Kennametal India Limited
Annual Report
FY12

KENNAMETAL®

KENNAMETAL

Kennametal India Limited

Directors

Mr. M. N. Bhagwat
Chairman

Mr. Bhagya Chandra Rao
Managing Director

Mr. John Chang
Mr. Vinayak K. Deshpande
Mr. B. Anjani Kumar
Mr. Bernard North

India Leadership Council (ILC)

Mr. Bhagya Chandra Rao
Mr. Vikram Chopra
Mr. Dibesh Singh Deo
Mr. Kundan Kumar Lal
Mr. Vivek Maheshwari
Mr. Subrata Majumdar
Mr. Anil Kumar Murthy
Mr. Gururaj D. Patil
Mr. D. Parameswara Reddy
Mr. D. Sarathy
Mr. K. Chandrashekar Sharma

Company Secretary
Mr. Kundan Kumar Lal

Registered Office and Factory
8/9th Mile, Tumkur Road,
Bangalore - 560 073.
Phone : 91 (80) 28394321
Fax : 91 (80) 28397572

Auditors
M/s. Price Waterhouse & Co.
Chartered Accountants
5th Floor, Tower "D", The Millenia
1 & 2 Murphy Road, Ulsoor,
Bangalore - 560 008.

Bankers
Corporation Bank Limited
HDFC Bank Limited
ICICI Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited

Registrar & Share Transfer Agent
Integrated Enterprises (India) Limited
30, 'Ramana Residency'
4th Cross, Sampige Road,
Malleswaram, Bangalore - 560 003.
Phone : 91 (80) 23460815 - 818
Fax : 91 (80) 23460819

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47th Annual General Meeting
Thursday, November 08, 2012 at 10.30 A M
at the Registered Office of the Company at
8/9th Mile, Tumkur Road, Bangalore-560 073.

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty-seventh Annual General Meeting of Kennametal India Limited will be held on Thursday, November 08, 2012 at 10.30 AM at the Registered Office of the Company at 8/9th Mile, Tumkur Road, Bangalore – 560 073, to transact with or without modifications, as may be permissible, the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at June 30, 2012, the audited Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To confirm the interim dividend of ₹25/- per equity share (250%) on 21,978,240 equity shares of ₹10/- each already paid as the final dividend for financial year 2011-2012 (year ended June 30, 2012).
3. To appoint a Director in place of Mr.Bidadi Anjani Kumar, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Bernard North, who retires from office by rotation and being eligible, offers himself 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 of the Company and to authorise the Board to fix their remuneration. The retiring auditors M/s.Price Waterhouse & Co., Chartered Accountants, (Firm Regn.No.007567S) being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution:

   "RESOLVED THAT *pursuant to Article 129B of the Articles of Association of the Company and in conformity with the provisions of Section 260 of the Companies Act, 1956, Mr. Bhagya Chandra Rao, who was appointed as an Additional Director of the Company by the Board of Directors, and who holds the office under the said Article and Section 260 of the Companies Act, 1956, only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- under Section 257 of the said Act from a member proposing the candidature of Mr. Rao for the office of Director, be and is hereby elected and appointed a Director of the Company, not liable to retire by rotation."*

7. To consider and if thought fit, to pass the following resolution, as Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the shareholders be and is hereby accorded for the appointment of Mr. Bhagya Chandra Rao as the Managing Director of the Company and payment of remuneration to Mr. Rao, for the period commencing from September 17, 2012 to September 16, 2017, as set forth herein below and on the other terms and conditions as per the agreement dated September 17, 2012 ("Agreement"):

A. Annual Guaranteed Cash :

i) Basic Salary: ₹3,750,000 (Rupees Three million seven hundred fifty thousand only) per annum or ₹312,500 (Rupees Three hundred twelve thousand five hundred only) per month with such increases as may be approved by the Board of Directors of the Company from time to time.

