CHAPTER - I

COMPANY PROFILE AND SIGNIFICANT ACHIEVEMENTS.

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C H A P T E R - I

COMPANY PROFILE AND SIGNIFICANT ACHIEVEMENTS

A] INTRODUCTION :-

Kirloskarwadi plant of Kirloskar Brothers Limited (KBL) was jubilant on 11th Aug. 1991. The Occasion was winning the coveted award of Quality Accreditation to ISO 9001 - 1987 covering "Design, Development, Production. Installation and Service " for Pumps, Machine Tools and Valves.

Kirloskarwadi is the first multiproduct and multitechnology company of its kind in India to receive ISO 9001 certification. It is a unique plant employing different technologies to manufacture a wide range of Pumps, Valves, Machine Tools and Computerized Numerically Controlled Machines (CNC).

This gifted plant is housed with the most sophisticated facilities like Research and Development, Design, Pattern - Making, Foundries for various metals, Non-destructive testing facilities, Manufacturing, Product testing, and Human Resources Development Divisions.

2] HISTORY :

The History of Kirloskar Brothers Limited, dates back to 1888. Kirloskar Brothers Limited,(KBL) is the parent company of all the Kirloskar companies through which has evolved the "House of Kirloskar", a reputed and respected name in the field of Engineering in India and all over the world.Kirloskar Brothers made a humble beginning in the year 1888 and became a public Limited company in 1920. Late Laxmanrao Kashinath Kirloskar was the founder of the Kirloskar Organisation.

Laxmanrao was born on 20th June 1869; at Gurlhosur, a village which was 35 miles away from Dharwad (now Karnataka State). His father was a very religious minded person and a man of strict discipline. Laxmanrao was brought up in a cultured and religious atmosphere. The concepts, impressions, ideas, training and education he had received about hard-work, sincerity, honesty, truth and discipline had profound impact and these fundamental qualities, helped him throughout his illustrious industrial career.

From the very childhood, Laxmanrao was interested in industrial drawing and mechanism of machines. Due to his interest in 'Machines' he joined Jamshedji Jeejibhay School of Arts in Bombay, to study 'Mechanical Drawing' and completed his study successfully. It helped him to enrich his knowledge about the design aspects of Engineering products.

It was just the beginning of a new era of industrialisation in India then, When Laxmanrao, the founder of KBL began his manufacturing activities.

3] Early Manufacturing Activities :

i] Fodder Cutter :- This fodder - cutter of 1901 was the first "Kirloskar Product". A small iron factory was established and in 1904, 'Iron- Ploughs' were manufactured for the use of Indian farmers.

All the manufacturing activities of Laxmanrao were going on in a small shed at Belgaum. But under the new Town Planning Scheme, Belgaum Municipality served a notice to Laxmanrao to vacate the premises. So the factory was to be demolished to facilitate establishing a new suburban residential town-ship,

which is known today as 'Thalakwadi '. A few days after Laxmanrao had received the notice, he approached Balasaheb Pantpratinidhi of the then Aundh Sansthan , who rescued him from this difficult situation and offered him thirty-two acres of Land near the then Kundal Railway station and a loan of Rs. 10,000/-. This act of benevolence encouraged Laxmanrao to start an engineering industrial unit. He accepted this nice offer and said Good-bye to Belgaum and reached Kirloskarwadi on 10th March, 1910, the Dhulwad day of the Holi festival. And then, manufacturing activities gradually began to pick up.

ii] Kirloskar 'Kamal' Sugarcane Crushers and Hand Pumps :-

In July 1925, Kirloskar 'Kamal' Sugar-cane crushers and hand-pumps reached the market.

iii] Household steel Furniture :-

By the beginning of 1926, demand for the engineering products slackened. Laxmanrao thought that the existing machining capacity could be usefully employed with some modification, to manufacture household steel furniture. And in July 1926, "Kirloskar steel chairs" reached the market. As the chairs got good market, the production of other steel furniture like cots for domestic and hospital use was undertaken.

