



Revathi

31st
Annual Report
2007 - 08



REVATHI EQUIPMENT LIMITED

Acquisition Criteria

We use this space to communicate with potential sellers and their representatives, what we look for in a potential acquisition. If you, the reader, have no personal connection with a business that might be of interest to us but have a friend who does, perhaps you could pass this message on to him.

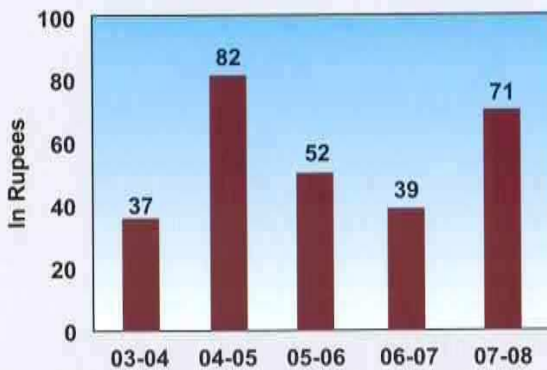
Here's the sort of business we are looking for :

1. Enterprise value in the region of Rs. 100 crores (Rs. 1 billion),
2. Demonstrated consistent earning power (future projections are of little interest to us, nor are "turnaround" situations),
3. Businesses earning good returns on equity while employing little or no debt,
4. Management in place,
5. Simple businesses,
6. An offering price.

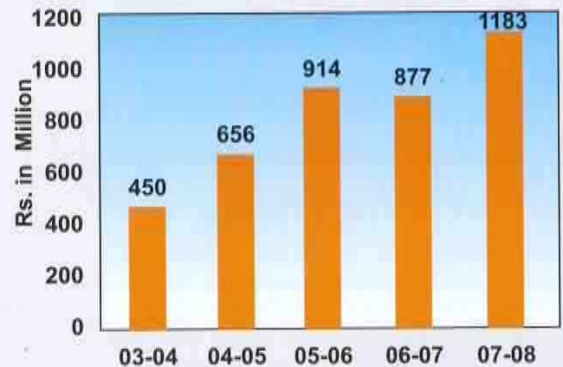
We will not engage in unfriendly takeovers. We can promise complete confidentiality and a very fast answer as to whether we are interested. We prefer to buy for cash, but will consider issuing stock when we receive as much in intrinsic business value as we give.

Our favourite form of purchase is one where the company's owner-managers generate significant amounts of cash, sometimes for themselves, but often for their families or inactive shareholders. At the same time, these managers wish to remain significant owners who continue to run their companies just as they have in the past. We think we offer a particularly good fit for owners with such objectives. We invite potential sellers to check us out by contacting people with whom we have done business in the past.

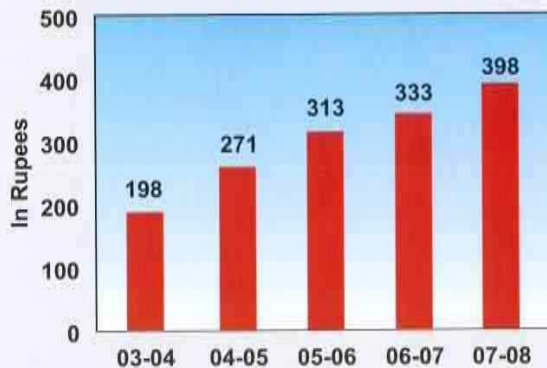
EARNING PER SHARE



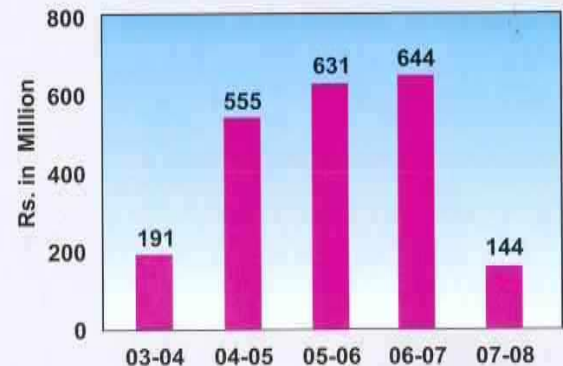
SALES



BOOK VALUE PER SHARE



GROSS FIXED ASSETS



Revathi Equipment Limited

CORPORATE DATA

BOARD OF DIRECTORS

ABHISHEK DALMIA
Executive Chairman

P.M. RAJANARAYANAN
Managing Director

CHAITANYA DALMIA

S.C. KATYAL

AJAY KUMAR DHAGAT

V.S. RAJAN

RAVINDER KUMAR GILANI

SHARE TRANSFER AGENTS

S.K.D.C. CONSULTANTS LTD.,
P.B. No. 2979
No.11, STREET No. 1,
S.N. LAYOUT, TATABAD,
COIMBATORE - 641 012.

COMPANY SECRETARY

M.N. SRINIVASAN

REGISTERED OFFICE

POLLACHI ROAD,
MALUMACHAMPATTI POST,
COIMBATORE - 641 021.
Website : <http://www.revathi.co.in>

BANKERS

STATE BANK OF INDIA
HDFC BANK LIMITED
CANARA BANK
DENA BANK
AXIS BANK LIMITED
STATE BANK OF BIKANER & JAIPUR

MANAGEMENT TEAM

K.V. RAMASUBRAMANIAN
Senior Vice - President
Business Unit Head - Drilling Equipment Division

S. HARIHARAN
Vice - President (Finance)

RAMAKRISHNAN SANJEEVI
Vice-President
Business Unit Head - Construction Equipment Division

AUDITORS

LODHA & Co.,
KOLKATA

Revathi's corporate performance vs. the Nifty

Year	Annual percentage change in		Relative results
	Per share book value of Revathi (1)	Nifty 50 with dividend included (2)	
			(1) - (2)
2002-03	9.0%	-11.7%	20.7%
2003-04	21.6%	86.3%	-64.7%
2004-05	41.3%	17.3%	24.0%
2005-06	19.1%	70.0%	-50.9%
2006-07	11.6%	13.8%	-2.2%
2007-08	16.6%	25.7%	-9.1%
Average Annual Gain (FY03 - FY08)	18.8%	29.4%	-10.6%
Overall gain (FY 03 - FY 08)	181.4%	368.9%	-187.5%

Notes :

1. All data is for financial years and includes dividends paid, if any.
2. The Nifty-50 numbers are pre-tax and assume that dividends were reinvested, whereas the numbers for Revathi are after tax.
3. We think our investors should measure our performance against their general experience in the equity markets. While the Nifty-50 is not perfect (nor is anything else) as a measure of performance, it has the advantage of being widely known and reflects with reasonable accuracy the experience of investors generally with the market.
4. The reason we have used the "growth in book value" as against stock price is, that over time, we intend measuring our performance by checking if a rupee retained has created a rupee worth of market value.
5. If you expect, as we do, that owning a representative stock index would produce reasonably satisfactory results over a period of time, it follows that, for long-term investors, gaining small advantages over that index must prove rewarding.

CHAIRMAN'S LETTER

Our gain in consolidated net worth during FY08 was Rs.142 million, which increased the per share book value by 16.6%. Over the last five years (that is, since the present owners took over) per share book value, has grown from Rs.151 to Rs. 398, which, after factoring in dividend paid during this period, works out to a rate of 18.8% compounded annually.

A clarification is in order. While our consolidated profit for the year was Rs.230 million, we used up Rs.51 million out of it to complete the share buyback program we had initiated last year. As a result of this, while our gain in per share book value got depressed, we were able to permanently extinguish, across two financial years, 142,857 shares outstanding at a per share cost of Rs.671, using up Rs.96 million. But for the buyback, the gain in per share book value for the year would have been 18.6% and the annually compounded figure would stand at 20.2%.

The American novelist Nathaniel Hawthorne once said, "Easy reading is damn hard writing", but that hasn't stopped me from trying. This year again, the letter runs long, not because I measure substance the way some examiners measure the quality of answer papers submitted in schools. Instead, my endeavor is to lay out the cards before shareholders and potential investors as clearly as I can, so they know where they stand with their investment. There is only one caveat to this: anything that would hurt our competitive advantage will never appear in these pages, even if it may be important for shareholders to know.

The twenty first century did not have to wait very long for its first major financial crisis. It followed a well-trodden path laid down by centuries of financial folly. The combination of esoteric instruments and unaware regulators has so far wiped out over \$,1000,000,000,000 from the balance sheets of global banks. To put that number in perspective, we are talking about the total market value of all the goods and services produced in India in 2007. We are talking about Rs.40 lac crores! Pause for a moment and think. The entire production of a country as large as India, vaporized in quick time, by a combination of high intelligence, low ethics and perverse incentives. It is true. Intelligence by itself does not lead to great, sustainable achievement - unless it is grounded in sound ethics. The great Indian philosopher Bhartrihari in Neeti Shatakam said:

येषाम् न विद्या न तपो न दानम् ,
ज्ञानम् न शीलम् न गुणो न धर्मः ।
ते मर्त्यलोके भुविभार भूताः,
मनुष्य रूपेण मृगाश्चरन्ति ॥

People who despite taking human birth do not engage in study, do not do penance or charity, do not imbibe knowledge, nor adhere to the code of conduct, nor imbibe virtues like courage, patience, piety, such people are like animals in human form.

Over the past year, after this crisis hit the global economy in the summer of 2007, the mood in the global economy has turned decidedly somber. Crude had already 'soared' to \$70 when the American financial system hit the skids. At the time, the lifeguards had been scanning the horizon for an oil-price shock or a terrorist attack. But when the big wave struck, it surprised them by coming from inside the financial system. Intelligent investors had been asking for years if the frantic innovation in finance, especially the securitisation of just about every form of debt into a tradable asset, was a way to spread risk efficiently, or whether this left the financial system prone to rare, but cataclysmic failures. It appears now that Mr. Buffett's description of derivatives as being financial weapons of mass destruction was a very apt warning - a full six years before calamity struck.

You might say how does a major accident in the USA affect my life? A few decades ago, that observation would have been apt. In today's increasingly connected and boundaryless world however, what happens in one corner of the world will tend to impact the rest of us, in smaller or greater measure. Only a few months ago, we used to read about the decoupling theory. While it made logical sense, we all found out how practically irrelevant it turned out to be. Look, for example, at what happened to the inflation numbers here in India when China got hungry for commodities. The fact that the world is regularly surprised by some unexpected event, forces me to concur with the Nobel prize winning Danish physicist Niels Bohr who observed, "Prediction is very difficult, especially if it's about the future." This reminds me of the speech Steve Jobs gave at Stanford in 2005. He said, "You can't connect the dots looking forward; you can only connect them looking backwards."

The purpose of writing this brief commentary is to chronicle the state of the global economy in which our dinghy corporation operates. Just as a rising tide raises all boats, so too must all boats bear the consequences of a receding tide. It won't be out of place to put some perspective on how long this environment is likely to last. If we look into the rear view mirror and compute the average length of bear markets over the last five decades, the average comes to thirteen months. We must bear in mind though that averages tend to distort reality when there are wide ranges, as there are in this case. The duration of bear markets has varied between two months in 1987 to a full thirty three months in 2000. If you are smart enough to figure what's the right number this time around, go figure! Enough said about the environment. Let us have a look at the highlights of our businesses.

Drill Business sales grew 19% over last year, buoyed mainly by a significant growth in export sales to a robust Rs.177 million. While we are still not at a point where the future would be a linear curve sloping steeply upwards, our performance this year leads me to believe that we have moved up to the next level in developing export markets and in diversifying out of a single customer. While sales grew 19%, the material cost, given what happened to steel prices rocketed 27% over last year. It was a combination of operating leverage and exchange rate gains that saved me the blushes somewhat as, despite this huge jump in material cost, our pre-tax profit grew 21%.

While out of place, it is useful to highlight two things here. One, while like many other companies, a few years ago, a few banks approached us to peddle forex derivatives (and make some commission on the sale). We declined politely. Two, during the year, we outsourced our forex management to a specialist firm. The result of the two actions, in combination led to us registering gains, while many large Indian companies struggled on these counts.

The Construction Equipment sales grew significantly over last year's low base to Rs.193 million. To give ourselves a strong product portfolio with which to serve the market, this year we enhanced our basket by adding boom pumps and high capacity batching plants to our stable. We intend to keep developing more variants with a view to offering a fuller product range to our customers.

Given our growth expectations in the Drill business and in the Construction Equipment business, it was becoming difficult to operate both businesses from the same plant. I had also written last year about how the DNA needed for the success of the two businesses is vastly different. Due to these factors, we had taken a decision to physically separate the two businesses. During the year we set in motion our plan to acquire land around Chennai. While we were able to identify the land quickly, it took surprisingly long to close the acquisition and subsequent clearances. We expect to start regular manufacturing from this plant during FY09. This transition out of Coimbatore would mean that we would have to build a new team and develop new vendors for the Construction Equipment business. That, combined with the overall slowdown in construction activity, would mean that this business will not accelerate at the pace that I would have liked. However, these are short-term concerns and I remain quite excited about the prospects of this business over the medium term. We intend to invest about Rs.250 million on the Chennai facility to prepare ourselves for the time when the market gets hot again.

Let us have a look now at Power segment. A brief history for our recent shareholders who may not have read the past reports is in order. With a view to enhancing the return profile of our free cash, which was historically parked in money market mutual funds, and to diversify our earnings source away from Coal India, we had made certain investments in Power assets. While these were not meant to be short-term investments, I did not see them as long-term investments either. They were a bit like place-holders, which gave us significantly better returns while we looked for permanent homes for our free cash.

These investments included Rs.50 million in a natural gas-based merchant power plant over FY04 and FY05 and Rs.523 million in wind energy assets over the period FY04 to FY06. Of these investments, we liquidated our investments in the merchant power plant last year. The rest of the Power division was disposed off this year. Now that this Division has been wound up, an evaluation of its quality is in order.

Despite the terrible plant load factors achieved in Rajasthan (15% as opposed to the guaranteed 25%), we still achieved an IRR of 23.6% after we concluded the sale. The IRR achieved on the turbines located in Tamil Nadu, which is widely regarded as the best site for wind energy, was only a touch better at 23.9%. In cashflow terms, we made a pre-tax profit of Rs.98 million on the sale of all our wind turbines. Overall, for the whole Power division, we made a post-tax IRR of 20.2%. This IRR, I might add, is before factoring in the compensation we are to receive under the guarantees given to us by the equipment manufacturers. Assuming there is no inordinate delay in obtaining the same, the IRR for our Power division would rise to 23.6%. In the context of the tidal wave of economic prosperity that swept market returns up to 23.3% over the comparable period, I would not be terribly dissatisfied with our results from our Power division.

A question arises as to why we sold out our Power assets. Most decisions, barring the simplest ones, are guided by a combination of several factors. Here too, there were many factors at play. We were not and never expected to become energy hungry, and so would never reap the real upside from our wind assets. Despite our best efforts the power generation numbers were way below our original expectations at both locations. The capital deployed into this operation was needed for expanding our core operation. We found, what I believe, would be a permanent home for our capital.

Given that he has brought us two worthwhile investment ideas in two years, I am compelled to feel that my old friend Jacob wanted to make up for the dry spell he had with us between 2001 and 2006. After introducing us to Potential Service Consultants last year, he introduced us to Semac this year. Here's the low down on how this investment happened.

Right after investing into Potential, we had expressed a desire to Jacob to find us more companies in the same space. We even put him onto some of the companies that we found of interest. Semac Pvt. Ltd. was one of them. Semac opened its doors for business in 1969 and does the exact same things that Potential does. However, while Potential is strong in the residential and commercial buildings space, Semac is the gold standard for industrial buildings. While Potential is predominantly a Bangalore-centric company, Semac has a presence in the Bangalore, Hyderabad and Delhi markets, in addition to three offices in the Middle East. Semac also has an architectural and interior design practice, which makes it an integrated player.

Having made one investment in the same space, I had a much better understanding of what to look for. Armed with this knowledge, in May this year, we concluded the purchase of a 70% stake for Rs.455 million. From start to finish, the closure took four months, longer than Potential had. But the only reason for that was the geographic dispersion of the founders and their preoccupation with running the business. But as they say, better late than never!

On a consolidated basis across all its offices, and after accounting for minority interests in their Middle East business, Semac closed FY08 with a total income of Rs.376 million and profit after tax of Rs.79 million. Since FY05, they have been growing their revenues at 52% and post tax profits at 120% annualised. Such strong growth rates are likely to moderate because they were achieved on a very low base to start with. Also, with the economy slowing down, companies will take a more measured approach towards making fresh capital commitments towards creation of fresh industrial capacity.

One last statistic before I close this section. Though the two companies continue to function independently, on a combined basis, we closed the year with about 750 people, almost certainly making us amongst the largest companies in the country in our chosen market. On a combined basis, we now cover a much larger served market and our presence in multiple geographies I believe allows us a strong foundation from which to grow further.

Potential Service Consultants had an indifferent year, when measured by growth in profitability and efficiency of usage of capital. While billings growth continued to be robust at 31%, the year saw a big value transfer from shareholders to employees. One of our biggest strengths, our brand, became a drawback when the buoyant market led local and international competitors to our door looking for talent. They believed, rightly, that by hiring people with experience of having worked at Potential would be invaluable in presenting strong credentials to a prospective customer. This caused pressure on our system, leading to a 29% spurt in per head manpower cost, even as we were entering a slowing economy. In a more benign environment, the 'spurt' would be no more than the 8%-10% rise that the IT industry paid out. This single factor caused the fall in net margins that we witnessed this year.

The strong hiring during the year added 50% to the team we started the year with. While this was key to servicing our customers, such a large addition in a single year also caused our people productivity metric to stay flat over last year. We expect that the productivity of these new hires will climb as they climb up the learning curve of the Potential way of doing things.

Our experience with small businesses has thrown up some common features across industries. I will dwell upon one such in this letter. Upto a certain size, small businesses do well on the back of the extraordinary effort put in by the founders. They take personal responsibility for every aspect of the business, from the smallest thing to the most important. However, as work expands, they can no longer spend more hours every day to address the needs of the business. At that fork in their lives, they need to take a decision to either work longer hours (which is a physical impossibility) or stop growing (which is too limiting for their continuing passion and ambition) or professionalise. By bringing in business processes that allow greater delegation, they are able to unload a lot of the work they did themselves onto ever lower levels in the organisation. This of course releases their time to pursue strategic choices in their personal and professional lives. The successful companies are the ones which are able to make this transition.

Something similar happened with the Founders at Potential when they started talking with us. They felt the pressing need to professionalise and were very keen to bring on board a CEO. Late during the year, we hired a professional, who started his professional career with McKinsey & Co. and worked with some BPOs before joining us, to take charge as CEO of the business. His mandate includes setting up strong internal processes which will then allow Potential to go global. Eventhough change is a slow process, we have taken and continue to take deliberate steps to introduce such processes which will align the organisation to the new environment.

With global architectural firms setting up offices in India, our interacting with them on local projects will help build relationships that could then lead to working with them on their global assignments. Even within India, the opportunity is immense. At a macro level, the overall market for architecture and design is estimated at Rs. 17 billion growing at 25% annually. I will share with you another data point, which is indicative of the gaps in every segment, which constitutes Potential's addressable market. According to Knight Frank Consulting, India, with a population of 1.1 billion people has only 12% of the hotel rooms available in China, whose population is barely 10% more than ours. Just Shanghai has more hotel rooms than all of India! Similar statistics applies to housing, hospitals, office space, you name it.

While the environment we operate in is likely to throw up significant opportunity for us to capitalise on, we must not lose sight of some of the factors that are likely to materially affect future performance. Global competitors such as Singapore-based RSP, British firm Atkins and Satellier, have set up India offices. This will bring much more professionalism in the industry and will make it imperative for us to upgrade to being a company that is as well respected for its overall approach to business as for its technical competence. In this emerging environment, we will do well to internalize the axiom that the game of business is very much like the game of tennis. Those who fail to master the basics of serving well, usually lose.

