33rd Annual Report

REL

REVATHI EQUIPMENT LIMITED

2009-10

Acquisition Criteria

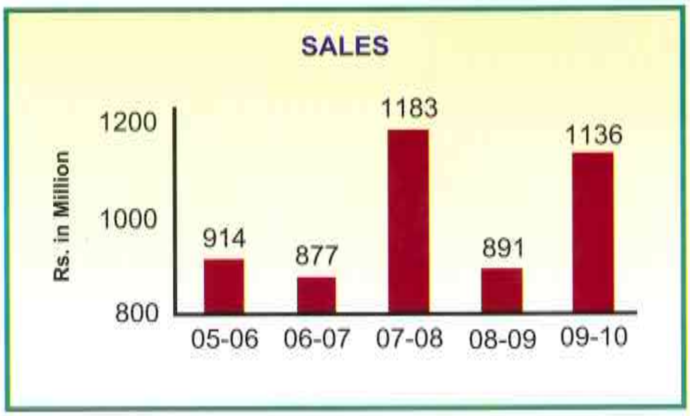
We use this space to communicate with potential sellers and their representatives, what we look for in a potential acquisition. If you, the reader, have no personal connection with a business that might be of interest to us but have a friend who does, perhaps you could pass this message on to him.

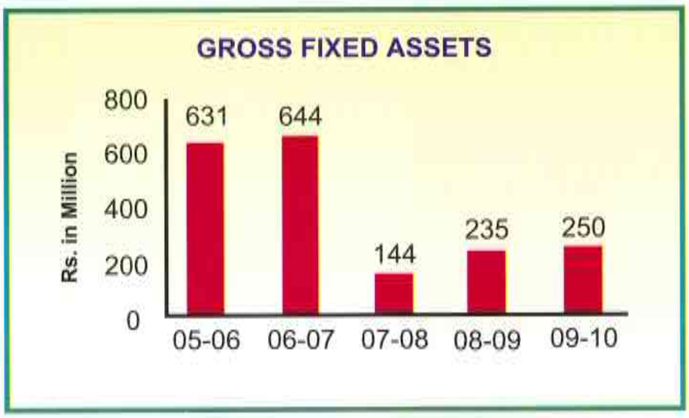
Here's the sort of business we are looking for:

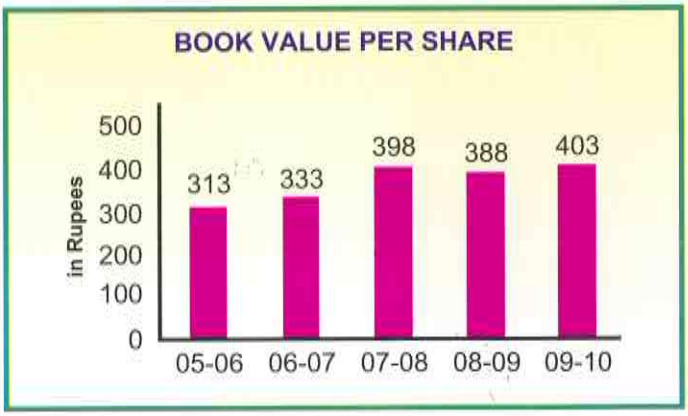
1. Enterprise value in the region of Rs. 100 crores (Rs. 1 billion),
2. Demonstrated consistent earning power (future projections are of little interest to us, nor are "turnaround" situations),
3. Businesses earning good returns on equity while employing little or no debt,
4. Management in place,
5.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







Revathi Equipment Limited

CORPORATE DATA

BOARD OF DIRECTORS

ABHISHEK DALMIA
Executive Chairman

K. SUNIL KUMAR
Managing Director & CEO

CHAITANYA DALMIA

S.C. KATYAL

AJAY KUMAR DHAGAT (Upto 2.8.2010)

B.D. NARANG

B.V. RAMANAN (From 10.1.2010)

SHARE TRANSFER AGENTS

S.K.D.C. CONSULTANTS LTD.,
KANAPATHY TOWERS
3rd FLOOR, 1391/A-1, SATHY ROAD
GANAPATHY, COIMBATORE 641 006.

