

CHAPTER - III

HISTORY AND DEVELOPMENT OF

KIRLOSKAR BROTHERS LTD., KIRLOSKARWADI



HISTORY AND DEVELOPMENT OF COMPANY

HISTORY OF THE ORGANISATION :

The founder of the Kirloskar Group is late Laxmanrao Kashinath Kirloskar. He was born in 1868 in village Gulahansur in Belgaum district. He had preference for mechanical line from his school life and therefore, he came to Bombay and completed a course of " Mechanical Draftsmanship " at J. J. School of Art. He was appointed as an Asstt. Drawing Teacher on Rs. 35/- p.m. at the V.J.T.I. Bombay. He widened his mechanical knowledge in G.J.T.I. and subscribed to several American magazines. He resigned from V.J.T.I. as he was denied promotion and began manufacture of small product such as ' Pill boxes ' and ' buttons '. He also started the business of selling and repairing bicycles. He had to leave Bombay in 1896 due to the outbreak of plague and came to Belgaum where his brother was school teacher. He opened a cycle shop and small workshop with his help. This began the business partnership of Kirloskar Brothers.

He began in 1900 the manufacture of hand claff cutters in the small workshop castings were brought from Bombay pushing the sales he established his own factory.

In 1902 Laxmanrao was entrusted with the work of constructing an Assembly Hall in front of "Yamai Temple" at Aundh by the Maharaja of Aundh. The cost of the project was

Rs. 65000/- . This work was become one of the chief ornaments at Aundh. It can seat 1500 people and 12000 books. Kept in the upper gallery which run all round. The hall in 1903 he shifted his workshop on a new sit at Talkawadi on the outside of Belgaum. This extension was made for increasing the production. In 1905 the first iron plough was made in India. The first lath of 6 plough remained unsold for 2 years. The sales increased from 6 to 200 per ann. fourteen year lafte a record figure of 40,000 in a single season was reached in 1910. The Belgum maineillality served with a to shift the factory in six month. The Maharaja of Aundh came to his and offered a land and a loan of Rs. 10,000, so in 1910. The factory was shifted from Belgaum to Kirloskarwadi on 'Holy-day'.

The present factory of Kirloskar Brothers was established on 32 acres of land near Kundal Road station (Now Kirloskarwadi) in Ex. Aundh State. This was a barren dwelling place of dcoit and snolees, no water and fall of adds. But with the entiring offiorts of his 33 faithful workers, who came with him from Belgaum, he was able to restart the production in 1911.

The factory of Kirloskarwadi was four year old when first World was broke. This brough time for the factory. Cost of the plough had a increased from Rs. 39 to Rs. 70. He, therefore, added many other small product to the line of manufacture. The number of raise from 50 to 800. In 1920, the company was converted into limited concern with authorised capital of Rs. 1,00,000/- . In 1920 first sugarcane crusher was produced and in 1921 first Drilling machine was produced. In quice

succession came improved plough chaff cutters, windlasses, drew pulleys, for wells, other of crushers. In 1920 Steel furnitures items, groundnut decorticator and the centrifugal pump between 1930 - and 39. And 39 several new product like diseal engine, electric motors, looms and dobbines, lathes, drilling machine and gas plants were developed. Large inputs was given by the world war and a lot of orders were received and executed new types of pumps, sugar-cane crushers, ploughs, concrete mixers, sluice vales were also developed and manufactured.

In 1957 technical collaboration was entered in to with M/s. Sulzer Brother Ltd. of Switzerland. Kirloskar Sulzer pumps were manufactured in India. Machine tools division to manufacture vertical +Turet lathes, supper shaper, planning machines etc. was started 1963. Engine inonoblicle pump was developed in 1966. Manufacture of largest pumps in India has been started from 1972. Job work for a atomic energy power project had been taken from 1973. Tailor made order an executed as per requirements. At present K.B.L. the biggest manufacture in pump both in quality, quantity and size.

