



MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DNV	✓
TEA	✓		AC	✓
AM	✓		SH	✓
YE	✓			

# **BIRLA KENNAMETAL LIMITED**

## **ELEVENTH ANNUAL REPORT**

### **1997-98**

Report  Junction.com

**Get a firm grip on PRODUCTIVITY**

**BIRLA KENNAMETAL LIMITED**

<b>BOARD OF DIRECTORS</b>	:	SHRI YASHOVARDHAN BIRLA	Chairman
		SHRI U.S. SETHIA	
		SHRI D. K. AGARWAL	
		SHRI R. C. HENDRICKS	
		SHRI A. D. TILSTONE	
		SHRI BARRY ROGER BRYETT	
		SHRI YOGENDRA P. TRIVEDI	
		DR. W. R. CORREA	Alternate to Shri A. D. Tilstone
		SHRI SURESH N. TALWAR	Alternate to Shri Barry Roger Bryett
		SHRI LIM KEK LIAN	Alternate to Shri R. C. Hendricks
		SHRI CRAIG BEEGLY	

**VICE PRESIDENT** : 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 Limited.  
46, Avenue 4,  
Street No. 1,  
Banjara Hills,  
Hyderabad - 500 034.



BIRLA KENNAMETAL LIMITED

## NOTICE

Notice is hereby given that the ELEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF BIRLA KENNAMETAL LIMITED will be held at Registered Office of the Company at B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133 on Monday the 28th September, 1998 at 03.30 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, 1998 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 D.K. Agarwal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri R. C. Hendricks who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri U.S. Sethia 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 appoint a Director in place of Shri Craig Beeghly who was appointed as Additional Director of the Company by the Board of Directors with effect from 13th November, 1997 pursuant to Article 130 (a) and 136 of the Articles of Association of the Company and holds office upto the date of this Annual General Meeting but, is eligible for re-appointment and in respect of whom, the Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder, proposing his candidature for the Office of Director.

**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 : 29th May, 1998

**BIRLA KENNAMETAL LIMITED****NOTES :**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business to be transacted in appended hereto.
2. 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.
3. The Register of Members and the Share transfer books of the Company will remain closed from Tuesday, the 8th September, 1998 to Tuesday, the 15th September, 1998 (Both days inclusive.)
4. 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 Post Office.
5. 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.

**EXPLANATORY STATEMENT**

(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)

Shri Craig Beeghly was appointed as an Additional Director of the Company by the Board on 13th November, 1997. By virtue of the provisions of Section 260 of the Companies Act, 1956 and Article 130 (a) and 136 of the Articles of Association of the Company, Shri Craig Beeghly holds office upto the date of the ensuing Annual General Meeting. The Board considers that it will be in the interest of the Company to continue to avail of his service as member of the Board. The Directors therefore, recommend that Shri Craig Beeghly be appointed as Director of the Company. Shri Craig Beeghly is interested in the resolution since it concerns his appointment.

**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 : 29th May, 1998



BIRLA KENNAMETAL LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998**

To,

The Shareholders,

Your Directors present the Eleventh Annual Report together with Audited Statements of Accounts of the Company for the Financial Year ended 31st March, 1998.

**FINANCIAL RESULTS:**

	1997-98 (Rs. in 000)	1996-97 (Rs. in 000)
Sales and Other Income	19231	38391
(Loss)\Profit before Interest, Depreciation & Tax	(4356)	10228
Interest	2119	5207
(Loss)\Profit before Depreciation and Tax	(6475)	5021
Depreciation	3525	3500
(Loss)\Profit before Tax	(10000)	1521
Provision for Tax	—	—
Net (Loss)\Profit	(10000)	1521

**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 considerably suffered due to severe recession in the Automobile Sector who are the main Customers of the Machine Tool Industry and on whose growth company product sale is directly related with. Especially the work holding sale has been greatly affected as these are low priority products for customers with high unit value. Added to it, the financial crises in the SE Asia greatly affected our exports in that region.

The Company has, however, taken timely steps to ensure safe and sure growth by exploring fresh business areas and renegotiating the committed business volumes with Kennametal USA and Europe respectively so that the uncertainties and fluctuations in the Asia Pacific as well as domestic market should have least impact on the Company's performance in future. As a result of this the Company has been able to secure committed business of almost over Rs.800 Lacs from Europe and USA.

**BIRLA KENNAMETAL LIMITED**

The AT3 Project machineries have started arriving and the commercial production of this new generation toolings will start from August, 1998.

**DIRECTORS:**

In terms of provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. D.K.AGARWAL, Shri. R.C.HENDRICKS and Shri U.S.SETHIA retire by rotation and, being eligible, offer themselves for re-appointment.