iv. Nuts & Bolts :- The overall slump in the industry was continuing and the time dictated that the production activity should be further diversified. Production of 'Nuts and bolts' was undertaken because it had good market.

v. "Kalyan" Ground nut - Shellers :- The weaknesses in the old type of 'Groundnut Sheller" which were manufactured by some manufacturers were removed and an improved

"Kalyan - Groundnut Sheller" was manufactured by KBL. That was well received by the market.

vi. Gas-engine, Oil-engine, Centrifugal Pumps and Seed-drill :- KBL manufactured a Gas engine, an Oil-engine, two Centrifugal pumps, a Seed-drill and various models of ploughs. All these were exhibited in the Industrial Exhibition held in Poona in November, 1926.

A brief resume of various products developed and produced at KBL gives us a glimpse of the sensitivity of mind this doyen of Indian industry had. Diversification and adoption of new products to meet the changing trends in the market have been a characteristic feature of the 'House of Kirloskars'. Research and Development have been the centre of activities of KBL,for all the time.

Shantanurao Kirloskar was the eldest son of Late Laxmanrao. He completed his engineering study at M.I.T (Massachusetts Institute of Technology, U.S.A.). After completion of his engineering education, Shantanurao took interest in his father's Engineering Enterprise and contributed a great deal in running and expanding more modern engineering plants than at Kirloskarwadi. They were established at Harihar, Bangalore, Mysore, Poona, Dewas, Karad etc.

3. MARKETING NETWORK :-

Kirloskar Brothers Limited has its registered office at Pune and manufacturing plants at Kirloskarvadi, Karad and Dewas. Zonal and Regional Sales Offices are located in Metropolitan cities like Bombay, Delhi, Madras, Calcutta and Bangalore. Nationwide network of dealers supplement the operations of Zonal and Regional offices.

4. STRATEGY OF KIRLOSKAR BROTHERS LTD. :-

KBL believes in strategic long range plans to shape the future of industry.

Turnover of the company is steadily rising at the rate of 25 percent per annum and it has very ambitious product development plans.

5. FINANCIAL STRUCTURE :-

Following are the details of the major items of the financial structure of Kirloskar Brothers Ltd.,

Table 1.1.

Financial Structure of KBL

Rs. in Millions

Particulars	1988-89 (Rs.)	1989-90 (Rs.)	1990-91 (Rs.)	1991-92 (Rs.)	1992-93 (Rs.)
Authorised capital	50.00	50.00	50.00	50.00	50.00
Paid-Up Capital	30.72	30.72	30.72	30.72	30.72
Reserves	97.83	111.53	150.06	232.00	401.37
Loans	215.79	201.28	270.63	380.76	409.60
Net working Capital	277.23	277.74	354.49	432.36	590.18
Current Assets	644.91	718.01	875.66	1117.51	1514.46
Current Liabilities	367.68	440.27	521.17	685.16	924.28

Source : Compiled from the Annual Balance-Sheets of the company.

Figures in table 1.1. show that in the last five years the authorised and paid up capital have not changed. This is because firstly the company has achieved maturity and it can generate adequate funds internally and externally. However,from the values of the debt equity ratio of these five years it appears that the

company could not generate adequate funds internally to finance her activities and as such has to depend upon external sources of finance.

Debt-equity ratio was 7.022 in 1988-89. It increased to 13.332 in 1992-93. The ratio has maintained constantly rising trend except in the year 1989-90.

Reserves of KBL have shown a substantial rise of an average 62 percent per annum. That gives a good account of company's capacity to generate internal funds. In consonance with the statement made in the preceding paragraph it must be recorded that company's activities have increased at a much faster rate than its capacity to generate internal funds and as such it was obliged to borrow externally.

Analysis of figures of current assets and current Liabilities shows a very comfortable position. It has maintained an asset of about Rs. 1.63 for each rupee of liability. It is a matter of satisfaction that there are no undue fluctuations in the value of current ratio.

Considering the total own funds i.e. equity capital and reserves in relation to funds borrowed, the KBL has maintained improving ratio. It was 1.67:1 in 1988-89 and it went down to 0.94:1, in 1992-93 with marginal changes in between.