Total number of personnel as on 1-11-1985.	3,200
Total tarnover July 1985	69,26,45,000
Authorised Capital	70,00,00,000
Issued Capital	30,72,43,000
Subscribed capital	30,72,43,000

Details of products development free is given in Annexure "A".

Details of products specialities free in given in Annexure "B".

KIRLOSKAR GROUP IN THE LIST OF TWENTY TOP HIGH HOUSES :

What the Birlas are to Calcutta, the Tatas to Bombay and the Thapars and Shriram groups to Northern India. The Kirloskar are to a broad agriculture belt comprising Pune, Sholapur, Naski, Belgaum, Harihar and Bangalore. In fact it would be quiet just classify the Kirloskar as the premier agro - industrial group of companies in India say an economist leching at the Gokhale institute at Pune. In this broad agricultural belt and in all the so called progressive agricultural circles the Kirloskar are a very big firm.

In the half centure since the establishment of Kirloskar Brothers the 'Mother company' or a group which has spawned a broad of some twenty companies, the Kirloskar group has diversified its product range with astonishing abandon and today the group produces compressors for compressed air equipment air conditioning and reifrigerator equipment and pneumatic tools (Kirloskar Pneumatic Ltd.) diesel engines in the range of 3 H.P. to 550 H.P. (Kirloskar Oil Engines Ltd.), the well known cumming diesel engine in the range of 60 H.P. to 800 H.P. in Collaboration with the Cummings Engines Co. U.S.A. Tractors power driven Pumps, hermetically seale compressor unit and valves (Kirloskar Brother) and whole last of industrial products and services, such as mopeds, casting, electric moters, consultancy services, hotels, publications, rice milling machinery which have earned the group an annual sales revenue estimated in 1977 at over Rs. 250 crores.

But the group has diversified not only wisely but well in forms of growth potential and profitability. According to a survey made by the research bureau of the Economic Times, the ranking of the Kirloskar group in the list of the 20 top big houses in the Indian Private Sector was eleventh in form of valuation of assets Rs. 177 crores, ninth in term of net worth capital plus reserve Rs. 64.149 crores, seventh in term of good profit (Rs. 27.78 Crores) and sixth in test of sales revenue earning Rs. 240.83 ₹ crores in the year 1975-76. Economic Time in the February 1977 Business India Oct., 30, 1978.

The Registered Office :-

The Registered Office of Kirloskar Brothers Ltd. situated at -- UDYOG BHAVAN, TILAK ROAD, PUNE - 411 002. Company is having four units situated at different places. These are at Kirloskarwadi, Karad and Devas and Poona. The factory of Kirloskarwadi is situated in Sangli District near Poona - Miraj Broadgaga. The factory of Kirloskarwadi is mother of Kirloskar group units also, kirloskar Brothers is having registered office at Poona and having business office at cities all over India. These are situated at Ahemadabad, Bangalore, Bhuvaneshwar, Calcutta, Indore, Jaipur, Madras and New Delhi, Pune, Seconderabad.

FINANCIAL POSITION OF COMPANY :

(a) Share Capital as at 31st July, 1985.

Authorised -

500000 Equity shares of Rs. 10/each	50,00,000
175000 Redeemable cumulative preference Shares of 100/- each	1,00,00,000
100000 9.5% Redemable cumulative preference shares of Rs. 25/- each	25,00,000

Issued -

3100.965 Equity shares 10/- each	3,10,09,650
100000 9.5% Redemeemable cumulative preference shares of Rs. 25/- each (Redeemed on 1st July 1985.)	--

Paid - Up

3072.430 Fully paid up shares of Rs.10/- each of the above shares	30,72,43,000
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(a) 33000 equity shares of Rs. 10/-each are allotted as fully paid up pursuant to a contract without payment being received in cash. --

(b) 1583522 Equity shares are allotted as fully paid-up by way of Bonus Shares by way of capitalisation of part of General Reserve --

100000 9.5% Redeemable cumulative prefence shares of Rs. 25/- each (Redeemed on 1st July 1985.)