Our financials are also likely to be significantly impacted when our current rent agreements come up for renewal. We have been lucky so far to pay an average rent per square foot of only Rs.33 in South Bangalore, where the market rents are closer Rs.60. This is clearly an aberration that won't last much longer. Last but not least, with money becoming harder to come by, some developers have become very tight fisted. This will mean we will need more capital to generate the same Rupee value of Sales. Given where interest rates are, this will obviously mean the Company that has had negligible interest costs for the most part will now have a fairly meaningful charge under this head.

Monarch Catalysts had a mixed year. While the spurt in commodity prices and the slowdown in the global economy did have its effect on our business, it is not immediately discernible from the Sales numbers. Post-tax profit, which fell 43%, behaved as if it was unaware that Sales had grown 48% over last year. This 'reversal of fortune' happened due to two main factors, neither of which were known at the beginning of the year.

The first factor was the adverse wild gyrations in the prices of nickel, our main raw material. It is important to clarify that given how our business works, for us a fall in nickel prices is an adverse movement. Last year, I had written about the business having enough pricing power to allow passing on raw material price movements to our customers. I realised that formula only works in orderly commodity markets, i.e., when the price movements are not sudden and steep. When they are, we can either end up making a lot of money, as we did last year - Rs.18 million, or losing a lot, as we did this year - Rs.20 million. We have taken various steps to get away from the business of commodity trading and get closer to our business of manufacturing catalysts. Hopefully therefore, future volatility on nickel prices should not impact our results as significantly.

The other factor that hurt our results was the combination of deteriorating economic health of the global economy and the significant tightening in the overall money market. This combination resulted in the business needing greater working capital for doing business and having to borrow money at higher rates. In other words, a double whammy, which had the effect of increasing our interest costs by 72%.

After that reality check, here is some positive news. As in the Construction Equipment business, we are quite bullish about our prospects in the medium term and we spent a further Rs.65 million on expanding capacity (while capitalizing last year's capital work-in-progress worth Rs. 152 million during the year) and debottlenecking our production so that we would be ready to service the market when it turns. Monarch invested another Rs.35 million in their future headquarters in Chembur. There is a further commitment of Rs.18 million, after spending which Monarch would own 6,500 square feet of office space.

The share buyback program which was initiated on January 22, 2007 was completed on June 28, 2007. Overall, we bought back 142,857 shares at an average price of Rs.671 using up Rs.96 million of cash. In effect, we bought back 4.45% of total shares outstanding at a price that places an implied value of about Rs.2.20 billion on the Company.

US Attorney General and Senator Robert Kennedy once said, "Too often we forgive those who are willing to build their own lives on the shattered dreams of other human beings." In today's world, we see many who would do whatever it takes to climb a notch higher on the 'Rich List'. While we respect raw ambition, hunger and passion, we certainly do not subscribe to the 'do whatever it takes' approach. I would rather compromise on growth than mortgage my soul in our quest to climb higher. I am reminded of how James Baldwin described the predicament of those who do indeed mortgage their souls. He wrote: "People pay for what they do, and still more for what they allow themselves to become. And pay for it simply, by the lives they lead."

The voice of *voluntary* corporate social responsibility, which propagates helping the needy by *design*, is growing ever louder. Until recently, most of this advocacy was being done by NGOs. Now however, I hear the same clarion call from intelligentsia, for good reason. In a democracy, if the gap between the haves and the have nots grows too large, we will have laid the foundations from which revolutions spring.

In the FY06 letter I had written about donating Rs. 2 million to build a school for poor children. Here is a lowdown on the background. For many years, I had harbored the thought of building a school for the underprivileged. For many years I looked for the right NGO to partner with, an NGO that brought commitment, passion and integrity to the job. In my quest, I came across many so-called NGOs, which had more socialites than social workers. After hunting high and low, I was finally introduced to Literacy India (www.literacyindia.org) by an organisation called Youth Reach.

It was formed in 1996 by Asia's first woman flight commander, Captain Indraani Singh. While she is a full time pilot with Indian Airlines, her real passion is Literacy India. Having seen her in action for over three years now, I am amazed by her energy for a cause which has no pay-offs for her or her family. Most of us find it hard to do justice to one job. Indraani juggles two with ease. As a direct consequence of that passion, Literacy India with the help of donors such as Dell Foundation, American Express, Coca Cola, Hero Honda, etc., has so far reached out to over 8,000 beneficiaries. The school we built for them in Gurgaon, within a year of opening, houses over 600 kids. Some of these kids have staged a play for our past President, Dr. APJ Abdul Kalam at Rashtrapathi Bhawan, and some have acted in famous movies such as Omkara and Blue Umbrella. If any of you are in the New Delhi area, I would urge you to pay a visit to the school and see for yourself the magic that Indraani brings to the institution.

This year, we spent Rs. 1.63 million on various education and infrastructure projects. Included in this is a contribution of Rs. 600,000 towards the upgradation project currently on at Shri Ram College of Commerce, my alma mater. We do hope to do more than cheque-book charity as we become larger and command more of society's resources. That time is approaching and I hope to write about it in more detail in a few years' time.

Abhishek Dalmia
Chairman of the Board

REPORT OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS REPORT
For the year ended March 31, 2008

Your Directors have pleasure in presenting the Thirty first Annual Report together with the audited accounts of your Company for the year ended March 31, 2008.

Financial Results

Particulars	All figures in Rs. Million	
	FY 08	FY 07
Total Income	1383	930
Total Expenditure	1100	761
Profit before tax	283	169
Less: Provision for tax	64	43
Profit after tax	219	125

Appropriation made as under:

Transfer to General Reserve	22	13
Dividend including tax thereon	36	37
Surplus carried to Balance Sheet	161	75

Dividend

Your Directors recommend a dividend of Rs 10 per share (against Rs 10 per share) absorbing Rs 30.6 Million for the financial year 2007-08. Your company will bear the dividend distribution tax of Rs 5.2 Million.

Performance Review

Turnover, including income from operations and other income for the year under review is at Rs 1383 Million representing an increase of 48.7% compared to Rs 930 Million in the previous year primarily due to export sales increasing from Rs. 61 Million in previous year to Rs 181 Million.

Profit before tax excluding extra- ordinary items increased by 11% to Rs 188 Million from Rs. 169 Million in prior year. The Power Division of your company was divested during the year resulting in profit on sale of Rs 95 Million.

Overview of the Economy

GDP Growth for Financial Year 2007-08 was at 9%. While 21.73 percent of all units in the manufacturing sector recorded over 20 percent growth in 2006-07, the figure declined to 15.38 percent in 2007-08. Though ,there is a marginal deceleration of the GDP growth in the current year and inflation rearing its ugly head, the Indian Economy stills looks reasonably buoyant and continues to offer opportunities of growth through expansions, mergers, acquisitions, divestments and re-allocation of resources. The on going boom in construction has increased size of the construction equipment industry to USD 2.64 billion, excavators accounting for 50% thereof; growth rate being 30%. The Indian mining equipment industry grew by 4% and is at USD 2.2 billion. Coal India is planning huge investment in open cast mines. Thus huge growth opportunities are available in construction industry, though the near term may see some sluggishness in demand, while reasonable growth is expected to keep mining equipment industry going.

Business Environment

Your company is engaged in supplying product needs of infrastructure sector. The blast hole drills are essential for production of coal, iron ore, lignite etc.; the major requirements come from coal mines. During the year the company developed new drills for exports. The focus on open cast mines by Coal India will continue to keep the sector growing.

Your company offers a range of construction equipments comprising of batching plants (that prepare the concrete mix), transit mixers (that transport the concrete mix) and Concrete pumps (that lift the concrete to desired height). The product variants are being expanded to meet current and emerging needs of our customers. The production capacity of construction equipments is being enhanced with proposed completion of Chennai plant. Concrete equipments manufactured by your company should grow at an accelerated pace having regard to the product offerings, higher capacity availability and the restructuring the organization to capture growth opportunities.

Other Initiatives

Manufacturing at Chennai

Your company has acquired a 10 acres leasehold plot from SIPCOT at Gummidipoondi near Chennai with built up factory thereon. The property is being refurbished and necessary installation of machinery is expected to be completed during FY09. The manufacturing facilities for construction equipments shall be shifted from Coimbatore to Chennai so that both Drill and Construction equipment Divisions shall stand completely segregated and operate as self reliant Divisions. Additional manufacturing bay at Coimbatore was completed during the year to increase the manufacturing capacity of Drills. The company is embarking on plans to substantially increase its construction Equipment Division activities.

Subsidiary Company

Revathi Drilling and Mining Ltd., a wholly owned subsidiary of your company, was incorporated on March 20, 2008. The subsidiary company has not commenced commercial operations.

Your company has acquired 70% stake in the equity capital of Semac Pvt. Ltd for a value of Rs. 455 Million in May 2008 which recorded total income of Rs. 376 Million and profit after tax of Rs. 79 Million for the financial year ended March 31, 2008.

This company is an Engineering Design services company, providing total engineering solutions for industrial and commercial buildings. The company is in similar field as Potential Service Consultants Private Limited where your company holds 41.4% stake which is slated to increase to 51% in July 2009. The acquisition of SEMAC will increase the size of served market substantially.

Consolidated Financial statements:

Your Directors have pleasure in attaching the consolidated financial statements by consolidating accounts of Revathi Drilling and Mining Ltd., (a wholly owned subsidiary) under Accounting Standard No. 21 of Institute of Chartered Accountants of India, accounts of Potential Service Consultants Private Ltd and Monarch Catalyst Private Limited in terms of Accounting Standard No. 27 of Institute of Chartered Accountants of India. On a consolidated basis, the total income was at Rs 1831 Million and profit after tax of Rs 230 Million.

Human Resources

Your company realizes that it has to re-orient its organization as dynamics of business are changing fast. Your company is taking steps to retain its talent pool, enhance skill of existing people and recruit the most suited talent to spearhead its growth initiatives. Your company's action in developing separate facilities for construction equipment Division with a business unit head is a step in that direction. Organizational development is your company's key priority.

Business Outlook and Prospects for FY 2008-09

The prospects of growth appear to be good having regard to various initiatives undertaken in the past and initiatives in hand though major benefits will accrue in FY10.

Risks and Concerns:

Macro economic and industry outlook are encouraging. However inflationary pressures, power shortages and political uncertainties can change the situation substantially. Cost increases in raw materials, transport costs, infrastructure deficiencies like lack of roads, power, availability of shipping space in time, currency effect are some of our major concerns

Cautionary Note

Certain statements in "management discussions and analysis" section may be forward looking and are stated as required by law and regulations. Many factors, both external and internal, may affect the actual results which could be different from what the Directors envisage in terms of performance and outlook.

Internal Control

Your company is committed to maintaining an effective internal control environment and a system of accounting and control that provides assurance on the efficiency of operations, existence of internal controls and safeguarding of its assets and management of risks. The system of accounting and controls are modified and improved from time to time, in line with changes in business conditions and recommendations of internal auditors.

During the financial year under review, the Audit Committee met four times to examine the reports on internal control/audit systems, financial disclosures and monitoring the implementation of internal audit recommendations. Your company continues to focus on risk management and also evaluates the internal control systems continuously so as to minimize and mitigate risks and improve control systems.

Board constitution

In accordance with the Articles of Association of the company, Mr. Mr.Chaitanya Dalmia and Mr. S.C. Katyal retire by rotation and being eligible, seek re-appointment.

Mr.Ajay Kumar Dhagat was appointed as additional director from June 28, 2008. Mr.Ajay Kumar Dhagat holds office upto the date of ensuing Annual General Meeting. A notice has been received under section 257 of the Companies Act, 1956 from a member, signifying his intention to propose the appointment of Mr.Ajay Kumar Dhagat as a director of your company at ensuing Annual General Meeting.

Conservation of Energy

As regards conservation of energy, company continued its efforts by elimination of waste, improvement in power factor and by good maintenance of various equipments. No capital investment was made during the year in this regard. As the cost of energy in the total cost is insignificant and considering the nature of our industry, measurement of savings in energy could not be undertaken.

Technology Absorption

Particulars with regard to technology absorption as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are furnished in the Annexure A and the same forms part of this report.

Foreign exchange earnings and outgo

Your company earned foreign exchange of Rs. 181 Million and the foreign exchange outgo during the year amounts to Rs.262 Million.

Personnel/Industrial relations

Industrial relations were satisfactory during the year. The particulars, as required under section 217(2A) of the Companies Act, 1956 and the rules framed there under are furnished in the Annexure B.

Directors' responsibility statement

The Board of Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- (iii) the directors had taken proper and sufficient care 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;
- (iv) the directors had prepared the annual accounts on a going concern basis.

Appreciation

The Directors express their sincere appreciation of dedicated efforts put in by our people and their commitment to make the company a high performance Company. The Directors also place on record their appreciation of the continued support and recognition provided by our esteemed customers.

For and on behalf of the Board of Directors

S.C. Katyal
Director

P.M. Rajanarayanan
Managing Director

CHENNAI
July 31, 2008

ANNEXURE - A

Form for disclosure of particulars with respect to absorption

Research and Development (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the company | : 1. Development of blast hole drill for Exports
2. Design of Universal drilling machine for underground application. |
| 2. Benefits derived as a result of the above R&D | : New product development.
1. Development of 17 M Boom Pump
2. Development of 60 Cu M Batching Plant |
| 3. Future plan of action | : Development of

1. Underground drill.
2. Concrete pump of 45 Cu M.
3. Batching plant of 120 Cu M.
4. Transit Mixer of 8/9 Cu M.
5. Boom Pump of 28/32 M. |
| 4. Expenditure on R&D : | |
| (a) Capital | : Rs. NIL |
| (b) Recurring | : Rs.17.8 Million |
| (c) Total | : Rs.17.8 Million |
| (d) Total R&D expenditure as a percentage of total turnover | : 1.5% |

Technology absorption, adaptation and Innovation

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : 1. Progressive indigenisation of Transit Mixers, Batching Plant and concrete pump.
2. Weight reduction and indigenisation of valves in C650 / C750 drills.
3. Improved mounting arrangement of power train for reducing vibration.
4. Improved cooler fan assembly for reducing the noise.
5. Retractable dust curtain system for blast hole drills.
6. Design of new concept power breakout system for one man operation.
7. Design of FOPS cabin for export drills. |
| 2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. | : Import substitution and cost reduction.
Improved drill performance & customer satisfaction. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished. | |
| a. Technology imported | : Technical know-how for manufacture of Batching Plant, Transit Mixer and Concrete Pump. |
| b. Year of Import | : FY 2005-06/ FY 2006-07 |
| c. Has technology been fully absorbed? | : yes |
| d. If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action | : Not applicable |

ANNEXURE - B

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2 A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008.

NAME	AGE	DESIGNATION / NATURE OF EMPLOYMENT	REMUNERATION in Rs.	QUALIFICATION / EXPERIENCE	DATE OF EMPLOYMENT	PREVIOUS EMPLOYMENT DESIGNATION / NAME OF EMPLOYER
Mr. Abhishek Dalmia.	39	Executive Chairman Contractual	4,539,725	FCA, AICWA, B.COM.(H) 16 Years	01.04.2003	Managing Director / Utkal Investments Ltd.
Mr. Rajanarayanan P.M.	59	Managing Director Contractual	5,237,700	B.E. (Mech.) 36 Years	20.10.1982	Area Sales Manager / Greaves Cotton & Co.Ltd.
Mr. Ramasubramanian K.V.	59	Business Unit Head - Drill Division	2,788,948	B.E. (Elec.) PGDIE 35 Years	01.07.1982	Industrial Engineer / PSG Industrial Institute

NOTE : 1. Remuneration shown above has been computed under the provisions of Section 198 of the Companies Act, 1956.
 2. Mr. Abhishek Dalmia is related to Mr. Chaitanya Dalmia.
 3. Mr.P.M.Rajanarayanan is not related to any of the Directors of the Company.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08
1. Company's philosophy on corporate governance:

The company is committed to enhancement of shareholder value and strongly believes that good corporate governance is one of the key tools for achieving this goal.

2. Board of Directors:

Name of Director	Category
Mr Abhishek Dalmia (Executive Chairman)	Executive, Non independent
Mr P.M. Rajanarayanan (Managing Director)	Executive, Non independent
Mr Chaitanya Dalmia	Non-Executive, Not independent
Mr Ravinder Kumar Gilani	Non-Executive, Independent
Mr S.C. Katyal	Non-Executive, Independent
Mr V.S. Rajan	Non-Executive, Independent

The Board, comprises of six directors, has one Executive Chairman, Managing Director and four non-executive directors. Half of the board comprised of independent directors.

All the above independent directors are fulfilling the following criteria of independence which was framed by the Board of Directors of the company:

Criteria for independence of a director

A non - executive director shall be deemed to be an independent director for the purpose of clause 49 of the listing agreement if he satisfies the following conditions :

Apart from receiving sitting fees for attending board meetings & audit committee meetings and commission, if any, as may be decided from time to time, his pecuniary relationship or transaction by way of compensation, if any, received from the company, for other services rendered shall not be more than the following :

- 2% of the Profit before tax excluding extra -ordinary items
or
1% of the Net Invoiced Sales of the Company whichever is higher in a financial year.
- He is not related to promoters or management at the board level or at one level below the board;
- He has not been an executive of the company in the immediately preceding three financial years;
- He is not a partner or an executive or was not a partner or an executive during the preceding three years from December 31, 2005 of any of the following:

the statutory audit firm or the internal audit firm that is associated with the company, and
the legal firm(s) and consulting firm(s) that have the financial transactions with the company exceeding the following limit:

2% of the Profit before tax excluding extra -ordinary items
or
1% of the Net Invoiced Sales of the Company whichever is higher in a financial year.
- He is not a material supplier, service provider or customer or lessor or lessee of the company whose financial transaction(s) value with the company shall not be more than the following:

2% of the Profit before tax excluding extra -ordinary items
or
1% of the Net Invoiced Sales of the Company whichever is higher in a financial year.
- He is not a substantial shareholder of the company, i.e. owning two percent or more in the paid up share capital of the company.

During the year, eight Board Meetings were held on April 06, 2007, May 18, 2007, July 25, 2007, October 24, 2007, November 29, 2007, January 30, 2008, February 26, 2008 and March 31, 2008. Composition of the Board, attendance at the Board Meetings, Committee Meetings and Annual General Meeting (in the financial year 2007-08) along with their membership on other Boards/Committees are given below:

Name of Directors	Attendance		Number of Directorship in other boards	Number of membership in other boards/ committees **
	Board meetings	AGM		
Mr Abhishek Dalmia	7	1	15	-
Mr P.M. Rajanarayanan	6	1	-	-
Mr Chaitanya Dalmia	5	1	9	-
Mr S.C. Katyal	5	4	2	-
Mr Ravinder Kumar Gilani	2	-	-	-
Mr V.S. Rajan	4	-	-	-

Leaves of absence were given to the directors who had not attended the meetings.

** Audit Committee, Shareholders' Grievance Committee and Remuneration Committee have been considered for committee membership.

3. Audit Committee:

Terms of reference:

As per clause 49 of the listing agreement, the board defined the following powers, roles and responsibilities for the audit committee:

Powers of Audit Committee

The audit committee shall have powers, which should include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the audit committee shall include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India)

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Composition:

The Audit Committee was formed on March 19, 2001. Audit Committee meetings were held on may 18, 2007, July 24, 2007, October 24, 2007 and January 30,2008 and the attendance of the members are given below:

Name of members	No of meetings attended
Mr. S.C. Katyal (Chairman)	3
Mr. Ravinder Kumar Gilani	3
Mr. V.S. Rajan	3

Mr S.C. Katyal is the Chairman of the committee.
The Company Secretary acts as Secretary of the Committee.

4. Remuneration to Directors:

Remuneration Committee.