ii) Housing (HRA) : 50% of Basic Salary i.e. ₹1,875,000 (Rupees One million eight hundred seventy five thousand only) per annum or ₹156,250 (Rupees one hundred fifty six thousand two hundred fifty only) per month.

iii) Special Allowance of ₹3,775,200(Rupees Three million seven hundred seventy five thousand two hundred only) per annum or ₹314,600 (Rupees Three hundred fourteen thousand six hundred only) per month.

iv) Leave Travel Allowance (flat allowance) of ₹54,000 (Rupees fifty four thousand only) per annum.

v) Medical Allowance of ₹15,000/-(Rupees fifteen thousand only) per annum or ₹1,250 (Rupees one thousand two hundred fifty only) per month.

B. Performance Payment: Mr. Rao shall be entitled to the performance payment once per annum, subject to achievement of business targets as per Company's scheme and approval of the Board of Directors of the Company. Target amount will be equivalent to 20% of Annual Guaranteed Cash(Annualised figures on Basic Salary, HRA, Special Allowance, LTA and Medical Allowance- total amounting ₹9,469,200) i.e. ₹1,893,840, up to a maximum of 200% of the targeted amount (i.e. ₹1,893,840 x 2 = ₹3,787,680). The performance payment is in lieu of any commission that may be payable to Mr. Rao.

C. Other Perquisites:

a. Leave on full pay and allowances, as per Company's rules.

b. Insurance-Coverage to be extended, as per Company's rules.

c. Club fees: Entrance and Monthly subscription fees of Corporate membership with Bangalore Golf Club.

d. Contribution to Provident Fund at 12% of the salary.

e. Gratuity as per Company's Rules.

f. Encashment of leave at the end of tenure as per Company's rules.

g. Company maintained car with facility for driver.

h. Telephone as per Company's rules.

i. Company leased furnished accommodation for a period of 12 months from the date of joining. Total cost inclusive of rent and maintenance/utility charges with respect to the leased accommodation to be capped at ₹50,000/- per month and Service tax.

j. Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable to senior executives, and as may be permitted by the Company.

One time reimbursement:

- The Company shall pay one-way economy class airfare ticket for Mr. Rao and his family members (spouse, dependent parents & children) from Hyderabad to Bangalore. The Company shall also pay for one-time reasonable cost of packing, unpacking, shipping and insuring in -transit all eligible household articles and furniture from Hyderabad to Bangalore subject to a maximum of ₹150,000 (Rupees One Hundred Fifty Thousand Only) and applicable tax.
- The Company will reimburse Mr. Rao for temporary living accommodation (Lodging and Boarding) for up to a maximum of 30 days subject to a cap of ₹300,000 (Rupees Three Hundred Thousand Only) from the date of appointment while waiting for Mr. Rao's household goods to arrive and to find a suitable accommodation.

  This relocation assistance shall be provided by the Company subject to the following Relocation Repayment Policy:

  Should Mr. Rao resign as the Managing Director, or should the Company terminate the Agreement within one (1) year from the date of this Agreement, then Mr. Rao undertakes to repay the following amounts to the Company:

  a) The total grossed-up relocation costs, and temporary living accommodation associated with Mr. Rao's move from Hyderabad to Bangalore. Reimbursable amounts shall be determined solely by the Company based on the dates of relocation and termination.

  b) Any penalty imposed by the housing landlord, utility providers and other vendors that Mr. Rao would have engaged to provide any service in connection with his relocation.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the minimum remuneration payable to Mr. Bhagya Chandra Rao shall be the salary, discretionary performance pay, if applicable, and perquisites as stated above, subject to the applicable provisions of the Companies Act, 1956 and the rules made there under or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT Mr. Bhagya Chandra Rao as Managing Director shall have substantial powers of management and shall function under the overall control, guidance and superintendence of the Board of Directors of the Company.

