



**BIRLA KENNAMETAL LIMITED**  
**THIRTEENTH ANNUAL REPORT**  
**1999-2000**



**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 BEEGHLY	
<b>SR. VICE PRESIDENT</b>	:	SHRI VIVEK BHONSLE	

**AUDITORS** : S. R. BATLIBOI & CO.  
Chartered Accountants  
Vaswani Mansions,  
Dinsha Vachha Road,  
Churchgate,  
Mumbai - 400 020.

**BANKERS** : Bank of Maharashtra

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

**REGISTRAR &  
TRANSFER AGENTS** : Karvy Consultants Limited  
46, Avenue 4,  
Street No. 1,  
Banjara Hills,  
Hyderabad - 500 034



---

## NOTICE

Notice is hereby given that the **THIRTEENTH 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 **Saturday the 29th July, 2000** 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, 2000 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 U. S. Sethia who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri A. D. Tilstone 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.



Report

junction.com

By Order of the Board of Directors

**VIVEK BHONSLE**  
**SR. VICE PRESIDENT**

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

Date : 12th May, 2000

**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 26th July, 2000 to 28th July, 2000 (both days inclusive).
3. Members are requested to notify immediately any changes in their full address in Block Capitals with Pin Code number of Post Office to the Company's Share Transfer Agent M/s. KARVY CONSULTANTS LIMITED, KARVY HOUSE, 43 AVENUE 4, STREET NO. 1, BANJARA HILLS, HYDERABAD - 500 034.
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.

**B Order of the Board of Directors**

**VIVEK BHONSLE**  
**SR.VICE PRESIDENT**

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

**Date : 12th May, 2000**



## DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

To,

The Shareholders,

Your Directors present the Thirteenth Annual Report together with Audited Statements of Accounts of the Company for the Financial Year ended 31st March, 2000.

### FINANCIAL RESULTS:

	1999-00 (Rs.in'000)	1998-99 (Rs. in'000)
Sales and Other Income	52076	42428
Profit before Interest, Depreciation and Tax	14320	10111
Interest	5573	3852
Profit before Depreciation and Tax	8747	6259
Depreciation	8044	5311
Profit before Tax	703	948
Provision for Tax	—	—
Net Profit	703	948

### DIVIDEND :

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

### OPERATIONS:

The Sales growth has been 22.5% over the previous year due to increased exports to Europe and Asia Pacific countries. Exports have risen to Rs.355 lacs during this year from Rs. 298 lacs in the previous year. The company's products continue to enjoy excellent credibility for its superior AT3 class quality in domestic as well as overseas market. RFT & Quality circle activities (in addition to prevalent ISO-9002 systems) started in the company during this year, has resulted in considerable reduction in the manufacturing cost.

Company has now been appointed as Distributor to market entire range of Kennametal toolings in India which will generate good business volume during the years to come.

Company also has now undertaken development of new generation HSK toolings which has potential market in Europe and the commercial production is slated to start during the later half of next financial year.

During the financial year under report, the company has registered a profit of Rs.7.03 lacs despite higher interest and depreciation costs.

**BIRLA KENNAMETAL LIMITED**

The Company has already taken adequate measures for Y2K compliance. The Company is also taking appropriate steps to implement the Clause 49 of listing agreement pertaining to Corporate Governance.

**DIRECTORS:**

In terms of provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri U.S. Sethia, Shri A. D. Tilstone and Shri Y. P. Trivedi, 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) Amendment Rules, 1975 and forming part of the Directors Report is not applicable, as no employee is drawing remuneration @ Rs.50,000/- and above per month or Rs.6.00 lacs per annum.

**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**

**YAS JOVARDHAN BIRLA**  
**CHAIRMAN**

**Mumbai**  
**May 12, 2000**



### 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 AT3 Class Tool holders was undertaken during the year.
  2. Benefit derived as a result of the above R & D  
Meet market demand of new generation tooling, which are import substitute items and export products to overseas countries.
  3. Future Plan of action:  
Development of HSK toolings, ER Collets.
  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 exports AT3 Class Tool holders to U.S.A., Europe & Asia Pacific Countries.  
The Product quality is well accepted worldwide.
  2. Total foreign exchange used and earned:
 

	1999-00 (Rs. in 000)	1998-99 (Rs. in 000)
Total Foreign Exchange used	3538	22991
Total Foreign Exchange earned	35504	29846
- D. Y2K Compliance
1. The risk of the Company's year 2000 issue:  
No risk to company, as the company uses software package version, which has century capability upto 31.12.2999.
  2. The cost to address the Company's year 2000 issues – Nil.
  3. The risk to the company due to year 2000 bug: Nil No Risk
  4. Contingency Plan:  
  
In the event of any problem, the accounts, commercial functions etc. can be switched over to manual working & plant can be restarted without any interruption.

BIRLA KENNAMETAL LIMITED



# REPORT OF THE AUDITORS TO THE MEMBERS OF BIRLA KENNAMETAL LIMITED

We have audited the attached Balance Sheet of **BIRLA KENNAMETAL LIMITED** as at March 31, 2000 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We have relied on the information given by the management on the identification of small scale industrial units, as disclosed in Schedule 10 and Note No.6 of Schedule 20 of notes to accounts.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
  - (c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet and the Profit and Loss Account comply, in all material respects, with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - (i) in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000; and
    - (ii) in case of the Profit and Loss Account, of the profit for the year ended on that date.

**S. R. BATLIBOI & CO.**  
**CHARTERED ACCOUNTANTS**

Per Nawshir H. Mirza  
a partner  
May 12, 2000