Remuneration Committee formed on April 14, 2003 has three members who are non-executive and independent directors. They are Mr.S.C.Katyal, Mr.Ravinder Kumar Gilani and Mr.V.S.Rajan. Chairman of the Committee is Mr.S.C.Katyal. Remuneration committee meeting was held on May 18, 2007 in 2007-08.

Terms of reference for Remuneration Committee:

- to determine and recommend to the Board of Directors the remuneration package of the Managing Director and Whole-time Directors including periodical revisions therein.
- to approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.

Directors' remuneration for 2007-08.

Particulars	Mr.Abhishek Dalmia Rupees	Mr P M Rajanarayanan Rupees
Salary	2,580,000	1,920,000
Commission	-	1,486,800
Perquisites	903,000	1,030,000
Leave salary-provision	145,125	122,500
Contribution to PF	309,600	230,400
Contribution to Super annuation and gratuity fund.	602,000	448,000
Total	4,539,725	5,237,700

Commission is based on performance criteria like sales, profit etc. subject to statutory limits.

Remuneration Policy

The remuneration of the Executive Chairman and the Managing Director is determined by the Board within the statutory limits subject to shareholders' approval and on the basis of recommendation of the Remuneration Committee. The non-executive directors are paid sitting fees @ Rs.2,000/- for each meeting of the Board or any Committee thereof attended by them.

Details of amount paid/payable to non-executive directors are as under:

Particulars	Amount in Rupees			
	Sitting fees	Consultancy charges	Commission	Total
Mr. Chaitanya Dalmia	10,000	nil	100,000	110,000
Mr. S.C.Katyal	10,000	2,199,999*	100,000	2,209,999
Mr. V.S.Rajan	8,000	nil	100,000	108,000
Mr. Ravinder Kumar Gilani	4,000	nil	100,000	104,000

*Figures are exclusive of service tax.

Details of Service contracts

The Company has entered into agreement with Mr.Abhishek Dalmia for his appointment as Executive Chairman for a period 5 years from April 01, 2003 to March 31, 2008.

The Company has entered into agreement with Mr.P.M.Rajanarayanan for his appointment as Managing Director for a period 3 years from April 01, 2008 to March 31, 2010. The notice period of the contract is three months.

The company renewed the consultancy agreement entered with Mr.S.C.Katyal for providing consultancy services for a period of three years from February 01, 2006. The consultancy fees payable per year would be Rs.2,200,000. He was holding 9290 shares of the company as on March 31, 2008.

Shareholders' Grievance Committee:

Shareholders' Grievance Committee consists of the following directors:

Name of members
Mr S.C. Katyal Mr.V.S.Rajan Mr Ravinder Kumar Gilani

Mr. S.C. Katyal is the Chairman of the Committee.

Company Secretary Mr. M.N. Srinivasan is the Compliance Officer.

Purpose of forming the committee is to monitor the system of redressing the shareholders' complaints on transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.

The company received 6 complaints from shareholders for non-receipt of dividend, share certificates after splits, name correction in the share certificates. All these complaints were duly attended.

5. General Body Meetings:

Particulars of Annual General Meeting (AGM) held during the last three years:

Meeting	28th AGM	29th AGM	30th AGM
Date	July 27, 2005	July 22, 2006	July 25, 2007
Time	10 A.M.	10 A.M.	10 A.M.
Venue	Indian Chamber of Commerce, Coimbatore	Indian Chamber of Commerce, Coimbatore	Indian Chamber of Commerce, Coimbatore

Sl.No.	Resolutions Passed	Type	Resolutions Passed	Type	Resolutions Passed	Type
1	Adoption of Accounts	O	Adoption of Accounts	O	Adoption of Accounts	O
2	Declaration of Dividend	O	Declaration of Dividend	O	Declaration of Dividend	O
3	Re-appointment of Mr S.C.Katyal as Director	O	Re-appointment of Mr Chaitanya Dalmia as Director	O	Re-appointment of Mr V.S.Rajan as Director	O
4	Re-appointment of Mr V.S. Rajan as Director	O	Re-appointment of Mr. Ravinder Kumar Gilani as Director	O	Re-appointment of Mr S.C.Katyal as Director	O
5	Appointment of Lodha & Co. as Statutory Auditors	O	Appointment of Lodha & Co. as Statutory Auditors	O	Appointment of Lodha & Co. as Statutory Auditors	O
6	Delisting of shares from Madras Stock Exchange	S	Alteration of Articles of Association .	S	Delisting of shares from Coimbatore Stock Exchange	S
7			Payment of Consultancy fee	O		
8			Commencement of new business	S		

O : ordinary resolution S : special resolution

6. Disclosures:

- There were no transactions with the promoters or directors or management or their subsidiaries that have potential conflict with the interests of the company.
- There were no instances of non-compliance or any matters related to capital markets during the last three years.
- All board members and senior management personnel have affirmed compliance with code of conduct laid by the Board of Directors. CEO's certification in this regard is given in the annual report.
- Pursuant to sub-clause (ia) in para (G) item (IV) of Clause 49 of the listing agreement, it is hereby disclosed that both Mr. Abhishek Dalmia, Executive Chairman and Mr. Chaitanya Dalmia, non-executive director are brothers.

7. Means of communication:

Un-audited quarterly financial results subjected to limited review of the company are published in Business Standard, Business Line, (English) and in Malai Murasu (Tamil) newspapers. The results are also promptly forwarded to the Stock Exchanges in which the shares are listed. Further the results are uploaded in the web site of SEBI.

Management discussion and Analysis report forms a part of the directors' report to the shareholders.

8. General shareholder information:

Date of Incorporation	May 30, 1977
Registered Office	Pollachi Road, Malumachampatti Post, Coimbatore 641 021
Plant Location (Drilling Equipment)	As above
Date and time of Annual General Meeting	September 29, 2008, 10 A.M. at Coimbatore
Venue of Annual General Meeting	Ardra Hall
Financial calendar	April 1, 2008 - March 31, 2009
Financial reporting for the first quarter ending June 30, 2008	During last week of July 2008
Financial reporting for the second quarter ending September 30, 2008	During the third week of October 2008
Financial reporting for the third quarter ending December 31, 2008	During the last week of January 2009
Financial results for the year ending March 31, 2009	During the last week of April 2009
Annual General Meeting for the year ending March 31, 2009	During the last week of Aug 2009
Date of book closure	From September 15, 2008 to September 29, 2008 (both days inclusive)
Listing on Stock Exchanges	Coimbatore, Bombay and National Stock Exchange
Stock Code	505368
Dividend Payment Date	Within 30 days from the date of AGM.
Outstanding GDR/ADR/Warrants	NIL

Market price data

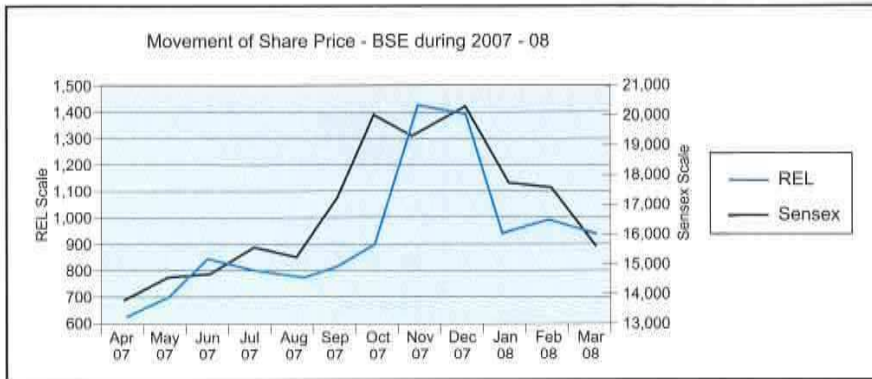
Monthly high and low quotations as well as the volume of Shares traded at Bombay Stock Exchange for 2007 - 2008 and 2006 - 2007 are :

2007 - 08				2006 - 07			
	Highest Rs.	Lowest Rs.	Volume Nos.		Highest Rs.	Lowest Rs.	Volume Nos.
April, 2007	695.00	605.00	77,398	April, 2006	1,106.05	861.15	77,047
May	749.40	575.25	70,484	May	944.75	644.55	70,100
June	889.85	700.05	38,346	June	748.00	550.60	77,232
July	930.00	790.00	46,216	July	675.00	504.00	34,410
August	830.00	702.50	24,954	August	665.00	576.00	28,057
September	829.90	737.00	36,766	September	722.75	610.00	47,679
October	924.00	692.00	41,873	October	667.00	570.00	60,846
November	1,684.35	811.00	186,564	November	670.00	580.00	81,137
December	1,449.80	1,250.00	28,405	December	649.00	576.10	49,780
January, 2008	1,579.00	811.00	29,156	January, 2007	693.50	610.00	68,939
February	1,145.00	800.00	33,984	February	735.00	636.05	100,427
March	1,199.90	730.00	83,253	March	703.45	623.00	55,487
Total			697,399	Total			751,141

% of volume traded to average
number of shares outstanding

22.74

23.89



Registrars and Share Transfer Agents

S.K.D.C. Consultants Ltd.,
 No.11 Street No.1,
 S N Layout,
 Tatabad, Coimbatore 641012
 Email info@skdc-consultants.com
 Fax 0422-2499574
 Phone 0422-5549995

Share Transfer System

Share transfer would be registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The share transfer committee meets fortnightly/weekly depends on the number of transfers to be done.

The total number of shares transferred (physically) during the year 2007-08 was 10074 (Previous year 4542).

Transfer period in days	2007 - 08				2006 - 07			
	No. of Transferees (folios)		No. of Shares	%	No. of Transferees (folios)		No. of Shares	%
	New	Existing			New	Existing		
1 - 10	12	1	2,832	28.11	25	1	4,018	39.88
11 - 15	7	-	1,242	12.33	5	-	460	4.57
16 - 20	-	-	-	-	-	-	-	-
21 - 25	11	-	6,000	59.56	1	-	64	0.64
Total	30	1	10,074	100.00	31	1	4,542	45.09

% of volume transferred to average number of shares outstanding: 0.33
 No. of Transfers pending as on 31.03.2008 : Nil

0.14

Distribution of shareholding as on March 31, 2008

2007 - 08				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	3,891	76.77	143,053	4.66
101 - 200	530	10.46	90,791	2.96
201 - 500	398	7.85	134,966	4.40
501 - 1000	131	2.58	97,734	3.19
1001 - 5000	91	1.80	166,128	5.42
5001 - 10000	12	0.24	82,855	2.70
10001 and above	15	0.30	2,351,416	76.67
Total	5,068	100.00	3,066,943	100.00

Distribution of shareholding as on March 31, 2007

2006 - 07				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	4,309	75.85	175,405	5.58
101 - 200	609	10.72	105,553	3.36
201 - 500	486	8.55	162,851	5.18
501 - 1000	154	2.71	115,363	3.67
1001 - 5000	100	1.76	187,551	5.97
5001 - 10000	9	0.16	66,575	2.12
10001 and above	14	0.25	2,330,878	74.12
Total	5,681	100.00	3,144,176	100.00

Category of shareholding as on March 31, 2008

Category	2007 - 08		
	No. of Share holders	Voting Strength %	No. of Shares held
Individuals	4,755	26.536	813,853
Bodies Corporate	235	69.558	2,133,304
Insurance Cos.	-	-	-
Directors & Relatives	4	0.708	21,705
NRI	67	0.466	14,297
Banks	2	0.007	200
OCB	1	0.170	5,235
Mutual Fund	4	2.555	78,349
FII	-	-	-
Total	5,068	100.000	3,066,943

Category of shareholding as on March 31, 2007

Category	2006 - 07		
	No. of Share holders	Voting Strength %	No. of Shares held
Individuals	5,362	26.615	836,817
Bodies Corporate	217	68.559	2,155,600
Insurance Cos.	1	0.431	13,565
Directors & Relatives	4	0.708	22,255
NRI	93	0.695	21,856
Banks	1	0.003	100
OCB	1	0.166	5,235
Mutual Fund	2	2.823	88,748
FII	-	-	-
Total	5,681	100.000	3,144,176

Promoters holdings as on March 31, 2008

Particulars	Number of shares	% of holdings
Utkal investments Ltd	19,22,160	62.673
Renaissance Asset Management Co.P.Ltd.	31,649	1.032
Total	19,53,809	63.705

Dematerialisation of shares and liquidity

The company has signed agreements with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialisation of the company's shares.

The ISIN number for the company is INE 617AQ1013.

Total number of shares dematerialised was 13,403 (0.44%) during 2007-08. 100 % of demat requests have been dematerialised within 30 days, out of which 92.33% were attended within 10 days.

Demat Processing systems

Demat Period in days	2007-08 No. of folios dematerialised	No. of shares	%	Demat Period in days	2006-07 No. of folios dematerialised	No. of shares	%
1 - 10	57	13,403	100.00	1 - 10	68	9,631	95.81
11 - 15	-	-	-	11 - 15	2	421	4.19
16 - 30	-	-	-	16 - 30	-	-	-
Total	57	13,403	100.00	Total	70	10,052	100.00

Details of Demat through Depositories

2007-08			2006-07		
Depository Name	Shares Dematerialised	% to Capital	Depository Name	Shares Dematerialised	% to Capital
N S D L	8,815	0.29	N S D L	7,561	0.24
C D S L	4,588	0.15	C D S L	2,491	0.08
Total	13,403	0.44	Total	10,052	0.32

Dematerialised shares as on March 31, 2008 2,955,871 (96.378%)

Address for correspondence:

M N Srinivasan, Company Secretary & Compliance Officer,
 Revathi Equipment Limited,
 Pollachi Road, Malumachampatti Post, Coimbatore - 641 021.

Phone: 0422-2610851, 52, 53 Fax: 0422-2610427, 2610566 Email: srinivasan@revathi.co.in WEBSITE : <http://www.revathi.co.in>

CEO Declaration on Code of Conduct pursuant to clause 49(I)(D) of the listing agreement.

It is hereby declared that

- the Board of Directors has laid down a code of conduct for all board members and senior management personnel.
- the code of conduct has been posted in the website of the company namely www.revathi.co.in
- all the board members and senior management personnel have affirmed compliance with the code of conduct for the year ended March 31, 2008.

P.M. RAJANARAYANAN
 Chief Executive Officer &
 Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Revathi Equipment Limited:

1. We have examined the compliance of conditions of corporate governance by Revathi Equipment Limited, for the year ended on March 31, 2008, as stipulated in Clause 49 of Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As per the representation received from the registrar of the Company, no investor grievances are pending for a period exceeding one month against the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
 Chartered Accountants

14, Government Place East,
 Place: Kolkata.
 Date : June 28, 2008.

H.S. Jha
 Partner
 Membership No. : 55854

AUDITORS' REPORT

To the members of
REVATHI EQUIPMENT LIMITED

We have audited the attached Balance Sheet of **Revathi Equipment Limited** ('the Company') as at 31st March 2008 and the Profit and Loss Account for the year ended on that date, annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 ("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that:
2. Further to the above, we report that;
 - a. We except as given in note 28(a) have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and cash flow statement referred to in this report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss account, the attached Balance Sheet and Cash Flow Statement of the Company as at 31st March, 2008, comply with the Accounting Standards referred to in Section 211(3C) of the Act;
 - e. On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2008 from being appointed as a director of the Company in terms of Sec. 274 (1) (g) of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note 28(a) regarding non-availability of details relating to micro, small and medium enterprise as defined under Micro, Small and Medium Enterprise Development Act, 2006 read together with the accounting policies and notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, the state of affairs of the Company as at 31st March, 2008;
 - ii) in case of the Profit and Loss Account, the Profit of the Company for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants

Place: Kolkata
Date : June 28, 2008

H.S. Jha
Partner
Membership No. : 055854

REVATHI EQUIPMENT LIMITED
ANNEXURE (referred to in paragraph 1 of our report of even date).

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
 (b) We are informed that the Company has carried out physical verification of its fixed assets during the year by the Company and no material discrepancies were noted on such verification.
- (ii) (c) During the year, the Company has not disposed off substantial part of its fixed assets, which could affect the going concern status of the company.
 (a) As explained to us, the stocks of finished goods, spare parts and raw materials (including components) have been physically verified by the management;
 (b) In our opinion and according to information and explanation given to us the procedures of physical verification of inventory followed by the management are generally reasonable and adequate considering the items of the inventory, volume thereof, size of the Company and the nature of its business;
 (c) In our opinion, the Company has maintained proper records of its inventory and the discrepancies between the physical stock and book records were not material.
- (iii) According to information and explanations given to us, the Company has not taken or granted any loans, secured and unsecured, from/to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xiv) of the said order are not applicable to the Company.
- (iv) Having regard to the explanation given that comparative quotations are not available in respect of items of branded/special nature purchased during the year, in our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. Further during the course of our audit we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control procedures and continuing failure on the part of the management to take corrective course of action in this regard.
- (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
 (b) Transactions of purchase of services etc., made in pursuance of such contracts or arrangements exceeding value in rupees five lacs, namely consultancy and taking premises on rent are proprietary/technical and of special nature and therefore comparable quotations thereof are not available and as such reasonableness with respect to prevailing market price as such is not ascertainable.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit carried out during the year by a firm of Chartered Accountants appointed by the management was commensurate with the size of the Company and the nature of its business.
- (viii) The Company is in the process of compiling cost records as prescribed by the Central Government under section 209 (1) (d) of the Act for the power generation business.
- (ix) (a) According to information and explanations given to us and as per the records of the Company examined by us, in our opinion the Company is regular in depositing with the appropriate authorities undisputed material statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess as applicable to it; and
 (b) According to information and explanations given to us, there are no amount outstanding in respect of sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute. The particulars of income tax as at 31st March, 2008 which has not been deposited on account of dispute there against are as follows:-

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	209	1982-83	High Court (Madras)
		98	1983-84	
		850	1984-85	
		1040	1985-86	
		1935	1986-87	

- (x) The Company has no accumulated losses as on 31st March 2008 and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the said order are not applicable to the company.
- (xiv) Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealing/trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records excepting those which are undertaken at the corporate office for which entries have been done at the end of the month. We also report that the Company has held the shares, securities, debentures and other investments in its own name except to the extent exempted under section 49(5) of the Act.
- (xv) According to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provision of clause 4(xv) of the Order is not applicable to the company.
- (xvi) According to information and explanations given to us and based on the documents and records produced to us, the Company has applied the term loans raised during the year for the purpose for which they were raised.
- (xvii) According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the company has not used the funds raised on short-term basis for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, the provision of clause 4(xix) of the order is not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year. Accordingly, provision of clause 4(xx) of the Order is not applicable to the company.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.

For **LODHA & CO.**
 Chartered Accountants

Place: Kolkata
 Date : June 28, 2008

H.S. Jha
 Partner
 Membership No. : 055854

REVATHI EQUIPMENT LIMITED
BALANCE SHEET -- MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

	Notes	<u>2008</u>	<u>2007</u>
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	30,669	31,442
Reserves and surplus	3	<u>1,150,799</u>	1,018,104
		<u>1,181,468</u>	1,049,546
LOAN FUNDS			
Secured loan	4	525,060	549,135
		<u>525,060</u>	549,135
DEFERRED TAX LIABILITIES, (net)			
Total	7	<u>-</u>	90,022
		<u>1,706,528</u>	1,688,703
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	1(b) & 5	144,381	643,757
Less: Depreciation		<u>(79,787)</u>	(203,585)
Net Block		64,594	440,172
Add: Capital Work-in-Progress		<u>74,080</u>	1,665
		<u>138,674</u>	441,837
INVESTMENTS			
	1(d) & 6	<u>638,237</u>	697,290
DEFERRED TAX ASSETS (net)			
	7	<u>2,887</u>	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(e) & 8	418,530	351,203
Sundry debtors	9	461,349	253,851
Cash and bank balances	10	240,370	115,486
Loans and advances	11	<u>82,762</u>	77,959
		<u>1,203,011</u>	798,499
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	227,896	199,904
Provisions	13	<u>48,385</u>	48,903
		<u>276,281</u>	248,807
Net current assets		<u>926,730</u>	549,692
Total		<u>1,706,528</u>	1,688,819

The accompanying notes are an integral part of this balance sheet.