RESOLVED FURTHER THAT the members hereby authorise the Board of Directors of the Company to consider and approve the revision in remuneration, benefits and perquisites payable to the Managing Director from time to time and not exceeding the limits specified in Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof and the agreement between the Company and Mr. Rao be suitably amended to give effect to such revision, modification or variation during the tenure of the Agreement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps expedient or desirable to give effect to this Resolution."

By Order of the Board of Directors
For Kennametal India Limited

Kundan Kumar Lal
Deputy General Manager-Legal &
Company Secretary

Bangalore
September 17, 2012

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the 47th Annual General Meeting (AGM).
3. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items (6) to (7) set out above is annexed hereto. The documents relating to the items detailed in the Notice are available for inspection at the Registered office of the Company from Monday to Friday between 10.30 am to 12.30 pm, up to the date of the AGM.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **November 06, 2012 to November 08, 2012** (both days inclusive) for the purpose of the AGM.
5. An interim dividend ₹25/- per equity share of ₹10/- each (250% on the paid capital of the Company) was declared by the Board for the financial year ended June 30, 2012 and May 25, 2012 was fixed as Record Date for the said purpose. The said interim dividend was paid from June 04, 2012.
6. Pursuant to sub-section 205A of the Companies Act, 1956 (hereinafter "the Act"), dividends for the financial year ended June 30, 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same to the unpaid dividend account as referred to in sub-section (1) of Section 205A of the Act, will be transferred to the Investor Education and Protection Fund of the Central Government established under sub-section (1) of Section 205C of the Act. According to explanation to sub -section (2) of Section 205C of the Act, no claims shall lie against the said fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
7. Pursuant to Section 109A of the Companies Act, 1956, members holding shares in demat form may file nomination in the prescribed Form 2B (in duplicate) with the respective depository participant and in respect of shares held in physical form, such nomination may be filed with the Company's registrar and share transfer agent.
8. The Securities and Exchange Board of India (SEBI) vide Circular dated April 27, 2007, had made PAN mandatory for all securities market transaction. Thereafter, vide Circular dated May 20, 2009 it was clarified that, for securities market transactions and off market/ private transaction involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee (s) to furnish copy of PAN card to the Company/Registrar & Share Transfer Agents for registration of such transfer of shares. The shareholders are requested to furnish a copy of the PAN card in cases involving transfer of shares in physical form.
9. Members may address all matters relating to shares, demat, remat, annual report, etc. to the Company's Registrar & Share Transfer Agent at the following address:

   Integrated Enterprises (India) Limited

   No.30, 'Ramana Residency',
   4th Cross, Sampige Road, Malleswaram,
   Bangalore 560003
   Phone: (080) 23460815 – 818,
   Fax: (080) 23460819,
   E-Mail: irg@integratedindia.in

   For dividend queries and other general matters:

   The Company Secretary
   Kennametal India Limited
   8/9th Mile, Tumkur Road, Bangalore- 560 073.
   Phone: 080-28394321 and 080 22198345,
   Fax: 080 28397572
   e-mail: kundan.lal@kennametal.com
   e-mail:in.investorrelation@kennametal.com

   for the purpose of addressing investor complaints and also to take necessary follow-up action.

   Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number in all correspondence
10. The equity shares of the Company are mandated by the Securities and Exchange Board of India (SEBI) for compulsory trading in demat form by all investors. The Company's shares have been admitted into both the depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL]. The ISIN allotted to the Company's equity shares is INE717A01029.
11. The brief resume of directors seeking appointment/re-appointments as required under Clause 49 of the listing agreement is set out at "Annexure A" to this notice.

12. Bodies corporate intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution or Power of Attorney authorising their representative to attend and vote on their behalf at the AGM.
13. Members / Proxy holders are requested to produce at the entrance of the venue the enclosed attendance slip duly signed.
14. Members are requested to bring their copies of the annual report to the AGM.
15. Every person holding equity shares of the Company and whose name is entered:

- As a beneficial owner as at the end of business hours on **November 05, 2012** as per the list to be furnished by NSDL and CDSL in respect of shares held in dematerialised form
- As members in the register of members of the Company after giving effect to valid share transfers lodged with the Company, on or before **November 05, 2012**

shall only be entitled to attend the AGM in person or through his/ her proxy.