6. SALES- EXPORTS

Following is the year-wise data of Inland-sales and Exports of KBL Kirloskarvadi.

Table 1.2

Sales and Exports of KBL

Rs. in Millions

Sr.No.	Year	Inland Sales (Rs.)	Exports (Rs.)	Total (Rs.)
1.	1988-89	378.14	54.67	432.81
2.	1989-90	419.91	90.90	510.81
3.	1990-91	584.45	95.36	679.81
4.	1991-92	707.21	149.65	856.86
5.	1992-93	763.54	290.35	1053.89

Source : - Compiled from official Records of the Company.
Note : - Production figures and sales figures are identical.

As can be seen from table 1.2., total production as well as sales have increased by 143.50 percent in five years. Inland sales have registered a growth of 101.87 percent and exports a rise of 431.10 percent. That means a larger part of the increase in sales is contributed by rapid increase in exports. It is natural that increase in inland as well as foreign sales has been uneven. Total sales registered highest increase of 33.08 percent in the year 1990-91 over 1989-90 which were the results of record increase in inland sales. Inland sales registered highest rise of 39.18 percent in 1990-91 over 1989-90 and exports showed maximum growth of 94.02 percent in the year 1992-93 over 1991-92.

Inland sales as proportion of total sales was around 82 to 87 percent in first four years. It fell to 72.45 percent in 1992-93. In other words, in first four years, foreign sales were

between 13 to 18 percent of total sales which rose to 27.55 percent in the year 1992-93.

Export Performance of KBL :

Products of KBL today are exported to over 30 countries including the U.S.A., the U.K., Spain, France, Japan, Germany, Hongkong, Malaysia, Indonesia and Egypt. KBL has been recognised as an "Export House". The list of countries to which KBL exports indicates that KBL has been successful in competing in the market in industrially developed countries. A matter to be proud of definitely. KBL has also the distinction of being the "Largest Pump Exporter" of India.

7. PERSONNEL FACTORS :

Following is the year-wise total strength of Kirloskar Brothers Limited, Kirloskarvadi.

Table 1.3
Workforce of KBL

Sr.No.	Year	Workers & Clerks	Supervisory & Managerial Staff	Total
1.	1988-89	2397	524	2921
2.	1989-90	2192	534	2726
3.	1990-91	2113	604	2717
4.	1991-92	2048	609	2657
5.	1992-93	1967	641	2608

Source : Compiled from the records of the Personnel Department of the company.

1. Strike and Lock-outs :

a. During the period of 1988-89 to 1992-93, there had been no strikes and no Lock-outs.

2. Man Days Lost :

a. During 1990-91, only 12 Man-Days were lost as some Leader-Workers had stopped the work and were demanding Holiday, after our late Prime-Minister Mr. Rajiv Gandhi was assassinated. However, the matter was amicably settled and Workers resumed work.

Though there has been a constant increase in the value of output as shown in table 1.2, there has been a continuous decline in the work-force. Over the period of five years the number of workers and clerks declined by 17.99 percent, the number of supervisory staff increased by 22.33 percent. This is probably because of increase in automation and modernisation introduced in the company.

Over the period of five years the productivity per man, in KBL has increased. An analysis of figures in Table 1.2 and Table 1.3 shows that in 1988-89 average productivity per man in KBL was Rs. 14817 which increased to Rs. 40410 in 1992-93, giving an average rate of rise of 34.55 percent per annum; a figure to be proud of. Of course, this analysis has the limitation of rise in prices.