COMPANY SECRETARY

M.N. SRINIVASAN

REGISTERED OFFICE

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

BANKERS

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

MANAGEMENT TEAM

L.S. SHASHI PRAKASHA
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%
2008-09	-2.5%	-35.4%	32.9%
2009-10	3.6%	75.3%	-71.7%
Average Annual Gain (FY03 - FY10)	13.9%	23.2%	-9.3%
Overall gain (FY 03 - FY 10)	184.0%	430.7%	-246.7%

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 ratained has created a rupee worth of market value.
5. If you expect, as we do, that owing 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 FY10 was ₹43 million, which increased the per share book value by 3.6%. Over the last seven years (that is, since the present owners took over) per share book value, has grown from ₹151 to ₹403, which, after factoring in dividend paid during this period, works out to a rate of 13.9% compounded annually.

Our core business of Drills improved significantly over FY09 and even outperformed our internal expectations. However, the overall result was dragged down by everything else in our portfolio, which is a play on the infrastructure and real estate industries. The infrastructure industry started to increase the utilization of its huge population of equipment, built up during the go-go years leading up to FY08, leading to subdued fresh equipment sales for most of the construction equipment industry. Though the real estate industry started recovering during the year, as mentioned in last year's report, much of it was fuelled by sale of existing inventory and project restarts. Unfortunately, design activity for newly conceived projects continued to stay staid. If India has truly decoupled from the global economy, as is apparent in recent months, then the worst is behind us and I expect strong performance in all our businesses. However, we will only find out the truth if the West goes into a double dip, which has become a growing fear among astute observers. This statement by a member of European Parliament succinctly summarises the expectations from the global economy at this point: "You cannot spend your way out of a recession or borrow your way out of debt."

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After that gloomy paragraph, I would like to share my optimism about the future, which arises out of the work we have done in bringing in several people across various levels at Revathi.

Last year, our Managing Director and the Head of our Drilling business retired. Their contribution to the company over the two plus decades they were with us cannot be overstated. However, there comes a time when people give in to the demands of their families and hang up their boots. We were able to find capable people to take up the mantle from these old hands. From my interactions with our new leadership over many months, I feel confident about the decision I, with active participation of our Board members, made. Though a lot of work needs to be done to build an exciting future, I think the business is in good hands.

Similarly, in the Construction Equipment business, we parted ways with a key executive. When the environment is tough, people tend to become jittery about the future. Some work with the business to make it better. Others find greener pastures and decide to move on. Our Marketing Head chose the latter path. I am happy to report that the people we have brought in to build the business have significant industry experience and an enviable track record. The new team has demonstrated that experience in building a national sales and service network in a matter of a few months after the close of FY10.

Changes at senior levels are always stressful. The bad news is that we had to undergo that stress at the worst possible time from the business perspective – when the business environment was most challenging. The good news is that both, the external and internal environments, have changed for the better. I do expect that our new team will bring fresh ideas and new energy into the business, which will translate into stronger financial results in the coming years.

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As briefly indicated above, our core Drilling business performed very well this year with a fifty percent jump in equipment volumes over last year. Fuelled by this surge, the EBIDTA grew fifty eight percent. Unfortunately, much of the good work done in the Drilling business was neutralized by the poor performance of the Construction Equipment business. Overall, our performance, though significantly better than last year, was still a touch below our performance in the years preceding FY09. I do expect this track record to show significant improvement in the years following FY10.

I would like to comment on two other developments that are imminent in our Drilling business. As the size of the industry in India grows, more competitors will want a piece of the action. That will obviously impact the market share of the two existing players. Also, our agreement with Bucyrus for global marketing is coming to an end in October 2010. Prima facie both these developments put together sound quite unsettling. However, we have put in motion an action plan to not only counter the effects of these developments but to improve our results despite them.

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This year was the most challenging year in Potential's two-decade history. For majority of the year, market slowdown continued and it severely hit the Indian construction industry. Potential was faced with many stalled projects, some cancelled orders, and very few new projects. This was further compounded with significant changes in the leadership of the Company, when all the founders retired. Again, while this was known, the timing could not have been worse. All these effects caused revenues to shrink to less than half their previous peak. To ensure the Company paid salaries on time, which it did, it was forced to make savage cost costs, primarily by reducing headcount and scaling back compensation. The bad news did not end there. In continuation of significant bad debt write offs last year, we had an even bigger write-off this year. Put together the total write offs over two years add up to ₹9 crores. Keep in mind that the highest profit ever earned by this company was ₹ 8 crores.