16. The identity / signature of the members holding shares in demat form are liable for verification with the specimen signatures furnished by NSDL/CDSL. Such members are advised to bring the Depository Participant (DP ID), account number (Client ID) and the relevant identity card to the AGM for easier identification and recording of attendance at the AGM.
17. Members requiring information or clarification with regard to the audited accounts and operations of the Company are requested to write to the Deputy General Manger- Legal & Company Secretary at the Registered Office of the Company at least five days before the date of the meeting to enable the Company to keep the information ready.
18. Members who desires to receive documents from the Company in electronic mode may provide their e-mail address to the Company through e-mail at srinivasan.r@kennametal.com mentioning the Folio No. or DPID & Client ID.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6 & 7

Mr. Santanoo Medhi, resigned as Managing Director and Director of the Company and the Board of Directors vide resolution dated September 17, 2012 have relieved him from the duties and responsibilities of the Managing Director effective September 17, 2012.

Section 269(1) of the Companies Act, 1956 mandates that the Company has a Managing Director or Whole Time Director or Manager. Accordingly, the Board of Directors vide resolution dated September 17, 2012 have appointed Mr. Bhagya Chandra Rao as Additional Director and subsequently appointed as Managing Director of the Company effective September 17, 2012 for a period of 5 (Five) years upto September 16, 2017. Further, the Company has entered into an Employment Agreement with Mr.Bhagya Chandra Rao listing out the terms of his appointment and remuneration.

Mr. Rao has a total work experience of over 30 years in the Engineering and Automotive industry in the areas of Sales and Marketing, Supply Chain, Production, Projects in establishing green field facility and General Management as head of the legal entity. During his long professional career he has worked with ANAND group, ABB Limited, IFB Industries, Sandvik Group companies and also erstwhile Widia (India) Limited (Now Kennametal India Limited). Accordingly, the Board thought fit to appoint him as the Managing Director of the Company.

Hence these resolutions are placed before you for your approval and the Board recommends the adoption of the resolutions in the best interest of the Company.

The brief resume in relation to his experience and functional expertise as required under Clause 49 of the listing agreement is set out in Annexure 'A' to this Notice.

The main terms of the Agreement dated September 17, 2012 are set out in the Resolution No. 7. An abstract under Section 302 of the Companies Act, 1956 relating to the remuneration and other terms of appointment of Mr. Rao is being circulated to the members and the present resolution along with explanatory statement may also be treated as such.

Mr. Bhagya Chandra Rao may be deemed to be interested in the Resolution relating to his appointment.

Annexure A

Brief particulars of Directors seeking re-appointment / appointment

Name of Director	Mr. Bernard North	Mr. Bidadi Anjani Kumar	Mr. Bhagya Chandra Rao
Date of Birth	May 24, 1952	March 25, 1952	June 03, 1956
Relationship with Directors	None	None	None
Experience	With Kennametal Inc: 32 years With others : 8 years	With Kennametal India Limited: 7 years With others: 27 years	With the Company (earlier known as Widia (India) Limited and later on Kennametal Widia India Limited) - 19 years With others: 14 years
Expertise in specific functional area	Research, Development & Engineering	Finance & Accounts	General Engineering and Automotive Engineering
Qualifications	M.Sc - Physical Metallurgy and Science of Materials, University of Birmingham, UK MBA- University of Pittsburgh, USA	B.Com, B.G.L. & FCA	B.E. (Mechanical)
List of outside Directorships and Memberships of Board Committees in India	None	Hi Tech Associates Limited	None
No. of shares held	Nil	10 equity shares of ₹10/- each	Nil

DIRECTORS' REPORT

Your Directors are pleased to present the 47th Annual Report and Audited Accounts for the year ended June 30, 2012 (FY12).