TOTAL ..	30,72,43,000
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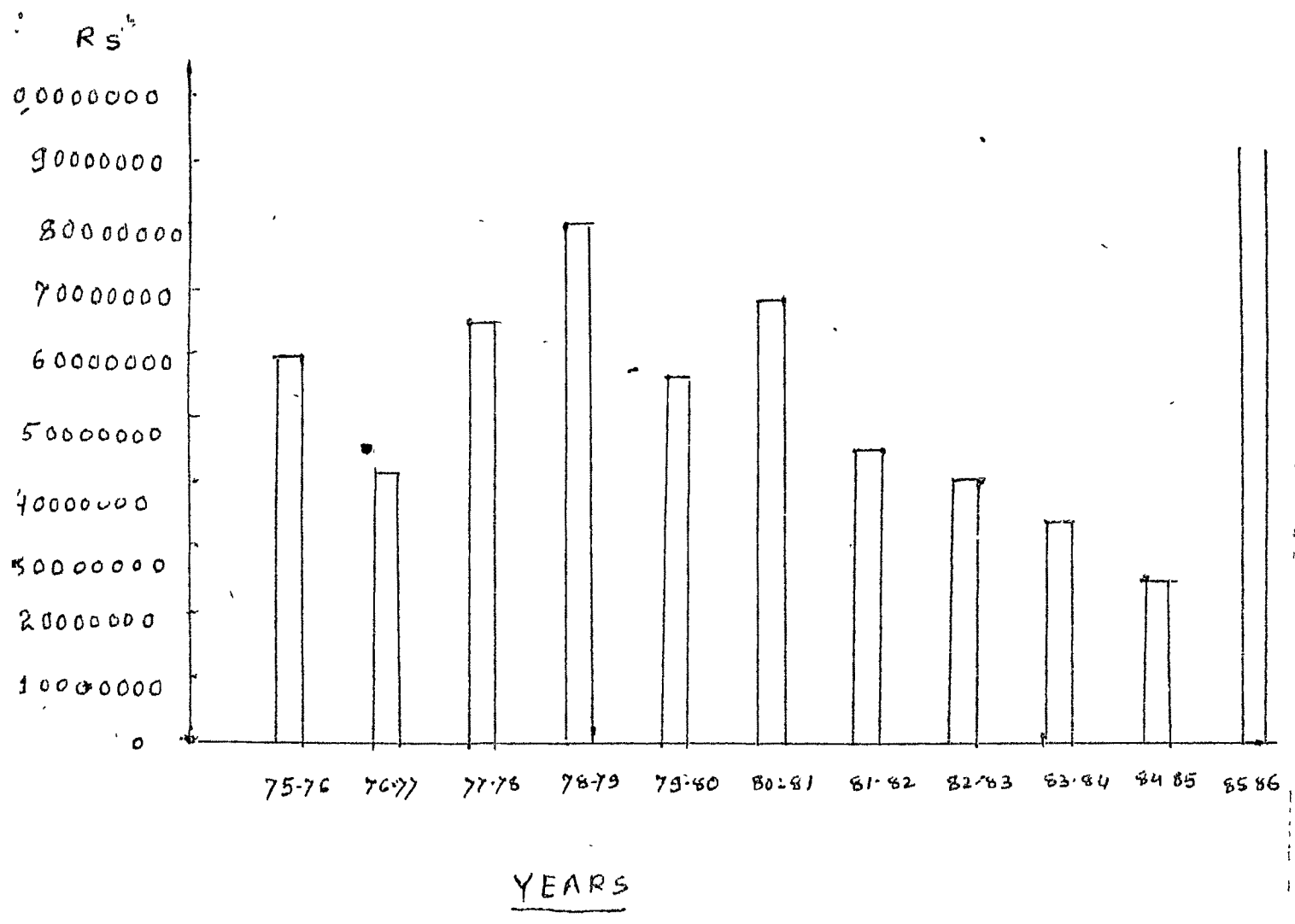
PROFIT OF THE COMPANY :

Following are the net profit of the company for last ten year.

