



BIRLA KENNAMETAL LIMITED

TENTH

ANNUAL REPORT

1996-97

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓

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BIRLA KENNAMETAL LIMITED

BOARD OF DIRECTORS	:	SHRI YASHOVARDHAN BIRLA	Chairman
		SHRI U. S. SETHIA	
		SHRI D. K. AGARWAL	
		SHRI R. C. HENDRICKS	
		SHRI A. D. TILSTONE	
		SHRI HAROLD P. MAHANES	
		SHRI BARRY ROGER BRYETT	
		SHRI YOGENDRA P. TRIVEDI	
		DR. W. R. CORREA	Alternate to Shri A. D. Tilstone
		SHRI SHANTANU N. DESAI	Alternate to Shri Harold P. mahanes
VICE PRESIDENT	:	SHRI SURESH N. TALWAR	Alternate of Shri Barry Roger Bryett
		SHRI LIM KEK LIAN	Alternate to Shri R. C. Hendricks
	:	SHRI VIVEK BHONSLE	

AUDITORS : S. R. BATLIBOI & CO.
Chartered Accountants,
302, Regent Chambers,
Nariman Point,
Mumbai 400 021

BANKERS : Bank of Maharashtra

**REGISTERED OFFICE
& FACTORY** : B-15/4, M.I.D.C. Area
Waluj,
Aurangabad-431 133 (M.S.)

**REGISTRAR &
TRANSFER AGENTS** : Karvy Consultants Ltd.
7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai - 400 053.

BIRLA KENNAMETAL LIMITED



BIRLA KENNAMETAL LIMITED
Regd. Office : B-15/4,
MIDC Industrial Area, Waluj,
Aurangabad - 431 133, Maharashtra

ABSTRACT AND MEMORANDUM UNDER SECTION 302
OF THE COMPANIES ACT, 1956

To the members of

Birla Kennametal Limited.

The members of the Company at their last (Seventh) Annual General Meeting held on 28th September, 1994 approved appointment of Shri Vivek Bhonsle as Manager of the Company for a period of Five years w.e.f. 1st February, 1994 on remuneration at the maximum permissible under the Schedule XIII of the Companies Act, 1956 as detailed in the resolution under item No. 6 of the Notice of the said Annual General Meeting. Simultaneously, the Members also authorised and empowered the Board of Directors of the Company to make such improvements in the terms of remuneration to Shri Vivek Bhonsle as may become permissible under and by any amendments of the above referred Schedule XIII to the Companies Act, 1956 or by way of any Government guidelines or instructions, the intention being that no further approval of the company will be required so long as remuneration of the Manager is not in excess of the maximum permissible under the relevant law, rules, regulations, guidelines or instructions as may be promulgated or issued after the date of the said Annual General Meeting.

The Board of directors at its meeting held on 12 May, 1997, in exercise of the authority and power given by the members at the above referred Annual General Meeting, decided to effect improvements in the terms of remuneration payable of Shri Vivek Bhonsle at the maximum permissible under the revised Schedule XIII as from the date the revision comes into effect. The revised Schedule XIII having been notified (Notification No GSR No. 510 (E), dated 14th July, 1993), the remuneration payable to Shri Vivek Bhonsle stands revised with effect from 1st April 1995 for the remaining period of his present tenure.

As required under section 301 of the companies Act, 1956, an abstract of the terms of revised remuneration payable to Shri Vivek Bhonsle with effect from 1st April, 1996 and Memorandum of Interest are given in the Annexure hereto.

By Order of the Board of Directors

Date : 12th May, 1997

U.S. SETHIA
DIRECTOR

ANNEXURE

Abstract of the remuneration payable to Shri Vivek Bhonsle as a Manager of the Company w.e.f. 1st April, 1996.
The Manager shall be paid the following remuneration.

1. **Salary** : Rs. 15250/- per month (Consolidated)

2. **Perquisites** :

Perquisites be allowed in addition to salary but perquisites shall be restricted to an amount equal to the annual salary or Rs. 4,50,000/- per annum whichever is less. Unless the context otherwise require, perquisites are classified into three categories 'A', 'B' and 'C' as follows :

Category 'A' :

This will comprise of Housing, Leave Travel Concession, Medical Reimbursement, Fees of Clubs and Personal Accident Insurance as under :

i) **Housing - I** - The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling.

Sixty percent of the salary, over and above ten percent payable by the appointee.

Housing - II - In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.

Housing - III - In case no accommodation is owned by the Company, the appointee shall be entitled to house rent allowance subject to the ceilings laid down in housing I.

Explanation - The expenditure incurred by the Company on Gas, electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the appointee.

ii) **Medical reimbursement** - Expenses incurred by self and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) **Leave Travel Concession** - For self and family, once in a year incurred in accordance with the rules of the Company.

iv) **Club Fees** - Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) **Personal Accident Insurance** - Premium not to exceed Rs. 1,000/- per annum.

For the purpose of Category A "Family" means the spouse, the dependent children and dependent parents of the appointee.

CATEGORY 'B' :

Contribution to Provident Fund, Superannuation Fund, or Annuity Fund will be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income tax Act. Gratuity payable should not exceed half month's salary for each completed year of service.

CATEGORY 'C' :

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the appointee.

Education Allowance : Rs. 500/- per Month.