**FIXED DEPOSITS:**

The Company has not invited any fixed deposits during the year.

**PERSONNEL:**

Information as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 1998 is appended here to as Annexure-I and form part of this report.

**AUDITORS:**

M/s S.R. Batliboi & Co., Chartered Accountants, the Auditors of the Company retire and being eligible, offer themselves for re-appointment as Auditors.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

The particulars as required under Section 217 (1) (e) of the Companies Act, 1956 and the Rules therein pertaining to the above are set out in Annexure-I forming part of this report.

**APPRECIATION:**

The Board wishes to place on record their gratitude for the co-operation and support received from the Financial Institutions, Banks, State Government, Company's Staff and Workers etc. and thank them for their continued support more particularly during the critical phase.

**For and On Behalf of the Board of Directors.**

**YASHOVARDHAN BIRLA**  
CHAIRMAN

**MUMBAI,**  
**MAY 29, 1998**



### ANNEXURE TO THE DIRECTORS' REPORT (ANNEXURE-I)

A. Conservation of Energy : not relevant to our Industry.

B. Technology absorption : Research & Development.

1. Specific Areas in which R & D carried out by the Company:

Development of products such as Kengrip Jaw, O.D.collet chuck and 600 Rigid Clamp Indexer was undertaken during the year.

2. Benefit derived as a result of the above R & D.

Meet market demand, which are import substitute items.

3. Future Plan of action:

Development of Quick Change Jaw System, AT3 class Toolholders and Hydraulic Cylinder etc.

4. Expenditure on R & D :

a) Capital	)	
b) Recurring	)	Not Quantified.
c) Total	)	
d) Total R & D Expenditure as a percentage of total turnover.	)	

5. Technology Absorption, Adaption and innovation :

Process of Technology transfer continued in the areas mentioned above.

C. Foreign Exchange Earning and Outgo:

1. Activities relating to export, initiatives taken to increase exports:

Company executed orders from Kennametal Asia Pacific Countries. The Product quality is accepted by Kennametal.

2. Total foreign exchange used and earned :

	1997-98 (Rs.in 000)	1996-97 (Rs.in 000)
Total Foreign Exchange used	14712	989
Total Foreign Exchange earned	2871	9244

**BIRLA KENNAMETAL LIMITED**

Information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming of part of the Directors' Report for the Year ended 31st March, 1998.

Name of the Employee	Qualification	Age	Designation	Experience	date of joining	Remuneration Received (Rs.)	Last Employment held/name of Employer/Designation
Mr.Vivek Bhonsle	B.E. (Mech)	43 Years	Vice President	22 Years	1-4-1987	501180/-	Indian Tool Mfg. Branch Manager

**Notes:**

1. The remuneration as shown above includes salary, Company's Contribution of Provident Fund, House Rent Allowance, Expenditure by the Company accommodation, leave travel assistance, medical reimbursement and other facilities.
2. The nature of employment is contractual.
3. Mr.Vivek Bhonsle is not a relative of any Director of the Company.





## AUDITORS REPORT TO THE SHAREHOLDERS OF BIRLA KENNAMETAL LIMITED.

We have audited the attached Balance Sheet of Birla Kennametal Limited as at 31st March, 1998 and also the attached Statement of Profit & Loss Account for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988. We report that, in our opinion and as per the information and explanations furnished to us and the books and records examined by us in the normal course of audit:

1. The Company has maintained proper records of the Fixed Assets to show full particulars including those of location and quantity. The Fixed Assets are physically verified according to a phased programme designed to cover all the items over a period of two years. Pursuant to the programme, part of the Fixed Assets had been physically verified in the previous year and the Balance was verified during the current year. No discrepancies are stated to have been notified on such physical verification as compared to book records. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and the nature of the assets.
2. None of the Fixed Assets of the Company have been revalued during the year.
3.
  - a) The stocks of finished goods, stores & spare parts, raw materials etc. have been physically verified by the Management at reasonable intervals during the year.
  - b) The procedures followed by the management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The discrepancies between physical stock and the book records, which were not material, have been properly dealt with in the books of accounts.
  - d) In our opinion, the valuation of these stocks, is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
4. In our opinion the terms and conditions of the loan taken by the Company from the Company in which directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company. As informed to us, there are no Companies under the same management as defined under Section 370(1B) of the Act.
5. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties as listed in the Register maintained under Section 301 of the Companies Act, 1956.
6. Advances in the nature of loans given to employees are generally being realised wherever stipulated, alongwith interest, wherever applicable.
7. In our opinion and according to the information and explanations given to us, there are adequate