Thankfully, the year ended with a gradual turnaround of the market. To capitalize on the new opportunities, Potential has built a national Business Development team. This team, supported with more local design offices is our best bet in ensuring we get geographical diversification, the lack of which nearly killed us over the past eighteen months.

As the market picks up and more work starts coming through the door, retaining good people and bringing in talented people will be an important variable to keep our eyes on. Of course we are not the only ones thinking this way and with more work, competition too would be looking to hire smart people. This would lead to higher staff costs as the demand supply balance shifts in their favor.

Semac, our other company in the engineering design space, once again fared much better, relatively speaking, though even here revenues and profits fell from last year's levels while still remaining in positive territory.

On a combined basis, Potential + Semac probably had its toughest year. The headcount went down from its highest point of 803 attained in October 2008 to 578 by the close of this year, eighty per cent of the drop being accounted for by Potential. In a people driven business, this single statistic says a lot about the health of the business. The good news is that after the close of the year, we have started hiring again, at every single office.

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Monarch, the catalyst company, did admirably in a continuing tough environment. In this business, the selling price is linked to the raw material cost and hence Sales is a misleading number for examining financial health. I focus instead on the operating gross profit. Consider that while volumes picked up by about fifty percent, Sales was up only seventeen percent and operating gross profit climbed thirty two percent. Part of the volume jump came as a result of aggressive pricing to enter new markets, which is the reason the growth in operating gross profit did not move in step with rise in volumes. Expenses stayed more or less at last year's levels as a result of which, profit before extraordinary write-offs and taxes, climbed from ₹96 lacs to ₹623 lacs.

The team leading Monarch is dynamic and have done a remarkable job in producing such results in a tough environment. More importantly, while dealing with the present set of challenges, they have also prepared a blueprint for capturing the opportunities that lie ahead. The plan includes capacity debottlenecking, bringing in key people to help with new product development, opening up new markets to attain higher volumes, etc. All in all a praiseworthy turnaround after last year's dire results.

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Turning now to our real estate investment in Mumbai. After deferring construction activity for about a year, we finally moved ahead with our plans. If we decide to rent the office space, based on present market rent per square foot, we are looking at an eighteen percent pre-tax rent yield. If however, we choose to sell out towards the end of next financial year, at current market prices, we would have compounded our capital at a mid-twenties rate over the three years the capital stayed invested. Life is full of tough choices!

Abhishek Dalmia
Chairman of the Board

REPORT OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

For the year ended 31st March 2010

Your Directors have pleasure in presenting the Thirty third Annual Report together with the audited accounts of your Company for the year ended March 31, 2010

Financial Results

All figures in Rs. Million

Particulars	FY 10	FY 09
Total Income	1206	947
Total Expenditure	1071	905
Profit before tax	135	42
Less: Provision for tax	36	6
Profit after tax	99	36
Appropriation made as under:		
Transfer to General Reserve	—	30
Surplus carried to Balance Sheet	99	6

Dividend

No dividend has been declared considering the need to preserve cash for development in the financial year under review.

Performance Review

Sales of your company increased by 27.4 % to Rs. 1136 Million from Rs. 891 Million.

Profit before tax increased by 219 % to Rs. 135 Million from Rs. 42 Million due to higher sales volume and better product mix.

Overview of the Economy

Indian economy is expected to grow at 8.4 per cent in the current fiscal (2010-11) and 8.5 per cent in the next fiscal (2011-12) as per the forecast released by the Reserve Bank of India.

Government's thrust on development of infrastructure sector continues. Industries engaged in construction, mining and power sector are likely to do well.

Inflation continues to be a cause of concern.

Business Environment & Prospects for FY 2010-11

The company's products are catering to the needs of mining and infrastructure industries. The blast hole drilling equipments are predominantly used by coal companies for the production of coal, lignite etc.