FINANCIAL RESULTS (₹ in Lakhs)

Particulars	FY12 Year ended June 30, 2012	FY11 Year ended June 30, 2011
Total Revenue	57278	51905
Profit Before Tax	**9894**	**12754**
Less: Provision for Tax		
Current Tax	3145	4019
Tax provision relating to earlier years	-	(115)
Deferred Tax (credit)/charge	(90)	(5)
Profit After Tax	**6839**	**8855**
Add: Balance brought forward from previous year	13288	14259
Total available for appropriation	**20127**	**23114**
Transfer to General Reserve	684	886
Interim Dividend	5495	7692
Tax on Interim Dividend	891	1248
Balance transferred to Balance Sheet	13057	13288

DIVIDEND

An interim dividend of ₹25 per equity share of ₹10/- each (250% on the paid-up capital of the Company) was declared by the Board for the financial year ended June 30, 2012. May 25, 2012 was fixed as 'Record Date' for the said purpose. The said interim dividend was paid from June 4, 2012. The Board of Directors has decided to treat the same as final dividend and therefore no additional dividend is recommended for the year ended June 30, 2012.

OPERATING RESULTS

During FY12, Total revenue was ₹ 57278 Lakhs as compared to ₹ 51905 Lakhs during the previous year (10.35% higher). Profit after tax declined to ₹ 6839 Lakhs from ₹8855 Lakhs recorded for the previous year. The decline in profit is mainly due to increase in the cost of input raw materials.

Your Company does not have any subsidiaries.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments that occurred affecting the financial position of your Company between June 30, 2012 and the date of approval of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis (MD&A) report is annexed to this report as **Annexure I** as required under Clause 49 of the Listing Agreement with BSE Limited.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.Bidadi Anjani Kumar and Mr.Bernard North retire by rotation, and being eligible, offers themself for re-appointment. Your Directors commend the re-appointment of Mr. Bidadi Anjani Kumar and Mr. Bernard North for your acceptance.

Mr. Santanoo Medhi, resigned as Managing Director and Director of the Company and the Board of Directors have relieved him from the position of the Managing Director with effect from September 17, 2012. The Directors place on record their appreciation for the valuable contributions made by Mr. Medhi during his tenure as Managing Director of the Company.

Mr. Bhagya Chandra Rao was appointed as Additional Director on the Board and subsequently as Managing Director of the Company with effect from September 17, 2012, subject to the approval of the members.

Appropriate resolutions are being proposed seeking consent of the members for the aforesaid reappointments/appointment and your Directors recommend your approval. Profiles of respective Directors being appointed/reappointed as required under Clause 49 of the Listing Agreement are given along with the Notice convening 47th Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors report that:

- that in the preparation of the Annual Accounts for the financial year ended June 30, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on June 30, 2012 and of the profit for the period of July 1, 2011 to June 30, 2012;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts have been prepared for the year ended June 30, 2012 on a going concern basis.

FIXED DEPOSITS

During the year, your Company has not invited/accepted any Fixed Deposits under Section 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s.Price Waterhouse & Co., Chartered Accountants (Firm registration No. FRN 007567S), will retire at the conclusion of the forthcoming 47th Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a written certificate to the Company certifying that, if they are re-appointed as auditors of your Company, such appointment would be within the limits specified in Section 224(1)(B) of the Companies Act, 1956.

The Notes to the Accounts referred to by the auditors in their report are self-explanatory and may be treated as information / explanation submitted by the Board as contemplated under Section 217 (3) of the Companies Act, 1956.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance and the certificate from Mr. Vijay Krishna VT, a Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with BSE Limited is set out in **Annexure II** to this report.

CODE OF CONDUCT COMPLIANCE

A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by your Directors and Senior Management of your Company, for the year under review, as required under Clause 49 of the Listing Agreement with BSE Limited is annexed and forms part of this report.