Lodha & Co
 Chartered Accountants

H.S. Jha
 Partner
 Membership Number: 055854

 Kolkata
 June 28, 2008

Abhishek Dalmia
 Executive Chairman

M.N. Srinivasan
 Company Secretary

 Mumbai
 June 28, 2008

P.M.Rajanarayanan
 Managing Director

S.Hariharan
 Vice President (Finance)

REVATHI EQUIPMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

	Notes	<u>2008</u>	<u>2007</u>
INCOME			
Gross Sales (include service income)	1(f)&14	1,274,737	944,106
Less:Excise Duty / Service Tax Recovered		(91,764)	(67,532)
Net Sales	1(f)&14	1,182,973	876,574
Other income	15	200,109	53,076
		<u>1,383,082</u>	<u>929,650</u>
EXPENDITURE			
Cost of materials	16	(762,284)	(475,777)
Employee costs	17	(75,512)	(55,224)
Manufacturing and other expenses	18	(147,175)	(129,171)
Interest and financial charges	19	(59,100)	(34,177)
Depreciation	1(b)&5	(56,171)	(66,729)
Less:Transferred from Revaluation Reserve		26	26
		<u>(1,100,216)</u>	<u>(761,052)</u>
Profit before taxes		282,866	168,598
Provision for taxes	20	(63,400)	(43,331)
Profit after taxes		219,466	125,267
PROFIT AND LOSS ACCOUNT, beginning of year		567,101	491,146
Profit available for appropriation		786,567	616,413
Proposed Dividend		(30,669)	(31,441)
Provision for Dividend Distribution Tax		(5,212)	(5,344)
Transfer to General Reserve		(21,947)	(12,527)
PROFIT AND LOSS ACCOUNT, end of year		<u>728,740</u>	<u>567,101</u>
Net profit available to equity shareholders		219,466	125,267
Weighted average number of shares used for computing basic earnings per share		3,076,122	3,204,418
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		71.35	39.09

The accompanying notes are an integral part of this statement.

Lodha & Co
 Chartered Accountants

Abhishek Dalmia
 Executive Chairman

P.M.Rajanarayanan
 Managing Director

H.S. Jha
 Partner
 Membership Number: 055854

M.N. Srinivasan
 Company Secretary

S.Hariharan
 Vice President (Finance)

 Kolkata
 June 28, 2008

 Mumbai
 June 28, 2008

REVATHI EQUIPMENT LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008
 (All amounts in thousands of Indian Rupees)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	282,866	168,598
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	56,145	66,703
Liability no longer required written back	(5,710)	-
Interest and dividend income	(19,220)	(29,190)
(Profit)/Loss on sale of investments	(46,255)	(22,538)
Interest on borrowings	52,943	28,462
Interest on lease	-	11
(Profit)/Loss on sale of fixed assets	(97,835)	(51)
	<u>222,934</u>	<u>211,995</u>
Changes in current assets and liabilities:		
(Increase)/Decrease in inventories	(67,327)	(65,377)
(Increase)/Decrease in trade and other receivables	(189,496)	(24,366)
(Decrease)/Increase in current liabilities and provisions	27,247	53,678
Cash generated from operation	(6,642)	175,930
Direct taxes paid(Net of Refund)	(175,519)	(78,402)
Net cash provided by/(used in) operating activities	<u>(182,161)</u>	<u>97,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	448,101	99
Purchase of fixed assets	(103,277)	(16,399)
Lease rent paid	-	(221)
Sale/redemption of investments	769,056	1,031,820
Purchase of investments	(663,749)	(1,336,565)
Interest and dividend received	21,334	27,892
Net cash provided by/(used in) investing activities	<u>471,465</u>	<u>(293,374)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(26,099)	93,382
Proceeds from / (repayment) of short term borrowings	2,024	147,976
Buyback of shares including share premium	(51,410)	(44,457)
Interest paid	(52,943)	(28,648)
Dividend paid	(30,780)	(32,005)
Tax on dividends paid	(5,212)	(4,502)
Net cash provided by/(used in) financing activities	<u>(164,420)</u>	<u>131,746</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>124,884</u>	<u>(64,100)</u>
CASH AND CASH EQUIVALENTS		
Beginning of the year	115,486	179,586
End of the year	240,370	115,486

The accompanying notes are an integral part of this statement.

The cash flow statement is prepared by the indirect method set out in Accounting Standard-3 on Cash Flow Statement.
 Cash and Cash equivalents presented in the statement consists of Cash on hand and demand deposits with banks as on the balance sheet date.

Lodha & Co
 Chartered Accountants

Abhishek Dalmia
 Executive Chairman

P.M.Rajanarayanan
 Managing Director

H.S. Jha
 Partner
 Membership Number: 055854

M.N. Srinivasan
 Company Secretary

S.Hariharan
 Vice President (Finance)

Kolkata
 June 28, 2008

Mumbai
 June 28, 2008

REVATHI EQUIPMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees, unless otherwise stated)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows:

(a) Use of Estimates

The preparation of financial statements require the management to make estimates and assumption that effect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results become known/materialise.

(b) Fixed assets and depreciation

Fixed assets, other than freehold land and buildings, are stated at cost less accumulated depreciation. Freehold land and buildings were revalued on June 30, 1985 and are stated at their revalued value. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Depreciation is provided using the straight line method, pro-rata to the period of use of the assets, at the annual depreciation rates stipulated in Schedule XIV to the Companies Act, 1956, or based on the estimated useful lives of the assets, whichever is higher, as follows:

	<u>Per cent</u>
Buildings	1.64-3.34
Plant and machinery-other than Wind Turbines	10
Wind Turbines	10.34
Production tooling	20,33.33,50-100
Data processing equipment	25
Furniture and fittings	15
Office equipment	15
Vehicles	20
Intangible assets-computer software	25
Intangible assets-Technical knowhow	33.33

Plant and machinery given on operating lease are depreciated over the period of the lease. Depreciation on revalued buildings is charged over their remaining useful life as determined by the valuers. The difference between amount of the depreciation on the revalued building and the depreciation based on the original cost is transferred from the revaluation reserve to the profit and loss account.

Individual plant and machinery items, and other assets with an original cost of Rs 5,000/- or less are fully depreciated in the year of acquisition. Assets under finance lease are amortised over the useful life or lease term, as appropriate.

(c) Impairment of Fixed Assets

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognised, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is greater of assets' net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof, which in case of CGU, are allocated to its assets on a pro-rata basis, is adjusted to carrying value of the respective assets.

(d) Investments

Long term investments are stated at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of such investments.

Current investments are stated at the lower of cost and market value.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Material costs are determined on a first-in, first-out basis and the valuation of manufactured goods represents the cost of material, labour and all manufacturing overheads.

(f) Revenues and Other Income

Sale of Equipments and spares are recognised on despatch of goods to customers and are net of excise duty, sales-tax, trade discounts and returns. Sale of power is accounted on delivery of electricity to grid in terms of power purchase agreement with the respective state electricity Board/Nigam. Service income is recognised upon rendering the services. Dividends, interests, incentives etc are accounted on accrual basis.

(g) Product warranty costs

Product warranty costs are accrued in the year of sale, based on past experience.

(h) Foreign currency transactions

Transactions in foreign currencies are accounted for, at the exchange rate prevailing on the date of transactions. Foreign currency monetary assets and liabilities at the year end are translated using the closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expenses and are adjusted to the respective heads of accounts.

(i) Research and development costs

Capital expenditure on research and development is included in fixed assets. Other expenditure on research and development is charged to the statement of profit and loss as incurred.

(j) Employee benefits

(i) Short Term employee benefits are recognised as an expenses at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment benefits and other long term employee benefits:

Defined contributions plans:

Company's contribution to provident fund, pension fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to profit and loss account.

Defined benefits plans:

Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in profit and loss account.

(k) Income taxes

Provision for income tax is made for current deferred and fringe benefit taxes. Provision for current income tax is made at current tax rates based on assessable income. Deferred income taxes are recognised for the future tax consequences attributable to timing differences, which are capable of reversal in one or more subsequent periods. The deferred tax assets and liabilities are recognized using the tax rates and tax laws that have been enacted/substantively enacted on the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is sufficient assurance that future taxable income will be available against which such deferred tax assets can be realised.

(l) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

(m) Borrowing Cost

Borrowing costs, that are attributable to the acquisition or construction of qualifying asset, are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for use. All other borrowing costs are charged to revenue.

2. SHARE CAPITAL

	<u>2008</u>	<u>2007</u>
Authorised 3,500,000 (2007 - 3,500,000) equity shares of Rs. 10/- each	<u>35,000</u>	<u>35,000</u>
Issued, subscribed and paid-up 3,066,943 (2007 - 3,144,176) equity shares of Rs. 10/- each fully paid up	<u>30,669</u>	<u>31,442</u>

(i) Of the above equity shares, 1,922,160 shares are held by Holding Company-Utkal Investments Limited.

(ii) 2,407,350 equity shares have been issued as bonus shares by capitalisation of general reserve, share premium account and profit on reissue of forfeited shares.

(iii) 159,800 equity shares have been issued as fully paid-up pursuant to a contract without payment being received in cash

(iv) Board of Directors of the Company approved buy-back of shares from open market on June 29, 2006 for the amount not exceeding Rs. 100 million. Accordingly the Company bought back 142,857 shares (including 77,233 shares during the year) for Rs.96,148 (including Rs. 51,562 during the year) -Rs.1,428 (including Rs. 772 during the year) was debited to share capital account, Rs.94,439 (including Rs.50,638 during the year) was debited to General Reserve and Rs.282 (including Rs.153 during the year) being the incidental expenses like brokerage, service tax, stock exchange transaction charges etc, were recognised as expenses.

(v) Capital Redemption Reserve for Rs.772 (2007-Rs.656) was created as per Sec 77 AA of the Companies' Act 1956.

3. RESERVES AND SURPLUS

	<u>2008</u>	<u>2007</u>
Capital reserve		
	149	149
Capital redemption reserve		
Balance, beginning of year	2,339	1,683
Transfer from General Reserve	772	656
Balance, end of year	<u>3,111</u>	<u>2,339</u>
Revaluation reserve		
Balance, beginning of year	3,677	3,703
Transfer to profit and loss account (see Note1(a) & 5)	(26)	(26)
Balance, end of year	<u>3,651</u>	<u>3,677</u>
General reserve		
Balance, beginning of year	444,838	476,768
Premium on Buy back of equity shares	(50,638)	(43,801)
Amount Transferred to Capital Redemption Reserve on Buyback of equity shares	(772)	(656)
Adjustment pursuant to the transitional provisions of Accounting Standard - 15 in relation to Employee Benefits (net of deferred tax Rs. 116)	(226)	-
Transfer from profit and loss account	21,947	12,527
Balance, end of year	<u>415,149</u>	<u>444,838</u>
Profit and loss account	728,740	567,101
	<u>1,150,799</u>	<u>1,018,104</u>

4. SECURED LOAN

Long Term Loan from Banks	373,334	398,750
Cash Credit	150,000	147,976
Vehicle Loan	1,726	2,409
	<u>525,060</u>	<u>549,135</u>

- Long Term Loan of Rs.Nil (2007-Rs.33,750) from IDBI Bank Ltd was secured by exclusive charge on Wind Turbines located in Rajasthan; and further secured by subsequent and subservient charge on current assets of the Company. The loan was repaid in full and satisfaction of charge has been filed in 2007-08.
- Long Term loan of Rs.Nil (2007-Rs. 85,000) from State Bank of India was secured by exclusive charge on Wind Turbines located at Tirunelveli, Tamilnadu purchased out of the loan and pari-passu charge on the entire fixed assets of the Company viz., land, building and machinery of the Company excluding assets specifically funded by other term loan lenders and pari-passu second charge on the current assets of the Company. The loan was repaid in full in 2007-08 and satisfaction of charge has since been filed in May 2008.
- Long Term Loan of Rs.53,333 (2007-Rs.80,000) from ICICI Bank Ltd was secured by exclusive charge on the Wind Turbines, located at Tirunelveli, Tamilnadu, acquired out of the loan and further secured by pari-passu charge on the fixed assets of the Company. Upon sale of power division consisting of Wind Turbines, the security for the loan is modified and is secured by a first charge on pari-passu basis on all the fixed assets of the Company located at Coimbatore owned by the company and a lien on fixed deposit amounting to Rs.51,600 placed with ICICI Bank.
- Long Term loan of Rs. 120,000 (2007-Nil) from HDFC Bank Ltd has been secured by hypothecation by way of exclusive first charge in favour of the bank on all the movable plant and machinery of the company both present and future situated at SIPCOT Industrial Estate, Gummidipoondi, Tamil Nadu. Pending creation of mortgage in respect of immovable asset, exclusive charge on the investment in mutual funds has been offered as security to HDFC Bank.
- Long Term Loan of Rs. 200,000 (2007-200,000) from UTI Bank Ltd (now Axis Bank) has been secured by first pari-passu charge on fixed assets of the Company excluding assets specifically charged to other lenders and second pari-passu charge on current assets of the Company.
- Cash Credit Loan of Rs. 150,000 (2007-147,976) under multiple banking arrangement has been secured by way of first pari-passu charge on entire current assets of the Company.
- Vehicle Loan of Rs. 1,726 (2007-Rs.2,409) from ICICI Bank Ltd is secured by hypothecation of Vehicles.

5. FIXED ASSETS

	Balance, beginning of year	Additions/ charge	Deletions	Balance, end of year
Gross Block				
Tangible Assets				
Freehold land	9,441	-	8,500	941
Buildings	23,681	13,998	-	37,679
Plant and machinery	557,251	5,544	517,587	45,208
Production tooling	9,530	1,871	128	11,273
Data processing equipment	12,491	5,003	3,047	14,447
Furniture and fittings	2,334	1,505	261	3,578
Office equipment	3,596	2,056	387	5,265
Vehicles	7,394	648	328	7,714
Intangible Asset				
Tech knowhow	14,207	-	-	14,207
computer software	3,832	237	-	4,069
	<u>643,757</u>	<u>30,862</u>	<u>530,238</u>	<u>144,381</u>
Previous year	629,099	15,652	994	643,757
Accumulated depreciation				
Tangible Assets				
Freehold land	-	-	-	-
Buildings	11,074	667 *	-	11,741
Plant and machinery	156,332	45,611	175,828	26,115
Production tooling	7,586	1,684	127	9,143
Data processing equipment	9,163	1,776	3,047	7,892
Furniture and fittings	1,690	184	261	1,613
Office equipment	2,148	423	378	2,193
Vehicles	3,666	1,509	328	4,847
Intangible Asset				
Tech knowhow	9,850	3,347	-	13,197
computer software	2,076	970	-	3,046
	<u>203,585</u>	<u>56,171</u>	<u>179,969</u>	<u>79,787</u>
Previous year	137,802	66,729	946	203,585
Net Block				
Tangible Assets				
Freehold land	9,441			941
Buildings	12,607			25,938
Plant and machinery	400,919			19,093
Production tooling	1,944			2,130
Data processing equipment	3,328			6,555
Furniture and fittings	644			1,965
Office equipment	1,448			3,072
Vehicles	3,728			2,867
Intangible Asset				
Tech knowhow	4,357			1,010
computer software	1,756			1,023
	<u>440,172</u>			<u>64,594</u>
Previous year	491,297			440,172
Capital Work-in-progress	1,665			74,080

1. * Includes depreciation of Rs 26 (2007 -- Rs 26) transferred from revaluation reserve.

2. Cost of plant and machinery includes Rs.Nil (2007 -- 142) in respect of assets given on lease. The accumulated depreciation on these asset Rs.Nil(2007-- Rs 127)

3. The Company had revalued its freehold land and buildings on June 30, 1985. The net amount added to the cost of fixed assets on such revaluation was Rs 4,239, under the following asset heads:

Freehold land	265
Buildings	3,974
	<u>4,239</u>

6. INVESTMENTS (non-trade)

	<u>2008</u>	<u>2007</u>
Long term		
Unquoted - Mutual Funds		
12,271(2007 - 12,271) bonds of Rs.100 each 6.75% Tax free US-64 Bonds of UTI	1,227	1,227
1,16,056(2007 - 1,16,056)Units of Rs.100 each of 6.60% Tax free ARS Bonds of UTI	11,605	11,605
	<u>12,832</u>	<u>12,832</u>
Unquoted - Shares		
Nil (2007 - 5,000) Shares of Rs.10000/- each in 12 year-15% Participating Cumulative Preference Shares in Coromandel Electric Co.ltd	-	50,000
3,37,821 (2007 - 3,26,325)Equity Shares of Rs.10/- each in Potential Service Consultants Pvt. Ltd	311,315	300,750
1,50,800 (2007 - 1,50,800)Equity Shares of Rs.100/- each in Monarch Catalyst Pvt. Ltd	62,400	62,400
Shares in wholly owned subsidiary Company:		
10,00,000(2007 - Nil)Equity Shares of Rs.10/- each in Revathi Drilling & Mining Ltd	10,000	
	<u>396,547</u>	<u>425,982</u>
Quoted Shares		
11,290 (2007 - 11,290) Equity Shares of Rs.10/- each in Aditya Birla Nuvo	7,006	6,773
2,65,380 (2007 - 2,65,380) Equity Shares of Rs.10/- each in Andhra Bank	17,342	14,503
40,000 (2007 - 40,000) Equity Shares of Rs.10/- each in Andhra Sugars Ltd	5,094	5,094
5,07,500 (2007 - 1,47,306)Equity Shares of Rs.10/- each in Ashiana Housing Ltd	34,078	34,318
3,00,000 (2007 - 5,00,000) Equity Shares of Rs.10/- each in Chambel Fertilizers & Chemicals Ltd	6,292	10,708
24,809 (2007 - Nil)Equity Shares of Rs.10/- each in Cords Cable Industries Ltd	3,349	-
44,500 (2007 - Nil)Equity Shares of Rs.10/- each in Federal Bank Ltd	9,946	-
Nil (2007 - 20,000) Equity Shares of Rs.10/- each in Great Eastern Shipping Ltd	-	3,411
Nil (2007 - 5,000) Equity Shares of Rs.10/- each in Great Offshore Ltd	-	853
17,500 (2007 - 17,500) Equity Shares of Re.1/- each in Hindustan Lever Ltd	2,034	2,034
70,000 (2007 - 72,382) Equity Shares of Rs.10/- each in Indorama Synthetics Ltd	4,853	5,028
25,000 (2007 - 25,500) Equity Shares of Rs.10/- each in ITC Ltd	1,477	1,522
4,00,436 (2007 - 4,00,436) Equity Shares of Rs.10/- each in Lakshmi Vilas Bank Ltd	23,930	23,930
30,000 (2007 - 30,000) Equity Shares of Rs 10/- each in LIC Housing Finance Ltd	4,603	4,603
1,30,000 (2007 - 90,000) Equity of Shares of Rs.10/- each in Mahanagar Telephone Nigam Ltd	16,380	12,793
50,000 (2007 - 50,000) Equity Shares of Rs.10/- each in Tata Sponge Ltd	8,206	8,206
Nil (2007 - 1,30,000) Equity Shares of Rs.10/- each in Vijaya Bank Ltd	-	6,937

Current	<u>2008</u>	<u>2007</u>
Mutual Funds		
Nil (2007-1,50,782)Units of Rs.10/-each in Birla Fixed Term Plan-Quarterly series 9-Dividend payout 37,74,576 (2007-Nil) Units of Rs.10/- each in Birla Income Plus Quarterly Dividend Payout (*) Nil (2007-10,03,961) Units of Rs 10/-each in DBS Chola FMP series 6-QP-III-Dividend payout 5,40,008 (2007 -5,00,000) units of Rs 10/- each in Franklin India Smaller Companies Fund Nil (2007-10,00,000)Units of Rs10/-each in Grindlays Fixed Maturity Plan-Quarterly series 6 Nil (2007-10,00,000) Units of Rs.10/-each in Grindlays Fixed Maturity Plan 20 Growth Option Nil (2007-50,00,000) Units of Rs.10/-each in Grindlays Fixed Maturity Sixth Plan Growth Option Nil (2007-10,00,000)Units of Rs.10/- each in Kotak FMP-15 months series 1 Growth option Nil (2007-10,00,000) Units of Rs.10/-each in Kotak FMP-6 months series 3 dividend payout Nil (2007-6,22,176) units of Rs.10/- each in Prudential ICICI Floating Rate Fund growth 5,06,136 (2007-1,66,179) Units of Rs.10/- each in Prudential ICICI Liquid Plan Growth Option 26,50,785 (2007-Nil) Units of Rs.10/-each in ICICI Prudential Income Plan-Dividend Quarterly Payout(*) 2,18,706 (2007-Nil) Units of Rs.10/-each in ICICI Prudential Income Plan Growth 4,46,788 (2007-Nil) Units of Rs.10/-each in ICICI Prudential Flexible Income Plan Growth	- 39,936 - - 5,450 - - - - - - - - 10,014 30,000 5100 6600	15,078 - 10,039 5,000 10,000 10,000 50,000 10,000 10,000 7,458 3,020 - - -
	<hr/> 241,690	<hr/> 271,308
	<hr/> 638,237	<hr/> 697,290
(*)5,650,785.516(Nil-2007)Units amounting to Rs.61,966(2007-Rs.Nil) are secured against long term loan from HDFC Bank.		
Book value of quoted Investments	144,590	140,713
Book value of Unquoted Investments	396,547	425,982
Book value of Investments in Mutual Funds(Quoted)	97,100	130,595
	<hr/> 638,237	<hr/> 697,290
Aggregate market value of quoted Investments	194,922	153,630
Aggregate NAV of investments in Mutual Fund	99,820	138,439

Refer Note 26 (I-a&b) for details of purchases and sales of investments during the year.