The demand for coal is increasing steadily due to economic growth . The proposed addition to power capacity in India will accelerate the demand for coal, as coal is the main fuel for energy. Coal India Ltd has targeted to produce 435 metric tons of coal in FY 11 and committed to produce 520 MT of coal in FY 12. Indian Government has given green signal to private sector to enter the coal mining sector in a big way to accelerate coal production . Besides Coal India, companies engaged in steel, power are contemplating to own mining assets in India and abroad to meet their captive needs. Export market development and improvement in market share in private mining will be the key driver for growth.

The demand for construction equipments has started showing signs of improvement. The thrust by Government for development of roads, rail, airport, sea port likely to result in increased demand for company's products.

The manufacturing facility established at SIPCOT Industrial estate at Gummidipoondy near Chennai commenced its commercial production in April 2010.

Strategic Investments:

Monarch Catalyst P.Ltd.

Your company has strategic investments (26%) in Monarch Catalyst Private Ltd. (Monarch) Mumbai.

Monarch sales increased from Rs. 773 Million in FY 09 to Rs. 902 Million in FY 10 registering an increase of 16.5 % and posted impressive profit before tax of Rs 62 Million in FY10 against loss of Rs. 75 Million in FY 09. The turnaround was achieved due to multi pronged action and measures taken by Monarch.

Subsidiary Companies

In the past, your company had made investment of Rs 341 Million (57.6% in the capital of) in Potential Service Consultants P.Ltd and another investment of Rs 463 Million (72.6% in the capital of) in Semac Ltd., both of which are providing engineering design solutions for realty sector – viz. in Industrial and commercial segment.

With effect from April 01,2009, Semac Ltd. merged with Potential Service Consultants P.Ltd (PSCPL) as per the scheme of amalgamation as sanctioned by the Honorable High Court of Karnataka vide their Order dated July 8, 2010, keeping in mind the synergy in operations of these two companies. Consequently your company's holding in the merged entity of PSCPL has become 65.84% in their paid up capital.

Total income of the merged entity of PSCPL was Rs 463 Million in FY 10 as against Rs 351 Million registering an increase of 31.7% in total income. The loss of the combined entity was Rs 55 Million which was mainly due to write off of bad debts of Rs 74 Million against a profit of Rs 21 Million in FY 09.

FY10 was a challenging year for PSCPL (merged entity) due to industry slow down.

Revenue enhancement initiatives as well as cost saving efforts came with their lag effect and could not realize the full benefit in FY10. Then gradual market turnaround coupled with new initiatives should result in better financial results for FY11.

Revathi Drilling and Mining Ltd., wholly owned subsidiary, has not commenced its operations.

Consolidated Financial Statements

The accounts of Revathi Equipment Ltd., Revathi Drilling and Mining Ltd. (wholly owned subsidiary company), Potential Service Consultants P.Ltd. (subsidiary company) have been consolidated under Accounting Standard 21 of the Institute of Chartered Accountants of India, and accounts of Monarch Catalyst P.Ltd. in terms of Accounting Standard 27 of the Institute of Chartered Accountants of India.

On consolidation basis, the total income was Rs 1989 Million and profit before tax (before amortization of goodwill) was Rs 116 Million. Amortization of goodwill was Rs. 71 Million.

Human Resources

Your company realizes that it has to re-orient its organization as dynamics of business are changing fast. The 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 business has been divisionalised and business unit heads are in place. Organizational development is our key priority.

Risks and Concerns:

Slow down of global economy and delay in domestic investments in infrastructure projects may impact business.

Inflation continues to be a cause for worry.

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

The 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 continue to focus on risk management and also evaluate the internal control systems continuously so as to minimize and mitigate risks and improve control systems.

Board constitution

Board acknowledges the outstanding contribution of Mr. P.M. Rajanarayanan who was the Managing Director of the Company for the past 7 years, and who retired on March 31, 2010.

Board appreciates the contribution of Mr. Ajay Kumar Dhagat during his tenure as Director of the Company.

The board had appointed Mr. K. Sunil Kumar as Managing Director and CEO, with effect from April 01, 2010. A proposal for his appointment as Managing Director & CEO is being placed before the members for approval at the Annual General Meeting.