Year	Rs.
75-76	58,44,020
76-77	40,91,718

Net profit of the company

Scale - 1 cm to 1000000 RS



Year	Rs.
77-78	64,61,877
78-79	79,10,000
79-80	56,18,000
80-81	68,38,000
81-82	44,75,000
82-83	39,18,890
83-84	33,90,000
84-85	24,44,000

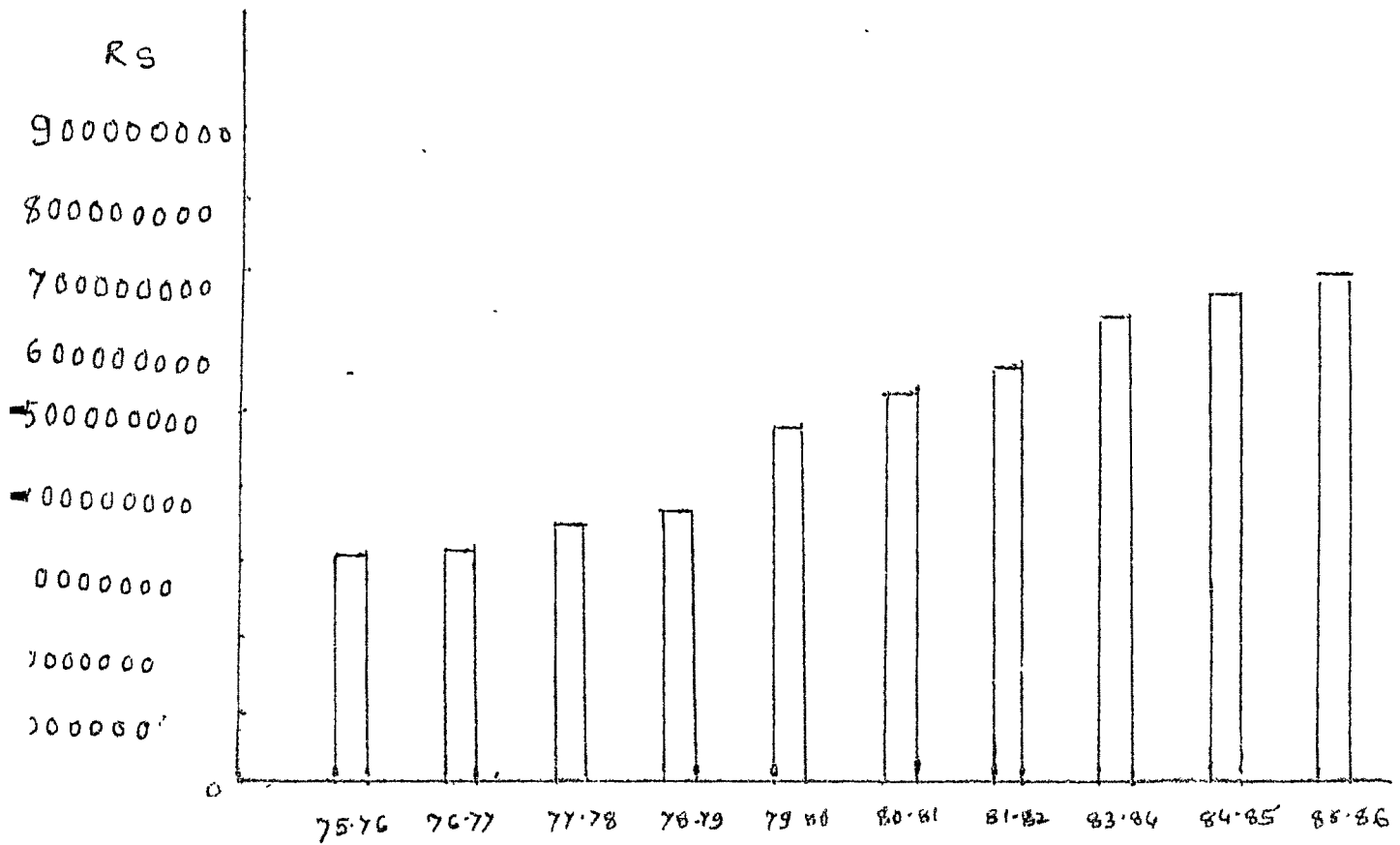
SALES OF COMPANY :