7. DEFERRED TAX LIABILITIES (NET)

The various component of Deferred Tax Assets and Liabilities are follows:

	Opening balance as on 01.04.2007	Charge / (credit) during the year	Closing balance as on 31.03.2008
Deferred Tax Assets:			
Provision for Leave Encashment and Gratuity (*)	258	(1,021)	1,279
Provision for Employee Welfare Fund (Fidelity)	1,049	(1,170)	2,219
	1,307	(2,191)	3,498
Deferred Tax Liabilities:			
Depreciation Difference	(91,329)	(90,718)	(611)
Net Deferred Tax Assets / (Liabilities)	(90,022)	(92,909)	2,887
(*) Tax effect of adjustment pursuant to transitional provisions of Accounting Standard – 15 (Revised): Employee Benefits- Rs.116			

2008
2007
8. INVENTORIES

Raw material and components, including goods-in-transit	175,408	130,664
Work-in-progress	181,482	158,205
Merchanting goods, including goods-in-transit	61,640	62,334
	418,530	351,203

9. SUNDRY DEBTORS (unsecured)

Considered good unless stated otherwise

Outstanding for more than six months

Considered good

Considered doubtful

16,296	20,211
-	6,000
16,296	26,211

Others

Considered good

445,053	233,640
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461,349	259,851
---------	---------

-	(6,000)
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461,349	253,851
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Less: provision for doubtful debts

10. CASH AND BANK BALANCES

Cash in hand	1,996	669
Balances with scheduled banks		
- in Cash Credit	57,736	21,151
- in Current accounts	148,088	74,796
- Dividend accounts (restricted)	296	407
Deposit accounts, including margin money of Rs.27,629 (2007 - Rs.14,573)	32,254	18,463
	240,370	115,486

11. LOANS AND ADVANCES
Unsecured, considered good

Advances recoverable in cash or in kind or for value to be received

Deposits

Balances with customs and excise authorities

Other receivables

Advance Payment of Tax (net of provision)

39,905	43,856
7,272	7,189
4,666	11,158
3,698	7,745
27,221	8,011
82,762	77,959

Disclosure under clause 32 of the Listing Agreement:

Loans and Advances to Employees

	Max.Amt.outstanding during 2007-08	Outstanding at the end of the year	Max.Amt.outstanding during 2006-07	Outstanding at the end of the year
Housing Loan to employees (Interest @ 5%)	2,037	1,723	2,357	2,037
Other loans and advances (Interest free)	1,165	385	409	385

12. CURRENT LIABILITIES

	<u>2008</u>	<u>2007</u>
Acceptances	-	12,733
Sundry creditors (Refer Note 28(a))	133,548	88,974
Unclaimed dividends and fixed deposits*	346	457
Advances from customers	39,894	62,062
Accrued expenses and other liabilities	54,108	35,678
	<u>227,896</u>	<u>199,904</u>

* These amounts are not yet due to be credited to Investors Education & Protection Fund.

13. PROVISIONS

Tax Provision	-	-
Proposed final dividend	30,669	31,441
Dividend distribution tax	6,116	5,344
Provision for warranty claims	11,600	12,118
	<u>48,385</u>	<u>48,903</u>

14. REVENUES

Sale of drills / Construction Equipment	778,878	464,925
Sale of spares	396,990	374,298
Gross Sales	1,175,868	839,223
Less: Excise Duty Recovered	(90,107)	(66,120)
Net Sales	1,085,761	773,103
Sale of power	45,390	58,486
Service income	53,479	46,397
Less : Service Tax Recovered	(1,657)	(1,412)
Net Service Income	51,822	44,985
	<u>1,182,973</u>	<u>876,574</u>

15. OTHER INCOME

Dividend from mutual funds and other investments from		
- Long term	7,465	20,080
- Current	8,788	5,353
Profit on sale of investments (net)		
- Long term	44,125	13,985
-Current	2,413	8,553
Interest on investments and deposits (gross of tax deducted at source of Rs. 180 (2007 - Rs. 739) includes Rs.480 (2007 - Rs. 1065) towards interest received on Income Tax Refunds	2,968	3,756
Exchange gain (net)	13,009	-
Provision for doubtful debts no longer required written back	5,709	-
Profit on sale of fixed assets (Refer Note 28(b))	97,835	51
Others	17,797	1,298
	<u>200,109</u>	<u>53,076</u>

16. COST OF MATERIALS

Raw material and components consumed		
Opening stock		138,651
Add: Purchases	130,664	385,899
Less: Closing stock, including raw material and components in-transit	641,503	(130,664)
	(175,408)	393,886
Purchase of merchanting components	596,759	129,850
Processing charges and purchase of materials through sub-contractors	150,160	25,405
Decrease/(increase) in work-in-progress and merchanting components	37,948	(73,364)
	(22,583)	475,777
	<u>762,284</u>	<u>475,777</u>

17. EMPLOYEE COSTS

	<u>2008</u>	<u>2007</u>
Salaries, wages, allowances, bonus etc	51,047	40,255
Contribution to provident and other funds	8,615	6,664
Staff welfare expenses	<u>15,850</u>	<u>8,305</u>
	<u>75,512</u>	<u>55,224</u>

18. MANUFACTURING AND OTHER EXPENSES

Consumption of stores, spares, small tools, jigs and fixtures	12,517	8,895
Power and fuel	4,509	4,088
Rent	3,920	3,045
Repairs and maintenance		
Buildings	6,456	4,848
Plant and machinery	2,951	1,331
Others	2,796	2,093
Insurance	3,237	3,147
Rates and taxes	2,595	2,384
Travelling and conveyance	25,964	23,652
Freight, clearing and packing	16,270	11,150
Legal and professional charges	14,499	13,353
Directors' sitting fees	50	56
Directors' Commission	400	400
Selling commission	20,221	19,605
Write-down in the value of Current Investment	283	-
Exchange loss (net)	-	815
Bad debts and advances written-off (net of recoveries Rs.4 (2007 - Rs. 37))	2,510	2,728
Miscellaneous expenses	<u>27,997</u>	<u>27,581</u>
	<u>147,175</u>	<u>129,171</u>

19. INTEREST AND FINANCIAL CHARGES

Interest		
Fixed loans	34,434	20,761
Cash credit	18,357	7,701
Others	151	11
Bank charges	<u>6,158</u>	<u>5,704</u>
	<u>59,100</u>	<u>34,177</u>

20. PROVISION FOR TAXES

Current tax	172,000	51,000
Provision for Tax of earlier years written back	(17,891)	-
Deferred tax	(92,909)	(9,444)
Fringe Benefit Tax	<u>2,200</u>	<u>1,775</u>
	<u>63,400</u>	<u>43,331</u>

21. CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts	3,678	3,678
Customer claims for damages	<u>4,132</u>	<u>4,132</u>
Income-tax	<u>7,810</u>	<u>7,810</u>

22. CAPITAL COMMITMENTS

On account of intangible assets	2,327	2,900
On account of tangible assets	<u>4,566</u>	<u>495</u>
	<u>6,893</u>	<u>3,395</u>

23. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure	<u>17,817</u>	<u>18,567</u>
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24. SUPPLEMENTARY DATA
a. Managerial remuneration
(i) Executive Chairman & Managing Director

	<u>2008</u>	<u>2007</u>
Salary	4,500	3,941
Commission	1,486	1,229
Contribution to provident and other funds	1,590	1,391
Perquisites and other benefits	2,200	1,992
Total Managerial remuneration	<u>9,776</u>	<u>8,553</u>

(ii) Non Executive Directors

Commission	400	400
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b. Computation of net profit in accordance with section 349 of the Companies Act, 1956

Net profit before tax	282,866	168,598
Add: Managerial remuneration	9,776	8,553
Commission to Non Executive Directors	400	400
Directors' sitting fees	50	56
Depreciation in the books of account	56,147	66,703
Loss on Sale of Fixed Assets	0	-
Loss on sale of Investments (including Notional Loss, if any)	316	2,158
	<u>349,555</u>	<u>246,468</u>
Less: Depreciation under section 350 of the Companies Act, 1956	56,147	66,703
Profit on sale of fixed assets	97,835	51
Profit on sale of Investment	46,853	24,696
Net profit under section 349 of the Companies Act, 1956	<u>148,720</u>	<u>155,018</u>
Maximum Managerial Remuneration payable at 10 percent	14,872	15,502
Maximum commission payable to non-executive directors at 1 percent	1,487	1,550
Restricted to	400	400

c. Payments to auditors

(included in Miscellaneous expenses, excluding service tax)		
As auditors	230	230
Other services	255	133
Reimbursement of out-of-pocket expenses	221	311
	<u>706</u>	<u>674</u>

d. Value of imports on CIF basis

Raw material, components and traded goods	258,668	170,270
	<u>258,668</u>	<u>170,270</u>

e. Expenditure in foreign currency

Travel	1,882	588
Selling commission	903	524
Technical know-how	-	1,632
Others	144	-
	<u>2,929</u>	<u>2,744</u>

f. Consumption of raw material and components

	Unit	2008		2007	
		Quantity	Value	Quantity	Value
Under carriage assemblies	Nos	37	43,463	37	21,860
Compressors and accessories	Nos	60	20,392	44	17,085
Electrical components	*	*	112,857	*	69,984
Hydraulic components	*	*	127,951	*	80,467
Pipes and valves	*	*	46,488	*	34,314
Gear/chain assemblies	*	*	39,822	*	38,807
Others (individually less than 10 per cent of total consumption)	*	*	205,786	*	131,369
			<u>596,759</u>		<u>393,886</u>

* It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.

Note:

The above figures are after adjustment of excesses and shortages ascertained on physical count and write off of obsolete and other items.

g. Consumption of imported and indigenous raw material, components, stores and spares

	2008		2007	
	Value	Percent	Value	Percent
Consumption of raw material and components				
Imported	211,008	35.36	134,795	34.22
Indigenous	385,751	64.64	259,091	65.78
	<u>596,759</u>	<u>100.00</u>	<u>393,886</u>	<u>100.00</u>
Consumption of stores and spares				
Indigenous	12,517	100.00	8,895	100.00
	<u>12,517</u>	<u>100.00</u>	<u>8,895</u>	<u>100.00</u>

Note:

See comments in Note 24(f) above.

h. Earnings in foreign exchange

	2008	2007
FOB value of exports	181,522	61,624
	<u>181,522</u>	<u>61,624</u>

i. Purchase of merchanting goods

	2008		2007	
	Quantity	Value	Quantity	Value
Compressors	26	11,204	13	6,785
Others	*	138,955	*	123,065
		<u>150,159</u>		<u>129,850</u>

* It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.

j. Inventories and sales

2008	Unit	Opening stock		Sales		Closing stock	
		Quantity	Value	Quantity	Value	Quantity	Value
Waterwell rigs, blast hole rigs & Construction equipments	Nos	-	-	181	778,878	-	-
Merchanting goods	Nos	*	62,334	*	396,990	*	61,640
Power	KWH	-	-	16514606**	45,390	-	-
			<u>62,334</u>		<u>1,221,258</u>		<u>61,640</u>
2007							
Waterwell rigs, blast hole rigs & Construction equipments	Nos	-	-	66	464,925	-	-
Merchanting goods	Nos	*	65,463	*	374,298	*	62,334
Power	KWH	-	-	20811070**	58,486	-	-
			<u>65,463</u>		<u>897,709</u>		<u>62,334</u>

* It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.

**Billed (net of Unit 122,376 taken for consumption)

***Billed (net of Unit 104,882 taken for consumption)

Note:

Manufactured components represent components sold during the year and those identified for spares sales.

k. Installed capacity and production

Class of goods	Unit	Installed capacity		Production quantity	
		2008	2007	2008	2007
Waterwell and blast hole rigs, Cons. Equipment	Nos	100*	100*	181	66
Manufactured components (see note)		**	**	**	**
Power	KWH	11150 (Per hour)	11150 (Per hour)	16,807,114	21,497,894

* As certified by the management and relied upon by the auditors. The installed capacity is subject to product mix, utilisation of plant and machinery and availing of sub-contracting facilities.

** It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.

*** as per the meter reading certified by the developer

Note: Manufactured components represent the components used for manufacture of waterwell and blast hole rigs, those sold during the year and those identified for spares sale.

l. A) Statement of purchases and sales of investments in shares during the year

	Purchases		Sales	
	Value		Value	
Aditya Birla Nuvo Ltd		399		637
Andhra Bank Ltd		6,499		9,143
Cords Cables Industries Ltd		9,997		6,648
Maha Nagar Telephone Nigam		5,007		1,870
		<u>21,902</u>		<u>18,298</u>

B) Statement of purchases and sales/redemptions of investments other than shares during the year

Current, quoted	Purchases		Sales/Redemptions	
	Value		Value	
Birla Mutual Fund		241,799		216,749
Chola Mutual Fund		20,000		29,901
HDFC Mutual Fund		40,000		40,065
Kotak Mutual Fund		40,000		61,212
Prudential ICICI Mutual Fund		244,909		205,893
Tata Mutual Fund		30,826		30,810
		<u>617,534</u>		<u>584,630</u>

25. Disclosure under Accounting Standard (15)
Employee Benefits

- I) Effective 01.04.2007 the Company has adopted Accounting Standard 15 on "Employee Benefits"(AS-15) notified in the Companies (Accounting Standards) Rules, 2006. The effect of transitional liability of Rs.226 (net of deferred tax Rs.116) as required by AS-15 has been adjusted to opening balance of General Reserve of the Company.
- II) The disclosures required under AS-15 "Employee Benefits" notified in Companies (Accounting Standards) Rules, 2006, are given below:

Defined Contribution Scheme:

Contribution to Defined Contribution Plan recognised for the year are as under

Rs('000)

Employee's Contribution to Provident Fund - 3,623

Defined Benefit Scheme:

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation of is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build of the obligation. The obligation for Leave Encashment is recognised in the same manner as gratuity.

		Rs. in '000	
		Gratuity (Funded)	Leave Encashment (Non-Funded)
		31/03/2008	31/03/2008
1	Current Service Cost	1,258	336
2	Interest Cost	892	192
3	Expected return on plan assets	(1,037)	0
4	Actuarial Losses / (Gains)	1,238	(80)
	Total Expenses	2,351	448
Change in the obligation during the year ended March 31, 2008			
1	Present value of Defined Benefit Obligation at the beginning of the year	15,638	3,381
2	Current Service Cost	1,258	336
3	Interest Cost	892	192
4	Benefit Paid	(1,534)	(367)
5	Actuarial (Gains) / Losses	1,568	(80)
	Present value of Defined Benefit Obligation at the end of the year	17,822	3,462
Change in Assets during the year ended March 31, 2008			
1	Plan Assets at the beginning of the year	17,085	0
2	Contribution by Employer	1,924	367
3	Expected return on plan assets	1,037	0
4	Benefit Paid	(1,534)	(367)
5	Actuarial Gains / (Losses)	330	0
	Plan Assets at the end of the year	18,842	0
Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2008			
1	Net Asset / (Liability) at beginning of the year	1,447	(3,381)
2	Employer Expenses	(2,351)	(448)
3	Employer Contributions	1,924	367
4	Net Asset / (Liability) at the end of the year	1,020	(3,462)
Actuarial Assumptions			
1	Discount Rate	8.00%	8.00%
2	Expected Rate of Return on Plan Assets	8.00%	-

Notes : Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

This being first year of implementation, previous year figures have not been given.

26. SEGMENT REPORTING

The disclosure requirement under "Segment Reporting" as per Accounting Standard 17 is given below:

(Rs. in 000's)

A : PRIMARY SEGMENT (Business Segment)

	<u>2008</u>		<u>2007</u>	
1. Segment Revenue				
Construction & Mining	1,137,583		818,088	
Power	45,390		58,486	
Net Sales/income from operation	<u>1,182,973</u>		<u>876,574</u>	
2. Segment Results				
Construction & Mining	179,654		170,132	
Power	11,777		4,167	
Total	<u>191,431</u>		<u>174,299</u>	
Add: Other un-allocable income net off un-allocable expense	<u>144,378</u>		<u>22,772</u>	
	<u>335,809</u>		<u>197,071</u>	
Less: Interest	<u>52,943</u>		<u>28,473</u>	
Profit before tax	<u>282,866</u>		<u>168,598</u>	
Current Tax	<u>172,000</u>		<u>51,000</u>	
Provision for Tax of earlier years written back	<u>(17,891)</u>		<u>-</u>	
Deferred Tax	<u>(92,909)</u>		<u>(9,444)</u>	
Fringe Benefit Tax	<u>2,200</u>		<u>1,775</u>	
Profit after tax	<u>219,466</u>		<u>125,267</u>	
3. Segment Assets and liabilities	Asset	Liabilities	Asset	Liabilities
Construction & Mining	1,061,142	237,925	718,613	202,349
Power	-	-	397,812	8,500
Total	<u>1,061,142</u>	<u>237,925</u>	<u>1,116,425</u>	<u>210,849</u>
Unallocated Corporate assets and liability	<u>922,279</u>	<u>38,966</u>	<u>822,392</u>	<u>129,285</u>
Total	<u>1,983,421</u>	<u>276,891</u>	<u>1,938,817</u>	<u>340,134</u>
4. Capital Expenditure and Depreciation	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
Construction & Mining	103,276	12,497	17,317	12,919
Power	-	43,231	-	53,360
Total	<u>103,276</u>	<u>55,728</u>	<u>17,317</u>	<u>66,279</u>
Unallocated Corporate assets and liability	-	417	-	424
Total	<u>103,276</u>	<u>56,145</u>	<u>17,317</u>	<u>66,703</u>

B. SECONDARY SEGMENT (Geographical segment)

	<u>2008</u>			
	<u>Revenue</u>	<u>Asset</u>	<u>Liabilities</u>	<u>Capital Expenditure</u>
Within India	1,006,265	1,959,571	206,582	30,862
Outside India	176,707	23,850	70,309	-
			<u>2007</u>	
Within India	815,001	1,932,535	259,175	15,652
Outside India	61,572	6,282	80,959	-

C. SEGMENT INFORMATION

- 1) Segments have been identified in line with the Accounting Standard AS- 17 taking into account the organisation structure as well as the difference in risk and return.
- 2) The Company has disclosed Business Segment as the primary segment. These have been identified on the basis of the products of the company. Accordingly, the company has identified 'Construction & Mining' and 'Power' as the operating segments:
- 3) Composition of business segment

Name of Segment

Construction & Mining: Comprising of manufacturing and sale of Blast hole drills, Water well drills, Trac drills, Batching Plant, Concrete Pump, Transit Mixture and their spares; trading of spares; annual maintenance of the equipments

Power : Generation and sale of power

- 4) The segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable basis as estimated by the management.
- 5) As part of secondary reporting revenues are attributed to geographic areas and therefore the analysis of geographical segment is demarcated into India and outside India operations.
- 6) a) The Company sold 4 Wind Turbines to Enercon (India) Ltd for a value of Rs.115.6 million in June 2007.
 b) Further the Power Division has been sold to India Cements Ltd on slump sale basis for a total value of Rs.335.6 million. Hence the operation of Power Division was discontinued.