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

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

The Company earned foreign exchange of Rs. 167 Million and the foreign exchange outgo during the year amounts to Rs 176 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

New Delhi
August 23, 2010

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

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. High pressure large volume Compressor system for 6" Diesel DTH Blasthole drills. 2. 10" class diesel Rotary blast hole drills. 3. 6" class Diesel Rotary blast hole drills for Private customers. 4. Design of Universal drilling machine for underground mines. 5. Concrete pump THP 45D developed successfully and launched in market. 6. Transit Mixer 8 CBM developed successfully.
2. Benefits derived as a result of the above R&D	:	Penetration into new market segments
3. Future Plan of action	:	Development of 1. 6" DTH heavy duty hydraulic track drill. 2. 6" Diesel Rotary Blast hole drills for export. 3. Exploratory drills for export 4. Transit Mixer of 9 Cu M. 5. Boom Pump of 28/32 M. 6. Transit Mixer 7C version(Bolted design) 7. Transit Mixer 7 CBM with PTO Drive. 8. Concrete Pump THP 45 E (Electric Version)
4. Expenditure on R&D :		
(a) Capital	:	Rs. - Million
(b) Recurring	:	Rs. 13.9 Million
(c) Total	:	Rs. 13.9 Million
(d) Total R & D expenditure as a percentage of total turnover	:	1.3 %

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. 6" DTH heavyduty hydraulic track drill. 3. 6" Diesel Rotary Blasthole drills for export. 4. Exploratory drills for export
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 Mixers, Concrete Pump and Boom 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 (2A) 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 31ST MARCH 2010

Name	Age	Designation / Nature of employment	Remuneration	Qualification / Experience	Date of Employment	Previous employment Designation / Name of Employer
Mr. Abhishek Dalmia	41	Executive Chairman Contractual	4,539,725	FCA, AICWA, B.COM.(H) 18 Years	01.04.2003	Managing Director / Utkal Investments Ltd.
Mr. Rajanarayanan P.M.	61	Managing Director Contractual	5,165,914	B.E. (Mech.) 38 Years	20.10.1982	Area Sales Manager / Greaves Cotton Ltd.
Mr. Sunil Kumar K. *	45	Chief Exeutive Officer - Designate	1,166,069	B.Tech., MS. 24 Years	28.12.2009	Executive Vice President Greaves Cotton Ltd.
Mr. Ramasubramanian K.V.	61	Business Unit Head - Drill division	3,390,768	B.E.(Elec.) PGDIE 37 Years	01.07.1982	Industrial Engineer / PSG Industrial Institute
Mr. Shashiprakasha *	49	Business Unit Head - Drill division	1,310,791	B.E.(Mech) PGDBM 27 Years	02.11.2009	Vice President (Operations) Usha Telehoist Ltd.
Mr. Hariharan S.	51	Vice President - Finance	2,838,926	B.Com., A.I.C.W.A. 27 Years	23.10.1992	Deputy Manager Accounts / S R F Ltd.
Mr. Sunil Puri	46	General Manager (Marketing) - Drill Division	2,622,745	B.E. (Mech.) 24 Years	01.07.2006	Elgi Equipments Ltd / General Manager- Marketing
Mr. Ramakrishnan Sanjeevi	49	Business Unit Head - Construction Equipment Division	2,768,067	B.E. (Mech.), DIP Computer Management 28 Years	12.04.2007	Elgi Equipments Ltd / Vice President - Division Head
Panneer Selvam E. *	51	Associate Vice President (Operations) - Construction Equipment Division	310,115	M.E. 30 Years	17.02.2010	Sr.General Manager (Manufacturing) Greaves Cotton Ltd.
Sunil M. *	43	Associate Vice President (Marketing) - Construction Equipment Division	256,310	B.Tech 21 Years	22.02.2010	General Manager(Marketing) Greaves Cotton Ltd.

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, Director of the Company
3. Others are not related to any of the Directors of the Company.
4. * Employed during part of the year

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Company's philosophy on code of 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.

Board of Directors:

The Board presently comprises 7 Directors including 2 Executive and 5 Non-Executive Directors, of which 4 are Independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The Board is headed by Executive Chairman.

