

**ABSTRACT AND MEMORANDUM OF CONCERN OR INTEREST  
UNDER SECTION 302 OF THE COMPANIES ACT, 1956**

**To the Members,**

We hereby wish to inform you that the members of Kennametal India Limited ( the "Company") vide a Special Resolution at their 47<sup>th</sup> Annual General Meeting held on November 08, 2012, had approved the appointment of Mr. Bhagya Chandra Rao, as Managing Director of the Company, for a period of five years effective from September 17, 2012 on such terms, conditions and remuneration as set out in the agreement dated September 17, 2012 entered into between the Company and Mr. Rao.

In this connection, it may be noted that the members at the aforesaid meeting, vide a Special Resolution, had also authorized 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.

The Board of Directors at its meeting held on November 05, 2013 has approved the revision in the remuneration of Mr. Rao with effect from October 01, 2013 for the residual period of his tenure i.e. until September 16, 2017.

In compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the remuneration payable to Mr. Rao together with the Memorandum of Concern or Interest are set out herein below.

**REMUNERATION:**

**A. Annual Guaranteed Cash:**

- i) **Basic Salary:** ₹ 4,053,600 (Rupees four million fifty three thousand six hundred only) per annum or ₹ 337,800 (Rupees three hundred thirty seven thousand eight 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. ₹ 2,026,800 (Rupees two million twenty six thousand eight hundred only) per annum or ₹ 168,900 (Rupees One hundred sixty eight thousand nine hundred only) per month.
- iii) **Special Allowance** of ₹ 4,077,600 (Rupees Four million seventy seven thousand six hundred only) per annum or ₹ 339,800 (Rupees three hundred thirty nine thousand eight 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, upto a maximum of 200% of the targeted amount. (The Annual Guaranteed Cash i.e. the Basic Salary, HRA, Special Allowance, LTA and Medical Allowance amount to ₹ 10,227,000). The Target Amount at 20 % is therefore ₹ 2,045,400, up to a maximum of ₹ 4,090,800). 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: Monthly subscription fees for any one club not exceeding ₹ 1200/- per month.
- 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. Reimbursement of Telephone expenses at actual.
- i. 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.

**Minimum Managerial Remuneration:** In the absence or inadequacy of profits in any financial year, Mr. Rao shall be paid as minimum managerial remuneration, the salary, target 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.

The remuneration payable to Mr.Rao, shall be subject to the limits prescribed under the Companies Act, 1956 or any other statutory amendments or re-enactments thereof.

**Memorandum of Interest**

Mr.Rao is concerned and interested in the matter in so far as the remuneration payable to him. No other Directors or Key Managerial Personnel of the Company are concerned or interested.

Copy of the resolution passed by the Board in this regard is available for inspection by members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day.

By Order of the Board  
For Kennametal India Limited

Kundan Kumar Lal  
Dy. General Manager-Legal &  
Company Secretary

Banagalore  
November 18, 2013

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**Book-Post**

*If undelivered, please return to:*  
Secretarial & Legal Department  
Kennametal India Limited  
8/9th Mile, Tumkur Road  
Bangalore – 560073