8. NEW PRODUCTS - DEVELOPED - UNDER RESEARCH & DEVELOPMENT.

i. New Products manufactured by KBL :

KBL foresaw the changing demand pattern and branched out into the fields of fluid handling and fluid control equipment and soon became a leader in the manufacture of " Pumps" and "Valves". KBL did not stop at this stage. It also developed " Machine Tools" and " Hermetically Sealed Compressors". Today, KBL is the largest manufacture of a variety of Pumps, Valves, Computerised and Numerically controlled Machine Tools and Hermetically Sealed Compressors. These compressors are used as

original equipment by the leading manufacturers of refrigerators & air-conditioners in India. KBL also undertakes Turn-key projects

ii. Products developed in KBL :

a. Canned Motor Pumps.
b. Godiva Portable fire-fighting Pumps.
c. DBE 65/43 Pumps.
d. Resilient Seated Sluice Valves.
e. CNC-120 VBM - Vertical Boring Machine.
f. CNC-350 VTBM - Vertical Turning and Boring Machine.

iii. Products Currently Under Development in KBL :-

The company is in search of new products to keep up with the changing of the market and diversify its activities. They are :

1. Sodium Pumps.
2. Canned Motor Moderator Pump.
3. Fuelling Machine Head.
4. Canned Motor Pumps for Heavy Water Board.
5. First concrete volute pump in India.
6. Large size solid handling pumps.
7. Vehicle Mounted Fire Pumps.

Among these the first two products are produced for Nuclear Power Stations.

9. COST SAVINGS BY ACHIEVING HIGH STANDARDS OF QUALITY - THE POLICY ADOPTED BY KBL.

KBL always looks to the processes and systems for improvement in quality. The Management has taken up a phased programme of modernising manufacturing facilities and have already installed eleven CNC machines like Horizontal Turning Centres, Vertical Boring Machines, Vertical Milling Machines and Horizontal Boring Machines.

The management has also taken up a massive programme of reducing " Set-Up time " by designing and building new generation

toolings and fixtures. This has enabled KBL to reduce cycle time of manufacture by 30 percent while maintaining the cost at the same level, despite inflation. This is due to improved quality, increased output and reduced rejections.

10. RECOGNITION OF ACHIEVEMENTS OF KBL :

1. KBL got " ISO-9001 certification " on 11th August 1991, from Bureau Veritas Quality International Limited.
2. KBL got " Export Excellence Award " from 'Ministry of Commerce - Govt.of India, New Delhi', for export excellence for 1990 - 91
3. KBL got Certificate of recognition as an "Export House" in accordance with the provisions of the Import Policy for a period of three years from 1st April, 1991 to 31st March 1994. KBL has been recognised as " Export House " by the Ministry of Commerce - Govt of India, New Delhi.

11. TECHNICAL COLLABORATIONS OF KBL -
IT'S ASSOCIATIONS AND JOINT VENTURES.

i.Technical Collaborations of KBL :

Sr. No.	Name of the Company	Type of Product
1.	M/s Sulzer Bros. Ltd, CH - 8401, Winterthur, Switzlerland.	(i) Horizontal and vertical Pumps.
2.	Bullard Company Now - M/s Devling Bullard suntrand 10100, Forest Hill Road, RockFord.ILL 61111. United states of America.	(i) Vertical Turret Lathes.
3.	M/s Alfred Herbert Ltd., Coventry, United Kingdom.	(i) Drilling Machines.
4.	M/s Godiva Ltd., Charles Street, Warwick, CV 345 LR, United Kingdam.	(i) Mobile Fire Fighting Pump - sets.

5.	M/s The Butler Machine Tools Co.Ltd., Milethorn HaliFax, United Kingdom.	(i) Snapper and Planing Machine.
6.	M/s Nikkiso Co.Ltd, Industrial International Dept, Overseas Division., 43 - 2 Ebisa -3- Chome- Shibuya - Ku., Tokyo - 150 - 91. Japan.	(i) Canned Motor Pumps.
7.	M/s Ebara Italia S.P.A. Via Campo Sportivo 30, 38023 CLES (Trento) ITALY.	(i) 100 m.m - Submersible Pumps.
8.	M/s AFE Metal, Boulevard dela Boissonne He. B.P.5 F 42 110 Feurs. S.A.Capital. 250, 000 F. R.C.Monthrison. Stret 381 252 121 000 11 France.	(i) Extra Low Carbon Alloyed Steel and Duplex steel Casting.

ii. ASSOCIATIONS.

