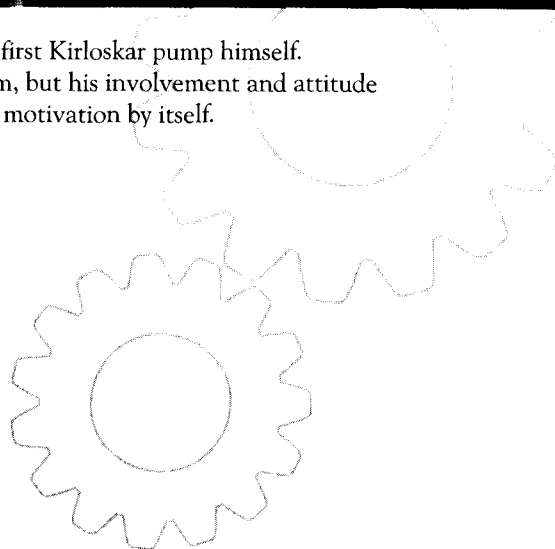


THE FIRE NEVER DIES

Hands-on commitment.



A young S L K installing the first Kirloskar pump himself.
Call it enterprise or dynamism, but his involvement and attitude
towards work was a lesson in motivation by itself.



Enriching Lives

**There is no life without quality,
and its only benchmark is one's passion.**

A man of diverse talents and immense capabilities, SLK was a true perfectionist at heart.

To him, there was no such thing as second best. There was no place for a half-hearted attempt. He hated mediocrity, for he believed in results, not excuses.

His motto was clear: If you are not giving the best quality and not increasing productivity, you are doing injustice to yourself.

This belief made sure that quality was a way of life, and not just on the top of an agenda.



ATTENDANCE SLIP

KIRLOSKAR BROTHERS LIMITED

Registered & Corporate Office :
Udyog Bhavan, Tilak Road, Pune - 411 002

DP. Id*	
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Client Id*	
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Reg. Folio No.	
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* Applicable if shares are held in electronic form.

No. of Shares

**83rd Annual General Meeting on
July 28, 2003 at 10:00 A.M.**

Full Name

I certify that I am a registered member / proxy for the registered member of the Company.

I hereby record my presence at the 83rd Annual General Meeting of the Company at Hotel Taj Blue Diamond, Koregaon Road, Pune - 411 001 on Monday, July 28, 2003 at 10:00 A.M.

Member's / Proxy's Signature

Proxy's full name
(in Block Letters)

NOTE : Please fill this attendance slip and hand it over at the entrance of the meeting hall.

----- TEAR HERE -----

PROXY FORM

KIRLOSKAR BROTHERS LIMITED

Registered & Corporate Office :
Udyog Bhavan, Tilak Road, Pune - 411 002

DP. Id*	
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Client Id*	
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Reg. Folio No.	
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* Applicable if shares are held in electronic form.

No. of Shares

I/ We

.....of

being Member/ Members of Kirloskar Brothers Limited, Pune - 411 002 do hereby appoint

..... of or failing him/her

.....of.....

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the 83rd Annual General Meeting of the Company, to be held on Monday, July 28, 2003 at 10:00 A.M. and at any adjournment thereof.

Signed this day of 2003.

Signature

Affix a 30 Paise Revenue Stamp

Note : The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting



KIRLOSKAR BROTHERS LIMITED

Regd. & Corporate Office : Udyog Bhavan, Tilak Road, Pune - 411 002.

NOTICE

To,

The Members of Kirloskar Brothers Limited,

NOTICE is hereby given that the 83rd Annual General Meeting of the Members of KIRLOSKAR BROTHERS LIMITED will be held at Hotel Taj Blue Diamond, 11, Koregaon Road, Pune – 411 001 on Monday, the 28th day of July, 2003 at 10:00 A. 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 March 31, 2003 and the Auditors Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. M. S. Kirloskar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. S. Marathe, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. M. G. Padhye, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by inserting the new Article 5 A after the present Article 5 as under :

5 A. Purchase of own shares or other securities

"Notwithstanding anything to the contrary contained in the Article 5 and subject to the provisions of the Act and the Rules or Regulations as may be in force from time to time, the Company may purchase any of its own shares or any other specified securities issued by the Company."

NOTES :

1. The Explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item No. 7 of the Notice as set out above is Annexed.
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. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21st July 2003 to Thursday, 24th July 2003 (both days inclusive).
4. If dividend on the shares as recommended by the Directors is declared at the Annual General Meeting the dividend warrants will be sent on or before 25th August, 2003 to those Members whose names appear in the Register of Members of the Company as on 24th July, 2003 and in respect of shares held in electronic mode, as beneficial owners in the record of the Depositories as on 24th July, 2003.
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. The Unclaimed dividends upto the Company's financial year 1994 – 95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants upto the said year are requested to claim the amount from Registrar of Companies, Maharashtra, PMT Building, 3rd Floor, Deccan Gymkhana, Pune - 411 004.

Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a Fund called Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/ unclaimed dividend for the financial years 1995-96 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the Unclaimed Dividend Account of the Company, to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check and send their claims, if any, for the relevant financial years from 1995-96 onwards before the respective amounts become due for transfer to the above Fund.