27 WARRANTIES

Disclosures as required in terms of Accounting Standard 29 " Provisions, Contingent Liabilities and Contingent Assets" is given below :

	2007-08	2006-07
Opening Balance as on 1/4/2007	12,118	14,602
Provided during the year	9,832	5,591
Amounts used during the year	10,350	8,075
Closing Balance as on 31/3/2008	11,600	12,118

28. (a). The Company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and accordingly the disclosures as required in Section 22 of the said Act could not be given in these accounts.
- (b). Profit on sale of fixed assets include Rs. 58973 arising on sale of the power undertaking of the Company comprising of the following:

Net Fixed Assets	273,527
Loans and Advances	2,100
Receivables	1,000
Less:	
Secured Loan taken thereagainst	10,000
	266,627

The consideration received thereagainst was Rs 325600 and the difference as above and the considerations so received has been taken to profit on sale of fixed assets.

- (c) Capital work-in-progress include capital advance of Rs. 71,172

29 Information on joint ventures:
1. Jointly controlled entities

S. No.	Name of the Joint Venture	Country of incorporation	Percentage of ownership interest
1)	Potential Service Consultants Pvt. Ltd (Potential)	India	41.41
2)	Monarch Catalyst Pvt. Ltd (Monarch)	India	26

2. Contingent liabilities in respect of Joint ventures.

 (Rs. in lacs)
 2007-08

(a) Directly incurred by the company	NIL
(b) Share of the Company in contingent liabilities which have been incurred jointly with other ventures	NIL
(c) Share of the Company in contingent liabilities incurred by jointly controlled entity (to the extent ascertainable)	NIL
(d) Share of other ventures in contingent liabilities incurred by jointly controlled entity	NIL

3. Capital commitments in respect of Joint Ventures

 (Rs. in lacs)
 2007-08

(a) Direct Capital commitments by the Company	NIL
(b) Share of the Company in capital commitments which have been incurred jointly with other ventures	NIL
(c) Share of the company in capital commitments of the jointly controlled entity.	NIL

4. Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities.

 (Rs. in thousands)
 2007-08

A) Assets:

(a) Fixed Assets (Net Block):	118,216
Capital Work-in Progress	2,230
(b) Investments	3,739
(c) Current Assets, Loans and Advances	
Inventories	34,003
Sundry Debtors	123,555
Cash and Bank Balances	24,698
Loans and Advances	33,003

B) Liabilities:

(a) Loan Funds	
Secured Loans	65,886
Unsecured Loans	26,000
(b) Current Liabilities and Provisions:	
Liabilities	81,751
Provisions	11,046
Deferred Tax Liability (Net)	6,606

C) Income:

(a) Sales and Export Incentives	449,725
(b) Other Income	2,328

D) Expenditure

(a) Material Costs	226,475
(b) Manufacturing expenses and other expenses	68,624
(c) Employee Costs	68,402
(d) Finance charges	11,020
(e) Depreciation	7,168
(f) Provision for taxation	24,443

30 PREVIOUS YEAR COMPARATIVES:

Previous year comparatives have been regrouped / reclassified to conform with the current year's presentation, wherever considered necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All amounts in thousands of Indian Rupees)

(a) Registration details

Registration number	:	TZ-780
State code	:	18
Date of balance sheet	:	March 31, 2008

(b) Capital raised during the period

Public issue	:	Nil
Rights issue	:	Nil
Bonus issue	:	Nil
Private placement	:	Nil

(c) Position of mobilisation and deployment of funds

Total liabilities and shareholders' funds	:	1,706,528
Total assets	:	1,706,528

Sources of funds

Paid-up capital	:	30,669
Reserves and surplus	:	1,150,799
Secured loans	:	525,060
Unsecured loans	:	-

Application of funds

Net fixed assets	:	138,674
Investments	:	638,237
Net current assets	:	926,730

(d) Performance of the Company

Turnover	:	1,182,937
Other income	:	200,109
Total expenditure	:	1,100,216
Profit before tax	:	282,866
Profit after tax	:	219,466
Earning per share (in Rs)	:	71.35
Dividend rate (%)	:	100%

(e) Generic names of three principal products/services of the Company

Item Code No (ITC Code)	:	8430 6900
Product Description	:	Blasthole drilling rigs
Item Code No (ITC Code)	:	8430 6900
Product Description	:	Ram trac drilling rigs
Item Code No (ITC Code)	:	8705 9000
Product Description	:	Waterwell drilling rigs
Item Code No (ITC Code)	:	8705 4000
Product Description	:	Concrete Mixer
Item Code No (ITC Code)	:	8413 4000
Product Description	:	Concrete Pumps
Item Code No (ITC Code)	:	8474 3110
Product Description	:	Concrete Batching Plant

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

Name of the Subsidiary Company		Revathi Drilling and Mining Limited
Financial year ending of the Subsidiary		March 31, 2008
Extent of Holding Company's interest in the Subsidiary at the end of the financial year (Number of shares held and percentage)		Holders of entire issued equity share capital of 1,000,000 equity shares of Rs.10 each.
Net aggregate amount of Profit/ (Loss) of the Subsidiary not dealt within the Holding Company's accounts	For the current financial year of the Subsidiary (Rs. In lakhs)	Since the subsidiary company has not commenced commercial operations, the Profit and Loss account for the period ending March 31, 2008 was not prepared and hence the dealing of Subsidiary profit/(loss) does not arise.
	For the previous financial years of the Subsidiary (Rs. In lakhs)	Not applicable
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt with in the holding Company's accounts	For the current financial year of the Subsidiary (Rs. In lakhs)	Since the Subsidiary company has not commenced commercial operations, the Profit and Loss account for the period ending March 31, 2008 was not prepared and hence the dealing of Subsidiary profit/(loss) does not arise.
	For the previous financial years of the Subsidiary (Rs. In lakhs)	Not applicable

Abhishek Dalmia
Executive Chairman

P.M.Rajanarayanan
Managing Director

M.N. Srinivasan
Company Secretary

S.Hariharan
Vice President (Finance)

Mumbai
June 28, 2008

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the First Annual Report together with the audited accounts of your Company for the period ended March 31, 2008.

Accounts

Your company was incorporated on 20th March 2008 and no commercial activity has commenced as of 31st March 2008. Hence, no Profit and Loss account has been prepared by the company.

Miscellaneous expenditure not written off includes amount of Rs. 0.190 Million paid by Revathi Equipment Limited towards Registration and Filing Fees on behalf of your company.

Directors

The first Directors of the Company as named in the Articles of Association are as follows:

1. Mr. Abhishek Dalmia,
2. Mr. Chaitanya Dalmia,
3. Mr. P.M. Rajanarayanan
4. Mr. S. C. Katyal

Mr. S. C. Katyal and Mr. P. M. Rajanarayanan retire by rotation at the ensuing Annual General Meeting. They being eligible, seek re-appointment.

Share Capital

The Company is a Wholly owned subsidiary of M/s. Revathi Equipment Limited. The Company has issued 10,00,000 Equity Shares of Rs. 10/- each to its Holding Company- M/s. Revathi Equipment Limited during the period under review.

Fixed Deposits

The Company has not accepted any Fixed Deposit(s) and hence there were no unclaimed deposits as on 31.03.2008.

Directors' responsibility statement

The Board of Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period, March 31, 2008.
- (iii) the directors had taken proper and sufficient care 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;
- (iv) the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Lodha & Co. Chartered Accountants, Kolkatta the Statutory Auditors for the Company, retire and are eligible for reappointment. Your directors recommend that they be reappointed as auditors of the Company.

SECRETARIAL COMPLIANCE CERTIFICATE

Compliance Certificate issued by the Practicing Company Secretary under Section 383 (1A) is annexed as an enclosure to this Report.

CONSERVATION OF ENERGY

Furnishing of details regarding conservation of Energy, Technology Absorption, Foreign Exchange Earnings/Outgo pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are not applicable to the Company, since there were no activity during the year under review.

PERSONNEL

There is no employee employed by the Company under Section 217(2A) of the Companies Act, 1956

For and on behalf of the Board of Directors

Chennai
July 31, 2008

Abhishek Dalmia
Director

P.M. Rajanarayanan
Director

CIN : U14290TZ2008PLC014320
AUTHORISED CAPITAL : RS.1,00,00,000/-

SECRETARIAL COMPLIANCE CERTIFICATE

To,

The Members
Revathi Drilling and Mining Limited,
Pollachi Road,
Malumachampatti P.O.,
Coimbatore 641021.

I have examined the registers, records, books and papers of **Revathi Drilling and Mining Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the period commencing from 20.03.2008 (being the date of incorporation) and ending on **31st March 2008** (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure "A"** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure "B"** to this certificate, with the Registrar of Companies, Coimbatore. However no other forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has the paid up capital of Rs.1,00,00,000/- (Rupees One Crore).
4. The Board of Directors duly met **2** times respectively on 21.03.2008 and 31.03.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. As the Company was incorporated only on 20.03.2008 there was no Annual General Meeting during the year under review.
7. No Extra Ordinary General Meeting(s) was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) delivered all the certificates on allotment of shares or any other purpose in accordance with the provisions of the Act.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not paid/posted warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for period of seven years to be transferred to Investor Education and Protection Fund.

- (v) the Company was incorporated on 20.03.2008 and hence the applicability of section 217 of the Act does not arise.
14. The Board of directors of the Company is duly constituted. The first directors were appointed on 20.03.2008 in terms of the Articles of Association of the Company. Other than this there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director/ Whole-time Director/ Manager during the financial year.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/ or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has issued 10,00,000 equity shares of Rs.10/- each during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any preference shares/ debentures and hence the question of redemption of preference shares or debentures during the financial year does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A read with Companies (Acceptance of Deposits) Rules, 1975.
 24. The Company has not made any borrowings during the financial year ended 31.03.2008.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. There were no prosecution initiated against or show cause notices received by the Company, and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The provisions of Section 418 are not applicable as there are no employees in the Company.

ANNEXURE A - SECRETARIAL COMPLIANCE CERTIFICATE

Revathi Drilling and Mining Limited
CIN : U14290TZ2008PLC014320
Authorised Capital : RS.1,00,00,000/-

REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Members under Section 150 and Index of Members under Section 151.
2. Register of particulars of Contracts in which Directors are Interested under Section 301(1) & 301(3).
3. Register of Directors under Section 303.
4. Register of Director's Shareholdings under Section 307.
5. Minutes Book of Board Meetings under Section 193
6. Minutes Book of General Meeting under Section 193

ANNEXURE B - SECRETARIAL COMPLIANCE CERTIFICATE

Revathi Drilling and Mining Limited
CIN : U14290TZ2008PLC014320
Authorised Capital : RS.1,00,00,000/-

Forms and Returns as filed by the Company with Registrar of Companies, Coimbatore, Regional Director, Central Government or other authorities during the financial year ended 31st March 2008.

REGISTRAR OF COMPANIES, COIMBATORE

Sl. No.	Form No. Return	Filed under Section	For filing	Date of filing & Receipt Number	Whether filed within prescribed time Y/N	If Delay in filing whether requisite additional fee paid Y/N
01	Form 1	Section-33 (1),(2) and (3)	Declaration of compliance along with Memorandum and Articles of Association of the Company	A33722455 13-03-2008	Not Applicable	Not Applicable
02	Form 18	Section 146 (2)	Situation of Registered office of the Company at Pollachi Road, Malumachampatti P.O, Coimbatore - 641021.	A33722455 13-03-2008	Not Applicable	Not Applicable
03	Form 32	Section 303	Appointment of Mr. Abhishek Dalmia, Mr. Chaitanya Dalmia, Mr. P.M.Rajnarayanan and Mr. S.C.Katyal as first Directors.	A33722455 13-03-2008	Not Applicable	Not Applicable
04	Form 20	Section 149(2)(c)	Declaration of compliance with the provisions of section 149(2)(b) of the Companies Act, 1956 i.e. Statement in lieu of prospectus (Schedule III)	A34429407 26-03-2008	Not Applicable	Not Applicable

REGIONAL DIRECTOR

NIL

CENTRAL GOVERNMENT & OTHER AUTHORITIES

NIL

Place: Coimbatore
August 13, 2008

Practicing Company Secretary: M.D.Selvaraj
C.P.No: 411 (FCS.960)

AUDITORS' REPORT

To the members of Revathi Drilling and Mining Limited

We have audited the attached Balance Sheet of Revathi Drilling and Mining Limited ('the company') as at 31st March, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act') and on the basis of such checks of the books of records of the company as we considered appropriate and according to the information and explanations given to us, we report that:
 - i) The Company has no fixed assets and accordingly, clauses (i) (a) to (i) (c) of the Order are not applicable to the Company.
 - ii) The Company has no inventory and accordingly, clauses (ii) (a) to (ii) (c) of the Order are not applicable to the Company.
 - iii) (a) As per the records of the Company, it has not taken/granted any loans secured/unsecured to any companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly provisions of Clause 4(iii) of the Order is not applicable to the Company.

(b) The company has not taken interest free unsecured loan from companies and parties covered in the Register maintained under Section 301 of the Act. Accordingly Provisions of Clause 4 (iii) (e) to (g) of the Order are not applicable to the Company.
 - iv) As there is no purchase of inventories and fixed assets or any sale of goods the clause 4(iv) of the Order is not applicable to the Company.
 - v) According to the information and explanations given to us and as per the records of the Company, there is no transaction that needs to be entered in the register required to be maintained under section 301 of the Act. Accordingly, the provisions of Clause 4 (v)(b) of the Order is not applicable to the Company.
 - vi) During the year, the Company has not accepted any deposits from the public and as such compliance of the provisions of Section 58A and 58AA or any other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules 1975 does not arise.
 - vii) The requirement of internal audit system is not applicable to the Company.
 - viii) Since the Company has not commenced its operation the requirement for maintenance of cost records as prescribed by the Central Government Clause (d) of sub section 209 of the Act, is not applicable to the Company.
 - ix) (a) According to the information and explanation given to us and as per the records of the Company Investor Education and Protection Fund, Provident Fund, Employee State Insurance, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax are not applicable during the year to the Company. There is no amount outstanding as at 31st March, 2008 for more than six months from the date they become payable in respect of Income Tax.

(b) According to the information and explanations given to us and read with Para (a) above there are no dues that have not been deposited with the appropriate authority on account of any disputes.
 - x) The Company has been registered for a period of less than five years, thus the provisions of Clause(x) of the Order are not applicable to the Company.
 - xi) According to the records of the Company, we are of the opinion that the Company has no amounts due to financial institutions or debenture-holders or bank. Accordingly the provisions of clause (xi) of the Order are not applicable to the Company.
 - xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause (xii) of the Order are not applicable to the Company.

- xiii) In our opinion, the Company is not a Chit fund or Nidhi/ Mutual benefit funds / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
 - xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
 - xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
 - xvi) As per the information and explanations given to us, no term loan has been taken during the year.
 - xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that no short term funds have been utilized for long term investments.
 - xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
 - xix) The Company has not issued any debenture during the year. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
 - xx) The Company has not raised money by public issue during the year. Accordingly, provision of clause 4 (xx) of the Order is not applicable to the Company.
 - xxi) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the Company, noticed and reported during the year, nor have we been informed of any such case by the management.
- B. Further to above, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and beliefs were necessary for the purpose of our audit.
 - 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 those books.
 - c) The Balance Sheet dealt with by this report is in agreement with the books of account.
 - d) In our opinion, the Balance Sheet dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act.
 - e) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of Sub sec (1) of Section 274 of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the act in the manner so required and read together with other notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008

For **Lodha & Co.**
Chartered Accountants

H S Jha
Partner

Place: Kolkata
June 28, 2008

Membership No: 55854

REVATHI DRILLING AND MINING LIMITED
 (Wholly owned subsidiary of Revathi Equipment Ltd)

BALANCE SHEET - MARCH 31, 2008
 (All amounts in thousands of Indian Rupees)

	Schedule	As at 31 March 2008
SOURCES OF FUNDS		
Shareholders' Funds:		
Share capital	1	<u>10,000</u>
Total		<u>10,000</u>
APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS AND ADVANCES:		
Cash and bank balances (Balance with Scheduled bank)		<u>10,000</u>
		<u>10,000</u>
Less: CURRENT LIABILITIES AND PROVISIONS:		
Current liabilities		<u>240</u>
		<u>240</u>
Net current assets		9,760
Miscellaneous expenditure not written off:	2	<u>240</u>
Total		<u>10,000</u>
Significant Accounting policies & Notes to Accounts	3	

Lodha & Co
 Chartered Accountants

Abhishek Dalmia
 Director

P.M. Rajanarayanan
 Director

H.S.Jha
 Partner

Kolkata
 June 28, 2008

Mumbai
 June 16, 2008

REVATHI DRILLING AND MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees, unless otherwise stated)

Schedule 1
Share Capital

	2008
Authorised	
1,000,000 equity shares of Rs.10/- each	<u>10,000</u>
Issued, subscribed and paid-up	
1,000,000 equity shares of Rs.10/- each	<u>10,000</u>
All the above equity shares are held by its holding company - Revathi Equipment Ltd.	

Schedule 2
Miscellaneous expenditure not written off

Preliminary Expenses	158
Registration and other fees	32
Filing fees and other expenses	50
Audit Fees payable	50
Total	<u>240</u>

Schedule 3
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Accounting Policies

A) General

- a. The Accounts have been prepared on historical cost basis and on the accounting principles of going concern.
- b. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

B) Use of Estimates

The preparation of financial Statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognized in the year in which the results become known/ materialize.

C) Miscellaneous Expenditure

Miscellaneous Expenditure is written off over a period of five years after commencement of operation by the Company.

2. Related Party disclosures as required by Accounting Standard 18 (as identified by the management)

Name of the Party	Relationship
Revathi Equipment Limited	Holding Company

Miscellaneous expenditure not written off includes amount of Rs. 190,000 paid by Revathi Equipment Limited towards Registration and Filing Fees on behalf of Revathi Drilling and Mining Limited. Its corresponding figure is lying in Current Liability.

3. Amount payable to Auditor as remuneration is Rs. 50,000 included in preliminary expenses.
4. No Profit and Loss account has been prepared by the company as the manufacturing and trading activities had not commenced till March 31, 2008.
5. Revathi Drilling and Mining Ltd was incorporated on 20th March 2008. Accordingly no figures for the previous year have been given.