Sr. No.	Name of the Company	Type of the Product.
1.	M/s SPP Ltd., Crucible Close, Mushel Industrial Park, Coleford Gloucestershire, GL. 168 PS. United Kingdom.	(i) End - Suction and Horizontal Split Casing Pumps.
2.	M/s Bergeron Rateau, 10-12, Avenue des Olympiades, 94132, Fontenary - Sous - Bois, Cedex France.	(i) Multi - Stage Pumps and Concrete Volute Pumps.

iii. JOINT VENTURES.

Sr. No.	Name of the Company	Type of the Products
1.	M/s Ebara Corporation Haneda Plant., 11 - 1, Haneda Asahicho, Otha -Ku, Tokyo 144 Japan.	(i) Process Pumps as per API - 630

12. CONCLUSION.

Laxmanrao Kirloskar was a man of tremendous foresight. He produced agricultural implements that improved productivity of land and labour. He endeavoured hard to popularise these implements among farmers. He deleted Products for which demand had slackened and added products for which good market existed. He diversified production activities to cover agriculture, industry and domestic requirements . He practised the principle of " SWADESHI" . He was a great patriot and noble son of the soil. and therefore he is rightly known as one of the most illustrious sons of India.

Laxmanrao Kirloskar made a humble beginning in 1888 at Belgaum. He moved to Kirloskarvadi and started manufacturing agricultural implements like fodder-cutters, iron-ploughs, hand-pumps and sugar cane crushers. After 1925, the slump began and KBL had to shift from agricultural products to consumer goods product like tables, chairs, steel racks, tools, cots and steel furnitures required for hospitals. The slump was continuing and then KBL undertook manufacture of nuts and bolts, groundnut shellers, gas engines, seed drills etc. Centrifugal pumps, Oil engines, electric motors, centre lathes and harmetically sealed compressors were also progressively introduced by KBL.

Company's progress about financial structures, production, sales and exports has been satisfactory.

From 1988-89 to 1992-93 reserves have increased by 310.27 percent, date equity ratio has remained stable, since the company had Rs. 1.75 asset, for a liability of Re.1.00 in 1988-89 to Rs. 1.63 in 1992-93. Sales have increased by 143.50 % and exports rose by 431 percent.

During this period, despite substantial increase in turnover total workers and clerks declined by 17.93 % but the number of supervisory and managerial staff increased by 22.33 % only. This was because of installation of automatic machines, hi-tech computerised numerically control machines, introduction of latest labour-saving equipments and computerisation.

Labour-management relations have remained cordial, during the five year period which contributed to increase in production also.

Research and development activities also have substantially helped to improve the product range and developed new product and make product diversifications. New product development is a continuous process.

Continuous efforts are made to adopt cost-saving devices and improve the standard of product quality. This has helped to have control over cost of production and improve the market share for the products.

Technical collaborations with industrially advanced firms from western countries and Japan, establish associations in foreign countries to boost exports going in for joint venture with capital participation and receive the latest technology from various fields from abroad are some of the landmarks of KBL operations.

Kirloskar group companies were increasing their production and product range and at the same time were opening up new companies. Presently there are 22 big and small and associate companies, employing more that 25,000 employees, with the group turnover of around Rs. 2,000 cores, per annum. The product range of the group is spread over many types of industries such as

agriculture, engineering, electrical, electronics, machine tools, pig iron, environmental engineering, silk manufacturing etc.

Kirloskar group of companies offer services like management consultancy, financial services computer software environmental engineering and offer turn-key projects.

The group has made a long journey from soil to silk and has established the name of 'Kirloskars' as a stamp of ' Quality ' in national and inernational market.

The core companies of the Kirloskar Group are as follows.

1. Kirloskar Brothers Ltd., Kirloskarwadi.
2. The Mysore Kirloskar Ltd., Harihar (Karnatak state)
3. Kirloskar Electric Company Ltd., Bangalore.
4. Kirloskar Oil Engines Ltd, Pune.
5. Kirloskar Pneumatic Company Ltd., Pune.
6. Kirloskar Ferrous Ltd., Hospet (Karnatak State).

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