House Maintenance : Rs. 1270/- per Month.

Guest Entertainment : Rs. 750/- per Month.

News Paper : Rs. 300/- per Month.

Memorandum of Interest : Shri Vivek Bhonsle, Manager, as the recipient of the remuneration, may be regarded as concerned with or interested. No other Director of the Company is interested.

By Order of the Board of Directors

U.S. SETHIA
Director

Dated : 12th May, 1997.

BIRLA KENNAMETAL LIMITED**BIRLA KENNAMETAL LIMITED**

Regd. Office : B-15/4, MIDC Industrial Area, Waluj, Aurangabad - 431 133, Maharashtra

PROXY FORM

Folio No.

No. of Shares held

I/We _____
 of _____ in the district of _____
 being a member/members of BIRLA KENNAMETAL LIMITED hereby appoint

_____ of _____ in the district of _____
 or failing him _____

of _____ in the district of _____
 as my / our proxy to attend and vote for me / us, on my / our behalf at the TENTH ANNUAL GENERAL MEETING of the Company, to be held on Monday, September 29, 1997 at 3.30 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 1997

Affix 30 p.
 Revenue
 Stamp

NOTES :

The Proxy Form must reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.

Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as extra copy of the Annual Report will not be available for reasons of economy.

**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER
 AT THE ENTRANCE OF THE MEETING HALL
 BIRLA KENNAMETAL LIMITED**

Name of the attending member _____
 (in BLOCK LETTERS)

Member's Folio Number _____

Name of Proxy (in Block Letters, to be filled in

if the Proxy attends instead of the member _____

No. of Shares held _____

I hereby record my presence at the TENTH ANNUAL GENERAL MEETING being held on Monday, the 29th September, 1997

Member's / Proxy's Signature *

* To be signed at the time of handing over this slip.





BIRLA KENNAMETAL LIMITED

NOTICE

Notice is hereby given that the TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF BIRLA KENNAMETAL LIMITED will be held at Registered office of the Company at B-15/4, MIDC, Waluj, Aurangabad - 431 133 on Monday the 29th September 1997 at 3.30 p.m. to transact, with or without modifications, as may be permissible, the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet, as at that date, together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Shri A.D. Tilstone who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Barry Roger Bryett who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Y. P. Trivedi who retires by rotation and is eligible for re-appointment.
5. 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.

SPECIAL BUSINESS :

6. To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and other applicable provisions, if any, of Companies Act, 1956 and subject to approval of the Financial Institutions and Central Government, if required and in accordance with the resolution passed at the Board Meeting dated 12th March, 1997 the Company doth hereby accords its approval to revise the remuneration of Mr. Vivek Bhonsle, Manager of the Company w.e.f. 1st April, 1996 on the terms & conditions as to the remuneration in the annexure hereto".

By Order of the Board of Directors

VIVEK BHONSLE
VICE PRESIDENT

Regd. Office.
Birla Kennametal Limited
B-15/4, M.I.D.C., Waluj,
Aurangabad - 431 133.

Date : 12th May, 1997

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A proxy in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share transfer books of the Company will remain closed from Monday, the 1st September 1997 to Monday the 15th September, 1997 (both days inclusive)
3. Members are requested to notify immediately any changes in their addresses to the Company Specifying the full address in Block Capitals with Pin Code number of the Post Office.
4. Due to the Prohibitive cost of papers and printing, copies of this Annual Report will not be distributed to the members at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.

The logo for Report Junction, featuring the word "Report" in a light blue font, a yellow diamond shape with a black arrow pointing upwards and to the right, and the word "Junction.com" in a light green font, all enclosed within a light green rounded rectangular border.

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997**

To,

The Shareholders,

Your Directors present the Tenth Annual Report together with Audited Statements of Accounts of the Company for the Financial Year ended 31st March, 1997.

FINANCIAL RESULTS :

	1996-97 (Rs. in 000)	1995-96 (Rs. in 000)
Sales and other Income	38391	39376
Profit before Interest, Depreciation & Tax	10228	10408
Interest	5207	9092
Profit/(Loss) before Depreciation & Tax	5021	1316
Depreciation	3500	3578
Profit /(Loss) before Tax	1521	(2262)
Provision for Tax	—	—
Net Profit (Loss)	1521	(2262)

DIVIDEND:

In view of the accumulated losses, your Directors regret their inability to recommend any dividend for the year under review.

OPERATIONS :

Sales during the year under report have been marginally lower than the previous year due to unfavourable market conditions for the products. The growing competition from domestic suppliers as well as many CNC Machines being imported in tooled up conditions are affecting the market. The Company therefore has undertaken a scheme of expansion for upgrading the products which will be marketed mainly for Exports to Europe.

The financial restructuring of the Company by additional investment by promoters to the tune of Rs. 350/- Lacs resulted in settlement of total outstanding Term Loan from financial institutions, thereby, lowering the interest burden.

The Company registered a Net profit of Rs. 15.21 lacs during this year as against a net loss of Rs. 22.62 lacs during the previous year. Consequent to securing ISO 9002 Certification, Company has successfully completed four surveillance audits. With total quality management systems firmly in place & product quality having been successfully established in overseas market, The Company has entered in to a buy back agreement with Kennametal Europe for a recurring export business of over