Kennametal Code of Business Ethics & Conduct is a major component of the Kennametal Value Business System (KVBS). The Code addresses the importance of fair dealing and compliance in all aspects of your Company's business and focuses on the concept of doing the right thing every day.

Your Company encourages its employees to embrace the Code of Business Ethics & Conduct to ensure maintenance of strong ethical culture.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees forms part of this report. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of your Company and others entitled thereto. Any member interested in obtaining a copy of the statement containing the aforesaid information may write to the Company Secretary at the Registered Office of the Company and the same shall be provided by the Company.

RESEARCH & DEVELOPMENT (R & D)

The Research, Development and Engineering (RD&E) works on development of new Products and Process Developments with specific focus on materials, coatings and design.

RD&E function of your Company in collaboration with the parent Company-Kennametal Inc. continues its endeavor for new products development, enhancement of product efficiency, reduction in cost, enhancement of durability etc. and has a globally aligned matrix set-up. RD&E works as per the global requirements of Kennametal Inc. with a continued specific focus on up-gradation of products, processes and technology in line with local market requirements.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC.

A report in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in **Annexure III** to this report.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Safety, Health and Environment protection have continued to be an important focus area in your Company. Your Company has adopted an integrated approach towards EHS and has incorporated these in business practices. Your Company is committed to maintain highest standard of Health, Safety and Environment Protection and also complying with all applicable EHS laws and regulations and align EHS strategies with business goals and objectives.

On Safety front, your Company strives to work safely in a manner that protects and promotes the health and well-being of employees, contractors, and the communities in which it operates because it is fundamentally the right thing to do. Your Company believes that safety is largely about cultural change, with the ultimate goal of institutionalizing a safety system that first and foremost protects its employees, contractors, and the communities in which it operates. Management Based Safety (MBS) process is implemented in your Company which involves Leaders , Supervisors and Employees to practice MBS Tools which will help to build safety culture.

EHS Training

Your Company during the year under review -

- Focused-Hand Safety awareness, Chemical Safety, Office ergonomics, MBS office, MBS Refreshing , Health Awareness and Industrial Safety. Achieved 5.73 hrs per employee EHS training.
- EHS e-learning tool has been designed and developed to give its employees the knowledge needed to develop skill, and competency to create 100% compliance and safe working environment.
- Developed on line reporting system to inculcate a habit to follow MBS Tools practice with meaning by all the levels.

Environment:

Your Company during the year under review -

- continued its green initiatives and conserved Energy of 5.7 Lakh units, reduced its water consumption by 20 % and continued the rain water harvesting. The factory premises' greenery was increased by 25,000 Sq.ft and trees which were up-rooted due to land acquisition by Karnataka Industrial Areas Development Board (KIADB) for the Bangalore Metro Rail Project were successfully transplanted. In addition about 100 saplings were planted to facilitate green coverage of the facility. Your Company continued to recycle sewage water by treating it in the Sewage Treatment Plant and using the treated water for gardening.
- conducted Carbide Recycling process- 8.5 Tons of used Carbide was purchased from various customers and recycled the same, so as to reduce energy usage, and add sustainable raw material usage.

Awards and Recognitions for EHS activities:

Awards received from Kennametal Inc. USA, the Parent company viz. (1)100% Safe - Health and Safety Awards-Excellence Award No.1, and (2) 'Protecting Our Plant'-Environmental Awards - Presidential Award.

Your Company was conferred with the following awards (1)" Certificate of Commendation for Strong Commitment - 2011" by Confederation of Indian Industries (CII)– Indian Tobacco Company (ITC) Sustainability Center (2) State Energy Conservation Award- 2011 by Government of Karnataka and Karnataka Renewable Energy Development Ltd. (KREDL) (3) State Best Maintained Industrial Garden by Department of Horticulture & Mysore Horticultural Society and "Gold Award" in Engineering Sector at National Level Competition for outstanding achievement in Safety Management, during the year under review.