Following figures can show as sales of company for last 10 years.

Year	Rs.
75-76	30,69,37,037
76-77	31,42,28,767
77-78	35,19,87,847
78-79	35,47,12,655
79-80	47,54,24,907
80-81	52,58,30,053
81-82	56,29,20,947
82-83	62,76,67,198
83-84	66,19,56,007
85-85	69,26,45,399

Sales of company

Scale - 1 cm to 100000000.



DIVIDEND OF COMPANY :

Company had declared following rates of dividend for equity share holder.

75-76	8 %
76-77	6 %
77-78	12 %
78-79	12 %
79-80	12 $\frac{1}{2}$ %
80-81	15 %
81-82	12 %
82-83	10 %
83-84	10 %
84-85	10 %

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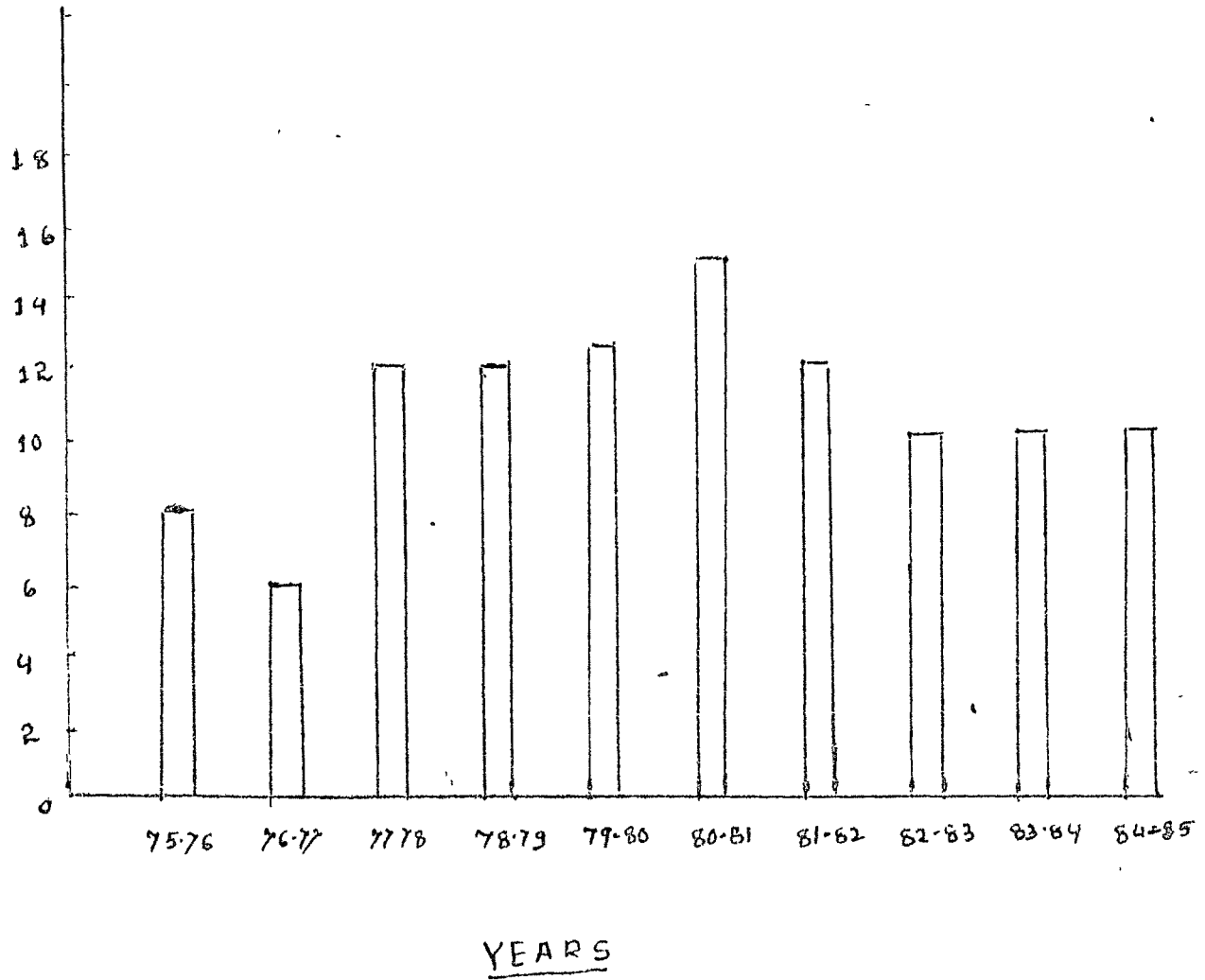
Company is producing a number of engineering product. The main and important product of company included the different type of pumps and valves. Company is manufacturing pumps of size 32 mm to 1200 mm upto 365 discharge upto 4700 ¹/s. Compay also manufacturing valves from 50 mm to 1200 mm size and vertifical turrct lathes 36" to 66" size table diameter.