For **Lodha & Co.**
Chartered Accountants

On Behalf of the Board

H S Jha
Partner
Place: Kolkata
June 28, 2008

Abhishek Dalmia
Director

P.M. Rajanarayanan
Director

Mumbai
June 16, 2008

The Board of Directors
Revathi Equipment Limited

1. We have audited the attached Consolidated Balance Sheet of Revathi Equipment Limited ("the company") and its' subsidiary and jointly controlled entities ("the Group") as at 31st March, 2008 and the Consolidated Profit & Loss Account for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are prepared, in material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit and report of other auditors provide a reasonable basis for our opinion.
 - (a) We did not audit the financial statements of the jointly controlled entities, which reflect the Group's total assets of Rs.340,938 and total revenues of Rs.449,725 thousand in the Consolidated Financial Statements. The financial statements of jointly controlled entities have been audited by other auditors whose reports have been furnished to us and in our opinion, so far as it relates to the amounts included in respect of the said entities are based solely on the report of the other auditors.
 - (b) As given in Note 2,4.3 and 4.6 of Schedule 19 material impacts, if any, of the varying accounting policies with respect to leave encashment policy, depreciation and valuation of raw materials respectively followed by the jointly controlled entities on the Consolidated Financial Statements have not been ascertained and given effect to for the purpose of consolidation. We further report that the overall impact with respect to this cannot be ascertained and commented upon by us.
3. Subject to our comments in Para 3 (b) above, we report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures", on the basis of separate audited financial statements of the Company and its subsidiary included in Consolidated Financial Statements.
4. Based on our audit and on the consideration of report of other auditors' and on the other financial information of the components and on the basis of information and explanations given to us, we are of the opinion that the said Consolidated Financial Statements, subject to our comments in Para 3(b) above and note 10 of Schedule 19 regarding non-availability of details relating to micro, small and medium enterprise as defined under Micro, Small and Medium Enterprise Development Act, 2006, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008;
 - (ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date.

For **Lodha & Co.**
Chartered Accountants

Place: Kolkata
Date: June 28, 2008

H.S. Jha
Partner
Membership No. 055854

REVATHI EQUIPMENT LIMITED
CONSOLIDATED BALANCE SHEET – MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

 As at
31st March, 2008
 (Rs. In '000)

	Schedule	
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	1	30,669
Reserves and Surplus	2	<u>1,192,486</u>
		<u>1,223,155</u>
LOAN FUNDS		
Secured Loans	3A	590,946
Unsecured Loans	3B	<u>26,000</u>
		<u>616,946</u>
DEFERRED TAX LIABILITIES (Net) (NOTE No. 8 OF SCHEDULE 19)		<u>3,719</u>
TOTAL		<u><u>1,843,820</u></u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	4	579,447
Less: Depreciation		<u>(130,884)</u>
Net Block		<u>448,563</u>
Add: Capital work in progress		<u>76,310</u>
		<u>524,873</u>
INVESTMENTS	5	<u>258,261</u>
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	6	452,533
Sundry Debtors	7	584,904
Cash and Bank Balances	8	275,068
Loans and Advances	9	<u>115,575</u>
		<u>1,428,080</u>
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	10	309,697
Provisions	11	<u>59,431</u>
		<u>369,128</u>
NET CURRENT ASSETS		<u>-</u>
		<u>1,058,952</u>
Miscellaneous Expenditure to the extent not written off		
Preliminary Expenses (includes share of Joint Ventures Rs. 1,494)		1734
TOTAL		<u><u>1,843,820</u></u>
Significant Accounting Policies and Notes on Accounts	19	

 Schedules referred to herein form an integral part of the Balance Sheet.
 As per our report of even date attached hereto

Lodha & Co
 Chartered Accountants

H.S. Jha
 Partner
 Membership Number: 055854

 Kolkata
 June 28, 2008

Abhishek Dalmia
 Executive Chairman

M.N. Srinivasan
 Company Secretary

 Coimbatore
 June 28, 2008

P.M.Rajanarayanan
 Managing Director

S.Hariharan
 Vice President (Finance)

REVATHI EQUIPMENT LIMITED
2007-08
(Rs. In '000)
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

	Schedule	
INCOME		
Gross Sales (including Service Income)		1,724,462
Less: Excise Duty / Service Tax Recovered		(91,764)
Net Sales	12	1,632,698
Other income	13	198,847
		<u>1,831,545</u>
EXPENDITURE		
Cost of materials	14	(988,759)
Employee costs	15	(143,914)
Manufacturing and other expenses	16	(215,799)
Interest and financial charges	17	(70,120)
Depreciation	4	(95,275)
Less: Transferred from Revaluation Reserve		<u>26</u>
		<u>(1,513,841)</u>
Profit before taxes		317,704
Provision for taxes	18	<u>(87,843)</u>
Profit after taxes		229,861
PROFIT AND LOSS ACCOUNT, beginning of year		
		596,123
Profit available for appropriation		
Proposed Dividend		825,984
Provision for Dividend Distribution Tax (includes share of Joint ventures Rs.1,580)		(30,669)
Transfer to General Reserve		(6,792)
Group's proportionate share in Transfer to General Reserve of Joint Ventures		(21,947)
		<u>(25,279)</u>
PROFIT AND LOSS ACCOUNT, end of year		741,297
Net profit available to equity shareholders		229,861
Weighted average number of shares used for computing basic earnings per share		3,076,122
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		74.72

Schedules referred to herein form an integral part of the Profit and Loss Account
 As per our report of even date attached hereto

Lodha & Co
 Chartered Accountants

Abhishek Dalmia
 Executive Chairman

P.M.Rajanarayanan
 Managing Director

H.S. Jha
 Partner
 Membership Number: 055854

M.N. Srinivasan
 Company Secretary

S.Hariharan
 Vice President (Finance)

Kolkata
 June 28, 2008

Coimbatore
 June 28, 2008

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

 Year ended
 31st March, 2008
 (Rs. In '000)

1. Share Capital

Authorised 3,500,000 equity shares of Rs.10/- each	<u>35,000</u>
Issued, subscribed and paid-up 3,066,943 equity shares of Rs. 10/- each fully paid up	<u>30,669</u>
(i) Of the above equity shares, 1,922,160 shares are held by Holding Company-Utkal Investments Limited.	
(ii) 2,407,350 equity shares have been issued as bonus shares by capitalisation of general reserve, share premium account and profit on reissue of forfeited shares.	
(iii) 159,800 equity shares have been issued as fully paid-up pursuant to a contract without payment being received in cash	
(iv) Board of Directors of the Company approved buy-back of shares from open market on June 29, 2006 for the amount not exceeding Rs.100 million. Accordingly the Company bought back 142,857 shares (including 77,233 shares during the year) for Rs.96,148 (including Rs. 51,562 during the year) -Rs.1,428 (including Rs. 772 during the year) was debited to share capital account, Rs.94,439 (including Rs.50,638 during the year) was debited to General Reserve and Rs.281 (including Rs.152 during the year) being the incidental expenses like brokerage, service tax, stock exchange transaction charges etc, were recognised as expenses.	
(v) Capital Redemption Reserve for Rs.772 was created as per Sec 77 AA of the Companies' Act, 1956.	

2. Reserves and surplus

Capital reserve	149
Capital redemption reserve	3,111
Revaluation reserve	3,651
General reserve	411,559
Profit and loss account	741,297
Total	<u>1,159,767</u>
Group's proportionate share in reserves (Other than balance in P & L Account) of Joint Ventures	<u>32,719</u>
	<u>1,192,486</u>

3A. Secured loan

Long Term Loan from Banks	373,334
Cash Credit	150,000
Vehicle Loan	1,726
Total	<u>525,060</u>
Share of Joint Ventures- Note 1(c) of schedule 19	65,886
Grand Total	<u>590,946</u>

1. Long Term Loan of Rs.Nil from IDBI Bank Ltd was secured by exclusive charge on Wind Turbines located in Rajasthan; and further secured by subsequent and subservient charge on current assets of the Company. The loan was repaid in full and satisfaction of charge was filed in 2007-08.
2. Long Term loan of Rs. Nil from State Bank of India was secured by exclusive charge on Wind Turbines located at Tirunelveli, Tamilnadu purchased out of the loan and pari-passu charge on the entire fixed assets of the Company viz., land, building and machinery of the Company excluding assets specifically funded by other term loan lenders and pari-passu second charge on the current assets of the Company. The loan was repaid in full in 2007-08 and satisfaction of charge has since been filed in May 2008.
3. Long Term Loan of Rs.53,333 from ICICI Bank Ltd was secured by exclusive charge on the Wind Turbines, located at Tirunelveli, Tamilnadu, acquired out of the loan and further secured by pari-passu charge on the fixed assets of the Company. Upon sale of power division consisting of Wind Turbines, the security for the loan is modified and is secured by a first charge on pari-passu basis on all the fixed assets of the Company located at Coimbatore owned by the company and a lien on fixed deposit amounting to Rs.51,600 placed with ICICI Bank

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

4. Long Term loan of Rs. 120,000 from HDFC Bank Ltd has been secured by hypothecation by way of exclusive first charge in favour of the bank on all the movable plant and machinery of the company both present and future situated at SIPCOT Industrial Estate, Gummidipoondi, Tamil Nadu. Pending creation of mortgage in respect of immovable asset, exclusive charge on the investment in mutual funds has been offered as security to HDFC Bank
5. Long Term Loan of Rs. 200,000 from UTI Bank Ltd (now Axis Bank) has been secured by first pari-passu charge on fixed assets of the Company excluding assets specifically charged to other lenders and second pari-passu charge on current assets of the Company.
6. Cash Credit Loan of Rs. 150,000 under multiple banking arrangement has been secured by way of first pari-passu charge on entire current assets of the Company.
7. Vehicle Loan of Rs. 1,726 from ICICI Bank Ltd is secured by hypothecation of Vehicles.

Year ended
31st March, 2008
 (Rs. In '000)

3B. Unsecured loan

Share of Joint Ventures- Schedule 19
 Grand Total

26,000
 26,000

4. Fixed assets

	Balance, beginning of year	Additions/ charge	Deletions	Balance, end of year
Gross Block				
Tangible Assets				
Freehold land	9,441	-	8,500	941
Buildings	23,681	13,998	-	37,679
Plant and machinery	557,251	5,544	517,587	45,208
Production tooling	9,530	1,871	128	11,273
Data processing equipment	12,491	5,003	3,047	14,447
Furniture and fittings	2,334	1,505	261	3,578
Office equipment	3,596	2,056	387	5,265
Vehicles	7,394	648	328	7,714
Intangible Assets				
Technical knowhow	14,207	-	-	14,207
Computer software	3,832	237	-	4,069
Goodwill	-	297,493	-	297,493
Total	<u>643,757</u>	<u>328,355</u>	<u>530,238</u>	<u>441,874</u>
Share of Joint Ventures- Note 1(c) of schedule 19	93,430	45,053	911	137,573
Grand Total	<u>737,187</u>	<u>373,408</u>	<u>531,149</u>	<u>579,447</u>
Accumulated depreciation				
Tangible Assets				
Freehold land	-	-	-	-
Buildings	11,074	667 *	-	11,741
Plant and machinery	156,332	45,582	175,799	26,115
Production tooling	7,586	1,684	127	9,143
Data processing equipment	9,163	1,776	3,047	7,892
Furniture and fittings	1,690	184	261	1,613
Office equipment	2,148	423	378	2,193
Vehicles	3,666	1,509	328	4,847
Intangible Assets				
Technical knowhow	9,850	3,347	-	13,197
Computer software	2,076	970	-	3,046
Goodwill	-	31,740	-	31,740
Total	<u>203,585</u>	<u>87,882</u>	<u>179,940</u>	<u>111,527</u>
Share of Joint Ventures- Note 1(c) of schedule 19	12,189	7,393	225	19,357
Grand Total	<u>215,774</u>	<u>95,275</u>	<u>180,165</u>	<u>130,884</u>

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

4. Fixed assets	Balance, beginning of year	Additions/ charge	Deletions	Balance, end of year
Net Block				
Tangible Assets				
Freehold land	9,441			941
Buildings	12,607			25,938
Plant and machinery	400,919			19,093
Production tooling	1,944			2,130
Data processing equipment	3,328			6,555
Furniture and fittings	644			1,965
Office equipment	1,448			3,072
Vehicles	3,728			2,867
Intangible Assets				
Technical knowhow	4,357			1,010
Computer software	1,756			1,023
Goodwill	-			265,753
	<u>440,172</u>			<u>330,347</u>
Share of Joint Ventures- Note 1(c) of schedule 19	81,242			118,216
Grand Total	<u>521,414</u>			<u>448,563</u>

Capital Work-in-progress (includes Share of Joint Ventures-Rs.2,230) 76,310

1. * Includes depreciation of Rs.26 transferred from revaluation reserve.

2. Cost of plant and machinery includes Rs.Nil in respect of assets given on lease. The accumulated depreciation on these asset Rs.Nil.

3. The Company had revalued its freehold land and buildings on June 30, 1985. The net amount added to the cost of fixed assets on such revaluation was Rs 4,239, under the following asset heads:

Freehold land	265
Buildings	3,974
	<u>4,239</u>

5. Investments (non-trade)
As at 31 March 2008
Long term
Quoted Shares

In fully paid up equity shares

144,590
Unquoted

In Mutual Funds

12,832
Current

Mutual Funds

97,100

Total

254,522

Share of Joint Ventures- Note 1(c) of schedule 19

3,739

Grand Total

258,261

Book value of quoted Investments

144,590

Book value of Unquoted Investments (includes share of joint ventures-Rs.23)

12,855

Book value of Investments in Mutual Funds(Quoted) (includes share of joint ventures-Rs.3,716)

100,816
258,261
Aggregate market value of quoted Investments
194,922
Aggregate NAV of investments in Mutual Fund
99,820

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

 As at 31
 March 2008

6. Inventories

Raw material and components, including goods-in-transit	175,408
Work-in-progress	181,482
Merchanting goods, including goods-in-transit	61,640
Total	<u>418,530</u>
Share of Joint Ventures- Note 1(c) of schedule 19	34,003
Grand Total	<u>452,533</u>

7. Sundry debtors (unsecured)

Considered good unless stated otherwise	16,296
Outstanding for more than six months	16,296
	<u>445,053</u>
Others	461,349
Total	<u>123,555</u>
Share of Joint Ventures- Note 1(c) of schedule 19	584,904
Grand Total	<u>584,904</u>

8. Cash and bank balances

Cash in hand	1,996
Balances with scheduled banks	
- in Cash Credit	57,736
- in Current Accounts	158,088
- Dividend Accounts (restricted)	296
- Deposits Accounts including Margin Money of Rs. 27,629	32,254
Total	<u>250,370</u>
Share of Joint Ventures- Note 1(c) of schedule 19	24,698
Grand Total	<u>275,068</u>

9. Loans and advances

Unsecured, considered good	
Advances recoverable in cash or in kind or for value to be received	39,715
Deposits	7,272
Balances with customs and excise authorities	4,666
Other receivables	3,698
Advance Payment of Tax (net of provision)	27,221
Total	<u>82,572</u>
Share of Joint Ventures- Note 1(c) of schedule 19	33,003
Grand Total	<u>115,575</u>

10. Current liabilities

Sundry creditors (Refer Note 10 of Schedule 19)	133,548
Unclaimed dividends and fixed deposits*	346
Advances from customers	39,894
Accrued expenses and other liabilities	54,108
Total	<u>227,896</u>
Share of Joint Ventures- Note 1(c) of schedule 19	81,751
Grand Total	<u>309,647</u>

* These amounts are not yet due to be credited to "Investors Education & Protection Fund".

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31 March 2008
11. Provisions	
Proposed final dividend	30,669
Dividend distribution tax	6,116
Provision for warranty claims	11,600
Total	<u>48,385</u>
Share of Joint Ventures- Note 1(c) of schedule 19	<u>11,046</u>
Grand Total	<u>59,431</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year ended 31st March, 2008 (Rs. In '000)	
12. Revenues		
Sale of drills/Construction Equipments	778,878	
Sale of spares	396,990	
Gross Sales	1,175,868	
Less: Excise Duty Recovered	(90,107)	
Net Sales		1,085,761
Sale of power		45,390
Service income	53,479	
Less: Service Tax Recovered	(1,657)	
Net Service Income		<u>51,822</u>
Total		<u>1,182,973</u>
Share of Joint Ventures- Note 1(c) of schedule 19		<u>449,725</u>
Grand Total		<u>1,632,698</u>
13. Other income		
Dividend from mutual funds and other investments from		
- Long term		7,465
- Current		5,198
Profit on sale of investments (net)		
- Long term		44,125
- Current		2,413
Interest on investments and deposits (gross of tax deducted at source of Rs.180) (includes Rs.480 towards interest)		2,968
Exchange gain-net		13,009
Provision for doubtful debts no longer required written back		5,709
Profit on sale of fixed assets (Refer Note 11 of Schedule 19)		97,835
Others		17,797
Total		<u>196,519</u>
Share of Joint Ventures- Note 1(c) of schedule 19		<u>2,328</u>
Grand Total		<u>198,847</u>
14. Cost of materials		
Raw material and components consumed		
Opening stock		130,664
Add: Purchases		641,503
Less: Closing stock, including raw material and components in-transit		(175,408)
		596,759
Purchase of merchanting components		150,160
Processing charges and purchase of materials through sub-contractors		37,948
Decrease/(increase) in work-in-progress and merchanting components		(22,583)
Total		<u>762,284</u>
Share of Joint Ventures- Note 1(c) of schedule 19		<u>226,475</u>
Grand Total		<u>988,759</u>

REVATHI EQUIPMENT LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

 Year ended
 31st March, 2008
 (Rs. In '000)

15. Employee costs

Salaries, wages, allowances, bonus etc	51,047
Contribution to provident and other funds	8,615
Staff welfare expenses	15,850
Total	75,512
Share of Joint Ventures- Note 1(c) of schedule 19	68,402
Grand Total	143,914

16. Manufacturing and other expenses

Consumption of stores, spares, small tools, jigs and fixtures	12,517
Power and fuel	4,509
Rent	3,920
Repairs and maintenance:	
Buildings	6,456
Plant and machinery	2,951
Others	2,796
Insurance	3,237
Rates and taxes	2,595
Travelling and conveyance	25,964
Freight, clearing and packing	16,270
Legal and professional charges	14,499
Directors' sitting fees	50
Directors' Commission	400
Selling commission	20,221
Write-down in the value of Current Investment	283
Bad debts and advances written-off (net of recoveries Rs.4)	2,510
Miscellaneous expenses	27,997
Total	147,175
Share of Joint Ventures- Note 1(c) of schedule 19	68,624
Grand Total	215,799

17. Interest and financial charges

Interest	
Fixed loans	34,434
Cash credit	18,357
Others	151
Bank charges	6,158
Total	59,100
Share of Joint Ventures- Note 1(c) of schedule 19	11,020
Grand Total	70,120

18. Provision for taxes

Current tax	172,000
Provision for tax of earlier years written back	(17,891)
Deferred tax	(92,909)
Fringe Benefit Tax	2,200
Total	63,400
Share of Joint Ventures- Note 1(c) of schedule 19	24,443
Grand Total	87,843

Schedule 19
Consolidated Notes on Financial Statements for the year ended March 31, 2008
1. a) Principles of Consolidation

The Consolidated Financial Statements of Revathi Equipment Limited ("the Company") and its Subsidiary Company and the following companies ("Joint Ventures") have been prepared in accordance with Accounting Standard (AS 21) on "Consolidated Financial Statements" and Accounting Standard (AS 27) on "Financial Reporting of Interests in Joint Ventures". The basis of preparation of the Consolidated Financial Statements is as follows:

The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with the Accounting Standard (AS-21) "Consolidated Financial Statements".

Investments in jointly controlled entities have been accounted for by using the "proportionate consolidation method" in accordance with the Accounting Standard (AS-27) - "Financial Reporting of Interests in Joint Ventures".

The financial statements of the Joint Ventures used in the consolidation are drawn upto 31st March, 2008, the same reporting date as that of the company.