7. The Company has appointed Intime Spectrum Registry Limited as its Registrar and Transfer Agent, effective 1st April, 2003. Therefore, all correspondence relating to transfer and transmission of shares, sub division of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of dividend etc. will be attended to and processed at the offices of the Registrar and Transfer Agent at the following addresses :-

Intime Spectrum Registry Limited
(Unit : Kirloskar Brothers Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W)
Mumbai – 400 078
Tel. No. (022) 2592 3837
Fax No. (022) 2567 2693
E-mail : isrl@intimespectrum.com

Intime Spectrum Registry Limited
(Unit : Kirloskar Brothers Limited)
102, Shri Vidyanand, Erandwane,
Dr. Ketkar Path, Near Old Karnataka High School,
Pune – 411004
Tel. No. (020) 5458397
Fax No. (020) 5458398
E-mail : pune@intimespectrum.com



By Order of the Board of Directors
for KIRLOSKAR BROTHERS LIMITED

Place : Pune
Date : 3rd May, 2003

S. R. BHAGWAT
COMPANY SECRETARY

ANNEXURE TO THE NOTICE OF 83rd ANNUAL GENERAL MEETING

Explanatory statement as required under section 173 of the Companies Act, 1956.

Item No. 7 of the Notice

Section 77 A of the Companies Act, 1956, inserted by the Companies (Amendment) Act, 1999 enables the company to buy-back its own shares or other specified securities subject to the limitations and compliance with the conditions stated therein and further subject to the provisions of Section 77 B and in accordance with the Regulations made by the Securities and Exchange Board of India. Under the provisions of Section 77A, it is permissible for the Company to buy-back its own shares or other specified securities if the buy-back is authorised by its Articles. Since presently there is no provision in the Articles enabling buy-back, it is proposed to insert new Article and hence the Special Resolution.

None of the Directors of the Company is interested in the resolution.

Copies of the Memorandum and Articles of Association of the Company are available for inspection by the Members at the Registered Office of the Company on any working day during business hours.

By Order of the Board of Directors
for KIRLOSKAR BROTHERS LIMITED

Place : Pune
Date : 3rd May, 2003

S. R. BHAGWAT
COMPANY SECRETARY



83rd ANNUAL REPORT 2002-2003

THE FIRE NEVER DIES

Dear Shareholder,

It gives me immense pleasure to once again open this channel of communication between us. Although the Management Discussion and Analysis Report will give you an idea about the performance of your Company, I thought that I should share with you my thoughts on overall performance and the environment.

This is a significant year in the life of our Company – the Birth Centenary year of Shri. S. L. Kirloskar, our Chairman for over 29 years. It is a year of consolidation for all of us as we rededicate ourselves to the cherished ideals of Shri. S.L. Kirloskar and the founders of our Company, who lived their lives upholding stakeholder value.



In fact, the very mention of Shri S. L. Kirloskar brings back special memories. Memories of a man who was everything one could dream to be. On one hand, he was an absolutely practical and down-to-earth person and very frank. A courageous man, he would never compromise with his principles, even when up against the most unwanted adversity. It was not just to make a point, but a reassurance of his self-belief. On the other hand, one could see a visionary, who would always have tomorrow in mind. Not for personal gratification, but for the industry, the country as a whole. Here was a true patriot who always wanted a unified Indian industrial power, making its mark in the world.

The overall GDP growth for the year 2002-03 is estimated to be 4.4%. This is largely due to widespread failure of monsoon last year causing a negative growth of 7.6% in the Agriculture sector. The manufacturing sector achieved a 5.8% growth signifying that it is in the recovery mode. Global economic recovery, which had gathered momentum in the beginning of the year 2002 could not maintain its initial upbeat trend due to lack of growth impulses in major economies and tension in the Middle East.

As India continues its policy of economic liberalization and aligns itself with the rest of the world, there will be an increased spending on infrastructure. Both tariff and non-tariff barriers will come down and there will be further tax reform and duty reduction which will affect companies like KBL. In fact, in his Budget speech the Finance Minister stated that water supply projects would henceforth be totally exempt in regard to capital goods and machinery, from both customs as well as excise duties. Later in April the customs tariff was amended whereby "Drinking water" projects were brought under the purview of water supply projects. This will encourage participation by global companies in Indian projects, increasing competition and giving customers a far greater choice.

The Company's performance during the last year was satisfactory. While excess capacity has been built in the domestic fluid handling industry and there is a pressure on the bottom line, our Company once again proved its leadership, posting a 27% growth in sales over the previous year. Agriculture and domestic pump group sales have shown a remarkable increase, though the agricultural sector performed badly due to a poor monsoon. This could be achieved by intensifying channel reach and focussing on domestic and industrial segments. The industrial pumps business grew in the Indian market but the fall in exports of these pumps, due to difficult global market conditions affected the overall performance.

With utmost commitment and dedication, KBL has successfully commissioned one of the largest lift irrigation schemes in Andhra Pradesh, which facilitated supply of water to 35 villages. Considerable progress has been achieved on the water supply and irrigation project of Sardar Sarovar Narmada Nigam Ltd. The first set of pumps is being commissioned as per schedule. The worrying aspect of most irrigation and water supply schemes is the perilous condition of State Government finances. Completion of these projects gets delayed considerably on account of late payment for work done.

Last year KBL supplied the largest vertical turbine pump ever produced in the country in record time. As you are aware, our Company had purchased technology from one of the leading European power sector pump