Product of company are welknow in Indian and International Market especially the pumps and valves of Kirloskar Brother has good demand from forign countries. Company is getting demand also from Government market and also engineering market.



Divident of company

Scale - 1 c.m to 2% holders

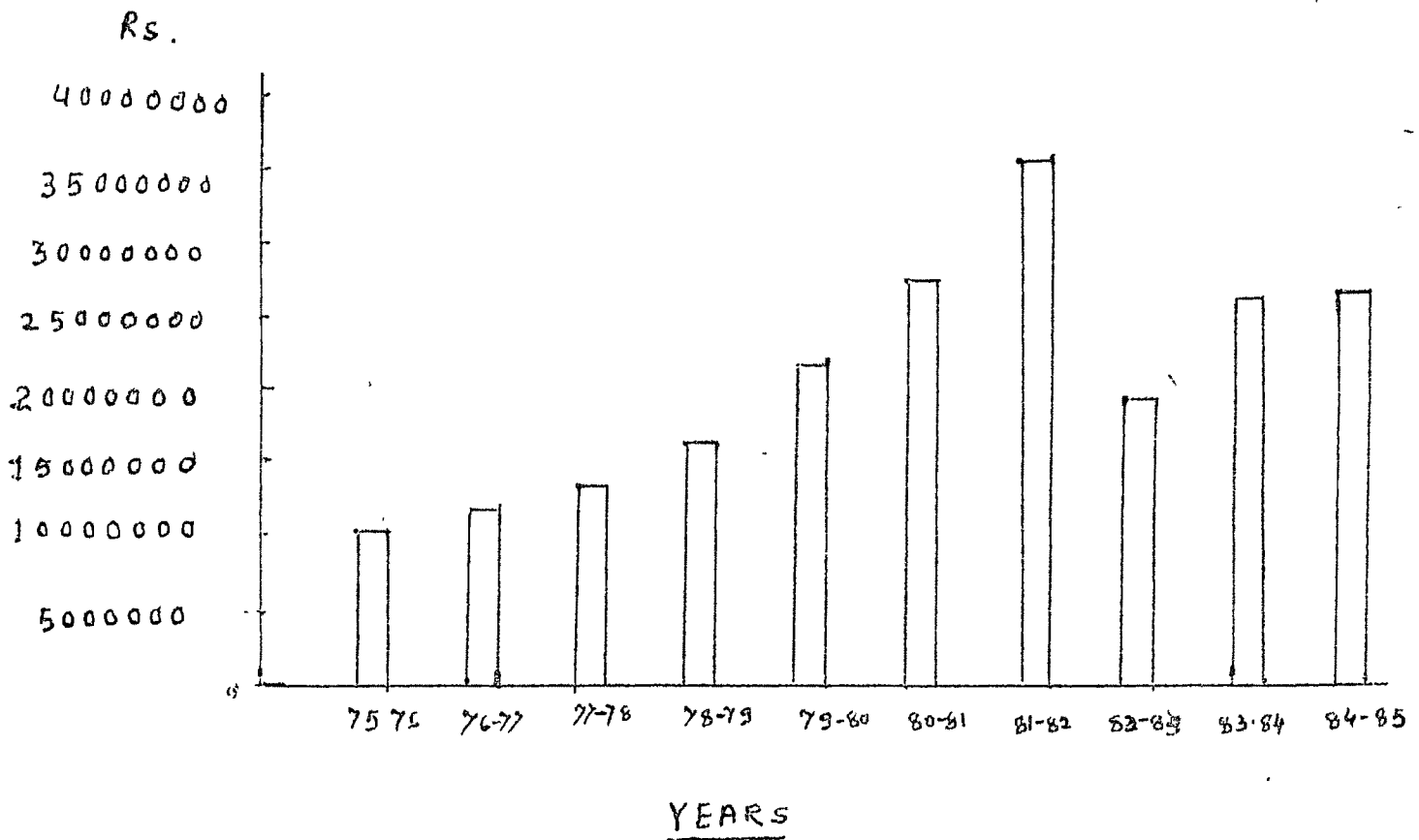


Main characteristics of company is its establishment in rural area factories is situated in a Village. Most advantage is good transportation in Railway Station on the South- Central Railway Miraj - Poona line. Its make easy and cheap raw material supply. Also it becomes advantages to workers for transportation. Company had a good quality control department and pump testing department. This department is supported with well equipped with physical chemical lab, is also provide modern testing facilities -
 i) Radiography up to 8 " ii) Ultrasonic flow detector,