The difference between the cost of investment in the subsidiary and jointly controlled entities over the net assets at the time of acquisition of shares in the subsidiary and jointly controlled entities is recognised in the financial statements as Goodwill or Capital Reserve as the case may be. Such goodwill/capital reserve has been consolidated based on the audited financial statement of the subsidiary as on the reporting date immediately preceding the date on which the holding-subsidiary relationship came into existence.

b) The Subsidiary which has been included in this Consolidated Financial Statements along with the Company's holdings therein are under:

No.	Name of the Company	Country of incorporation	% Voting Power
1.	Revathi Drilling & Mining Limited	India	100.00

c) Disclosure pursuant to para 51, 52 and 53 of Accounting Standard (AS-27) is given below:

No.	Name of the Company	Description of interest	Country of Incorporation	% Voting Power	Date of Acquisition
1.	Potential Service Consultants Pvt. Ltd (Potential)	Jointly Controlled Entity	India	41.41	40% on 8 th February 2007 and 1.41% 28 th June 2007
2.	Monarch Catalyst Pvt. Ltd (Monarch)	Jointly Controlled Entity	India	26.00	9 th May 2006

The Group's interest in these jointly controlled entities is accounted for using proportionate consolidation.

- There are no contingent liabilities that Revathi Equipment Limited has incurred in relation to its interests in joint ventures and there are no contingent liabilities which have been incurred jointly with other venturers.
- There are no contingent liabilities of the joint venturers of any joint venture.
- There are no capital commitments of Revathi Equipment Limited in relation to its interest in joint ventures and there are no capital commitments that have been incurred jointly with other venturers.
- There are no capital commitments of the joint ventures themselves.
- In absence of audited accounts on the date of acquisition of shares, goodwill has been computed based on the latest audited accounts after adjusting profit for the period till the acquisition on proportionate basis.
- This being the first year of consolidation, comparable figures for the previous year and Cash Flow Statement is not available.

1. In respect of Monarch Catalyst Pvt Limited, one of the joint controlled entity requirements as per AS 15 "Employee Benefits" have not been complied with.
2. Goodwill of Rs. 297,493 arising on consolidation of the jointly controlled entities have been amortized to the extent of Rs. 31,740 during the year, leaving a balance of Rs. 265,753 which will be amortized over the balance period of 9 years.

3. Significant Accounting Policies

4.1 Basis of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the various standards on accounting prescribed and accepted in India.

4.2 Use of Estimates

The preparation of financial statements require the management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and estimates are recognized in the year in which the results become known / materialize.

4.3 Fixed assets and depreciation

Fixed assets, other than freehold land and buildings, are stated at cost less accumulated depreciation. Freehold land and buildings of the Company were revalued on June 30, 1985 and are stated at their revalued value. The Company capitalizes all costs relating to the acquisition and installation of fixed assets.

Depreciation is provided using the straight line method except at Potential, where depreciation is provided on written down value method, pro rata to the period of use of the assets, at the annual depreciation rates stipulated in Schedule XIV to the Companies Act, 1956, or based on the estimated useful lives of the assets, whichever is higher, as follows:

	Percent
Buildings	1.64-3.34
Plant and machinery-other than Wind Turbines	10
Wind Turbines	10.34
Production tooling	20,33.33,50-100
Data processing equipment	25
Furniture and fittings	15
Office equipment	15
Vehicles	20
Intangible assets-computer software	25
Intangible assets-Technical know-how	33.33

Plant and machinery given on operating lease are depreciated over the period of the lease. Depreciation on revalued buildings is charged over their remaining useful life as determined by the valuers. The difference between amount of the depreciation on the revalued building and the depreciation based on the original cost is transferred from the revaluation reserve to the profit and loss account. Individual plant and machinery items and other assets with an original cost of Rs 5 thousand or less are fully depreciated in the year of acquisition. Assets under finance lease are amortized over the useful life or lease term, as appropriate.

4.4 Impairment of Fixed Assets

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is greater of assets' net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof, which in case of CGU, are allocated to its assets on a pro-rata basis, is adjusted to carrying value of the respective assets.

4.5 Investments

Long-term investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and market value.

4.6 Inventories

Inventories are stated at the lower of cost and net realizable value. Material costs are determined on a first-in, first-out basis / weighted average and the valuation of manufactured goods represents the cost of material, labour and all manufacturing overheads.

4.7 Revenues and other income

Sale of Equipments and spares are recognised on despatch of goods to customers and are net of excise duty, sales-tax, trade discounts and returns. Sale of power is accounted on delivery of electricity to grid in terms of power purchase agreement with the respective state electricity Board / Nigam. Service income is recognised upon rendering of the services. Dividends, interests, incentives etc are accounted on accrual basis. Income (Professional fee receipts) is recorded in the books on the basis of achievement of milestones as relevant to each contract/assignment or proportionate completion method as applicable. Expenses are accounted for on their accrual.

4.8 Product warranty costs

Product warranty costs are accrued in the year of sale, based on past experience.

4.9 Foreign currency transactions

Transactions in foreign currencies are accounted for, at the exchange rate prevailing on the date of transactions. Foreign currency monetary assets and liabilities at the year-end are translated using the closing exchange rates. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expenses and are adjusted to the respective heads of accounts.

4.10 Research and development costs

Capital expenditure on research and development is included in fixed assets. Other expenditure on research and development is charged to the statement of profit and loss as incurred.

4.11 Employee benefits

Employee benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques except in respect of Monarch Catalyst Pvt. Ltd. for liability in respect of leave.

Actuarial gain and losses are recognized in the year when they arise

4.12 Income taxes

Provision for income tax is made for current, deferred and fringe benefit tax. Provision for current income tax is made at current tax rates based on assessable income. Deferred income taxes are recognized for the future tax consequences attributable to timing differences, which are capable of reversal in one or more subsequent periods. The deferred tax assets and liabilities are recognized using the tax rates and tax laws that have been enacted/substantively enacted on the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is sufficient assurance that future taxable income will be available against which such deferred tax assets can be realized.

4.13 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

4.14 Borrowing Cost

Borrowing costs, that are attributable to the acquisition or construction of qualifying asset, are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for use. All other borrowing costs are charged to revenue.

5.1 Contingent Liability
2007-2008

Claims against the Company not acknowledged as debts	3,678
Customer claims for damages	4,132
Income-Tax	7,810

5.2 Capital commitments
2007-08

On account of intangible assets	2,327
On account of tangible assets	4,566
	6,893

6. Related Party Disclosure

(a) Enterprise where control exists: Utkal Investments Limited - Holding Company

(b) Other related parties with whom the company had transactions, etc.

(i) Key Management Personnel & their relatives:

Mr. Abhishek Dalmia	Executive Chairman
Mr. Chaitanya Dalmia	Director
Mr. P.M.Rajanarayanan	Managing Director
Mrs. R.Radha	Relative of Managing Director

(ii) Mr.S.C.Katyal Director / Consultant

(iii) Sri Hari Investments Partnership firm where two directors are partners

(c) Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2008.

Particulars	Holding	Key Management & Personnel & their relatives	Director/ Consultant
Rent expense	660	271	400
Directors sitting fees		10	16
Remuneration to key management personnel		9740	400
Consulting fee			2199
Balance as on 31 st March 2008			
(a)payable - remuneration		1450	400
Rental deposit		226	120

7. The disclosure requirement under "Segment Reporting" as per Accounting Standard 17 is given below:

A : PRIMARY SEGMENT
(Business Segment)
1. Segment Revenue
2007-08

Construction & Mining	1,137,583
Power	45,389
Specialty & Chemicals	295,122
Engineering Design Services	154,603
Net Sales/income from operation	1,632,697

2. Segment Results	2007-08
Construction & Mining	179,654
Power	11,777
Specialty & Chemicals	12,745
Engineering Design Services	50,449
Unallocable (* includes profit on sale of power division)	127,041
Total	381,666
Less: Interest	(63,962)
Profit before tax	317,704
Current Tax	192,854
Provision for Tax of earlier years written back	(17,891)
Deferred Tax	(89,858)
Fringe Benefit Tax	2,738
Profit after tax	229,861

3. Segment Assets and liabilities	Asset	Liabilities
Construction & Mining	1,061,142	237,925
Power	-	-
Specialty & Chemicals	244,443	72,331
Engineering Design Services	97,720	28,224
	1,403,305	338,480
Unallocated Corporate assets and liability	809,643	34,367
Total	2,212,948	372,847

4. Capital Expenditure and Depreciation	Capital Expenditure	Depreciation
Construction & Mining	103,276	12,497
Power	-	43,231
Specialty & Chemicals	39,538	3,851
Engineering Design Services	2,017	3,513
	144,831	63,092
Unallocated Corporate assets and liability	297,493	32,157
Total	442,324	95,249

B. SECONDARY SEGMENT (Geographical segment)	2007-08			
	Revenue	Asset	Liabilities	Capital Expenditure
Within India	1,326,398	2,169,383	266,862	442,324
Outside India	306,298	43,565	105,985	-

C. Segment Information

- a) Segments have been identified in line with the Accounting Standard AS - 17 taking into account the organization structure as well as the difference in risk and return.
- b) The Company has disclosed Business Segment as the primary segment. These have been identified on the basis of the products of the company. Accordingly, the company has identified 'Construction & Mining' and 'Power' as the operating segments.
- c) Composition of business segment

Construction & Mining	Comprising of manufacturing and sale of Blast hole drills, Water well drills, Trac drills, Batching Plant, Concrete Pump, Transit Mixture and their spares; trading of spares; annual maintenance of the equipments
Power	Generation and sale of power

The business group of Specialty and chemicals and engineering design services represents operations of joint ventures Monarch Catalyst Pvt. Ltd and Potential Service Consultants Pvt. Ltd respectively.

- d) The segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable basis as estimated by the management.
- e) As part of secondary reporting revenues are attributed to geographic areas and therefore the analysis of geographical segment is demarcated into India and outside India operations.
- f) a) The Company sold 4 Wind Turbines to Enercon (India) Ltd for a value of Rs.115.6 million in June 2007.
- b) Further the Power Division has been sold to India Cements Ltd on slump sale basis for a total value of Rs.335.6 million.
- Hence the operation of Power Division was discontinued.

8. The break up of Deferred tax Assets and Liabilities as follows :

	Closing balance as on 31.03.2008
Deferred Tax Assets :	
Provision for Leave Encashment and Gratuity	2,709
Provision for Employee Welfare Fund (Fidelity)	2,219
	4,928
Deferred Tax Liabilities :	
Depreciation Difference	(8,647)
Net Deferred Tax Assets / (Liabilities)	(3,719)

9. **Warranties**

Disclosures as required in terms of Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"

	2007-08
Opening balance as on 01/04/07	12,118
Provided during the year	9,832
Amount used during the year	10,350
Closing balance as on 31/03/08	11,600

10. The company is in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise development Act, 2006. To the extent identified, the Company has no information from the suppliers under the Act and accordingly the disclosure as required in Section 22 of the said Act could not be given in these accounts.

11. Profit on sale of fixed assets include Rs. 58,973 arising on sale of the power undertaking of the Company comprising of the following:

Net Fixed Assets	273,527
Loans and Advances	2,100
Receivables	1,000
Less: Secured Loan taken there against	10,000
	266,627

The consideration received there against was Rs.325,600 and the difference as above and the considerations so received has been taken to profit on sale of fixed assets.

12. Capital work-in-progress include capital advance of Rs. 711,72

13. The figures have been given in Rs. / thousands and rounded off to the nearest hundreds. The figures pertaining to the other companies have been regrouped / rearranged wherever considered necessary to bring them in line with the Company's financials statements.

As per our Certificate of even date

Lodha & Co
Chartered Accountants

Abhishek Dalmia
Executive Chairman

P.M.Rajanarayanan
Managing Director

H.S. Jha
Partner
Membership Number: 055854

M.N. Srinivasan
Company Secretary

S.Hariharan
Vice President (Finance)

Kolkata
June 28, 2008

Mumbai
June 28, 2008

Details of Group of Revathi Equipment Limited pursuant to Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997

1. Utkal Investments Limited

List of Board of Directors of Utkal Investments Limited

Name	Designation
Syt. A H Dalmia	Executive Chairman
Syt. Abhishek Dalmia	Director
Syt. Umang Kejriwal	Director
Syt. Vasu Modi	Director
Syt. Chaitanya Dalmia	Managing Director

Promoters of Utkal Investments Limited

Promoters

Arjun Minerals & Transporters Ltd.
 Hilltop Metals Limited
 Spangle Marketing Limited
 Saffron Agencies Limited
 Anniversary Investment & Agencies Ltd.
 Syt A H Dalmia

2. Renaissance Asset Management Company Private Limited

List of Board of Directors of Renaissance Asset Management Company Private Limited

Name	Designation
Syt. A H Dalmia	Executive Chairman
Syt. Abhishek Dalmia	Executive Director
Smt. Deepali Dalmia	Director
Syt. Pawan Kumar Modi	Director
Syt. Chaitanya Dalmia	Managing Director
Smt. Puja Dalmia	Director

Promoters of Renaissance Asset Management Company Private Limited

Promoters

Sh. Ajai Hari Dalmia
 Smt. Usha Dalmia
 Sh. Abhishek Dalmia
 Sh. Chaitanya Dalmia
 Smt. Puja Dalmia
 Shri Finance
 Ajai Hari Dalmia (HUF)

Revathi Equipment Limited

TEN YEARS FINANCIAL HIGHLIGHTS

Rs. in Million

PARTICULARS	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08
Networth	352	445	434	485	529	635	871	1002	1046	1178
Loans	7	7	13	3	-	-	444	308	549	525
Capital employed	359	452	447	488	529	635	1315	1310	1595	1703
Revenues	638	555	494	470	509	450	656	914	877	1183
Other income	14	47	17	33	28	30	49	48	53	102
EBITDA	199	202	175	141	167	170	250	311	264	294
Interest	3	2	1	1	1	-	12	29	28	53
Depreciation	5	5	5	4	4	5	31	63	67	56
PBT (before exceptional items)	191	195	169	136	162	165	207	219	169	185
Exceptional items	-	-	23*	9*	100**	-	150***	-	-	98@
Profit before tax	191	195	146	127	62	165	357	219	169	283
Current tax	58	67	57	52	14	35	30	27	53	156
Deffered tax	-	-	-	8	4	15	63	24	9	93
Profit after tax	133	128	89	83	44	115	264	168	125	220
Shares outstanding	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.14	3.07
Book value per share (in Rupees)	109.59	138.51	135.31	150.98	164.74	197.75	271.35	313.2	352 #	399 #
Earnings per share (in Rupees)	41.39	40.02	27.66	25.78	13.76	35.84	82.15	52.16	53 #	75 #
Return on networth	38%	29%	20%	17%	8%	18%	30%	17%	13.7% #	18.7% #
Debt equity ratio	0.01:1	0.01:1	0.03:1	0.01:1	-	-	0.51:1	0.31:1	0.52:1	0.45:1
Effective tax rate	30%	34%	39%	35%	29%	30%	26%	23%	26%	22%
Dividend rate	100%	100%	280%	100%	-	25%	75%	100%	100%	100%
Number of shareholders (in numbers)	2919	3187	3183	3721	4418	3907	4183	5271	5681	5068

* Voluntary retirement scheme costs

** Non-solicitation / non-compete fees

*** Compensation received

Based on consolidated results

@ profit on sale of power division



Revathi

Revathi Equipment Limited

Registered Office : Pollachi Road, Malumachampatti Post, Coimbatore - 641 021

Proxy Form

I / We _____
of _____
being a Member / Members of Revathi Equipment Limited hereby appoint _____

of _____ or failing him _____
of _____ or failing him _____

_____ of as my / our proxy to vote for me / us and on
my / our behalf, at the Thirty First Annual General Meeting of the Company to be held on Monday September 29, 2008 at 10.00 am and any adjournment thereof.

Signed this _____ day of _____ 2008.

Signed by the said _____

1 Re
Revenue
Stamp

Folio No. :
DP ID No. :
Client A/c No. :
No. of shares :

Note : This form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.



Revathi

Revathi Equipment Limited

**Thirty First Annual General Meeting
Attendance Slip**

Folio No. :
DP ID No. :
Client A/c No. :
No. of shares :

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Only members or their proxies are entitled to be present at the Meeting.

Name and Address : _____

I here by record my presence at Thirty First Annual General Meeting _____

* Signature of the Member / Proxy

* Strike out whichever is not applicable.

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

I / We _____ do hereby authorise Revathi Equipment Limited to

* Print the following details on my / our dividend warrant

* Credit my dividend amount directly to my Bank Account by ECS.

(* Strike out whichever is not applicable)

My Folio No. : _____

Particulars of Bank Account :

DP ID No. _____ **Client No. :** _____

- A. Bank Name : _____
- B. Branch Name : _____
Address (for mandate only) : _____
- C. 9 Digit Code number of the Bank & Branch : _____
as appearing on the MICR cheque : _____
- D. Account Type (Saving / current) : _____
- E. Account No. as appearing on the cheque book : _____
- F. STD Code & Telephone No : _____

I / We shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

Mail To :

S.K.D.C. CONSULTANTS LTD.,
P.B.No. : 2979, No. : 11, Street No. : 1
S.N. Layout, Tatabad,
Coimbatore - 641 012.

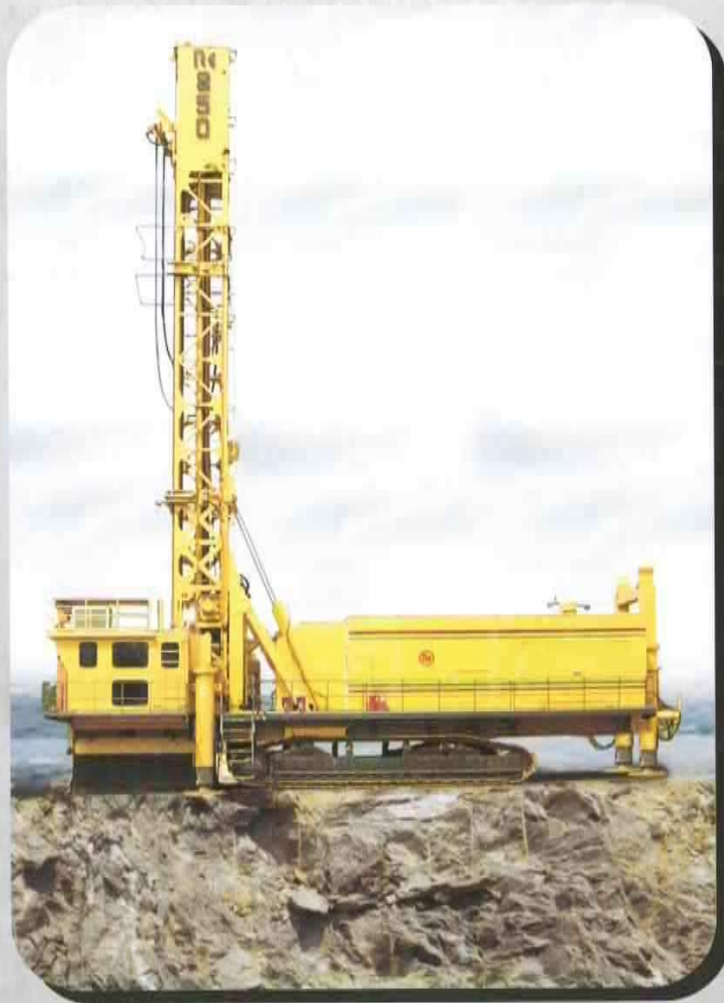
Signature of the member

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank particulars / ECS mandate.

Revathi's contribution towards building a better tomorrow





REVATHI EQUIPMENT LIMITED

Pollachi Road, Malumachampatti Post, Coimbatore - 641 021.
Phone : 91 - 422 - 2610851 (3 lines) Fax : 91 - 422 - 2610427
Website : <http://www.revathi.co.in>