 iii) Dye pentrint testing, iv) Magnatic testing.

<u>EARNING, VALUE OF GOODS EXPORTED IN Rs.</u>	<u>(Foreign Exchange)</u>
75-76	1,02,58,237
76-77	1,20,99,748
77-78	1,33,87,690
78-79	1,55,99,444
79-80	2,17,69,114
80-81	2,75,92,214
82-83	1,99,06,957
83-84	2,66,72,067
85-85	2,78,65,634

Earning Value of goods Exported

Scale 1 cm to 5000000



WELFARE EXPENSES IN 10 YEARS OR BENEFITS TO EMPLOYEES

YEAR	: Contribution to : provident fund : and State : Insurance	: Workmen and staff : welfare expenses	: Provision for : gratuity
1975-76	23,82,749	23,61,444	7,70,000
1976-77	25,50,525	25,29,387	13,52,600
1977-78	28,90,481	30,32,810	18,75,274
1978-79	30,77,097	29,81,708	6,61,523
1979-80	35,40,986	32,95,342	22,36,782
1980-81	42,58,094	48,59,221	33,43,332
1981-82	46,40,232	56,29,746	24,48,596
1982-83	48,77,363	58,95,214	31,82,134
1983-84	48,96,265	74,72,456	36,94,930
1984-85	57,64,134	76,24,421	52,53,768