The Board met seven times during the Financial Year on 20th April 2009, 15th May 2009, 30th July, 2009 24th August, 2009, 23rd October, 2009, 20th January, 2010 and 19th March 2010. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under:-

Name of the Director	Category	Attendance Particulars		No. of directorships in other public Companies	No. of Committee Positions held in other Companies $	
		Board meeting	Last AGM		Chairman	Member
Mr. Abhishek Dalmia	Executive Chairman- Not Independent	7	Absent	15	Nil	Nil
Mr. P M Rajanarayanan*	Managing Director – Not Independent	6	Present	1	Nil	Nil
Mr.Chaitanya Dalmia	Non-Executive – Not Independent	5	Absent	16	Nil	Nil
Mr. S C Katyal	Non-Executive - Independent	6	Present	5	Nil	Nil
Mr. Ajay Kumar Dhagat	Non-Executive – Independent	1	Absent	-	Nil	Nil
Mr. B D Narang	Non-Executive – Independent	3	Absent	-	Nil	Nil
Mr. B.V.Ramanan #	Non-Executive- Independent	2	Absent	-	Nil	Nil

\# Mr. B.V.Ramanan was appointed with effect from 10.1.2010

$ Audit Committee, Shareholder's Grievance Committee have been considered for committee membership.

Mr. Abhishek Dalmia and Mr.Chaitanya Dalmia are related amongst themselves.

* Mr. P.M. Rajanarayanan retired on 31.3.2010.

Mr. K. Sunil Kumar was appointed as Managing Director & CEO with effect from 1.4.2010.

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:

1. 2% of the Profit before tax excluding extra – ordinary items

   or

   1% of the Net Invoiced Sales of the Company which ever is higher in a financial year.
2. He is not related to promoters or management at the board level or at one level below the board;
3. He has not been an executive of the company in the immediately preceding three financial years;
4. 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 which ever is higher in a financial year.
5. 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 which ever is higher in a financial year.
6. 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.

Committees of the board

Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement which, inter alia, include overseeing financial reporting process, reviewing periodic financial results, financial statements, internal control and internal audit systems, accounting policies and practices, related party transactions, performance of internal and statutory auditors, adequacy of internal audit function, discussions with internal and statutory auditors.

The members of the Audit Committee are independent and have knowledge of finance, accounts and engineering industry. The quorum for audit committee meeting is minimum of two independent directors.

During the year under review, the Committee met 4 times on 15th May 2009, 30th July 2009, 23rd October 2009 and 20th January 2010. The Composition of the Audit Committee and the attendance of each member of the Committee is given below:

Name of the Members	Chairman/Member	No. of Meetings attended
Mr. S.C. Katyal	Chairman	4
Mr. Ajay Kumar Dhagat	Member	1
Mr. B.D. Narang	Member	3

The Company Secretary acts as the Secretary to the Committee. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the year 2009-10 before it was placed before the Board.

Remuneration Committee

A Remuneration Committee has been constituted by the Board of Directors to review and/or determine the remuneration package of the executive directors of the Company in accordance with the guidelines laid out by the statute and the listing agreement with the Stock Exchanges. The Composition of Committee is given below:-

The following Directors are the members of the Remuneration Committee:

Name of the Members	Category	Designation
Mr. S.C. Katyal	Independent	Chairman
Mr. Ajay Kumar Dhagat	Independent	Member
Mr. B.D. Narang	Independent	Member

During the year under review, the committee met 3 times on 15th May 2009, 30th July 2009 and 20th January 2010.

The remuneration paid/ payable to the Executive Directors of the Company for the year ended 31st March 2010, are as under:-

Name of Directors	Gross Remuneration paid / payable	Service Contract
Mr. Abhishek Dalmia (Executive Chairman)	45.39 Lakhs	3 Years with effect from 01.04.2008
Mr. P.M.Rajanarayanan (Managing Director)	51.66 Lakhs	3 Years with effect from 01.04.2007

Remuneration includes Salary, Company's Contribution to Provident Fund, Commission, reimbursement of medical expenses and other perquisites.

The details of the remuneration paid during the year 31st March 2010 to the non-executive directors are as under :

Name of the Director	Sitting Fees (in Rupees)	Consultancy Charges (in Rupees)	Total (in Rupees)
Mr. Chaitanya Dalmia	10000	–	10000
Mr. S.C.Katyal	20000	1599997	1619997
Mr. B D Narang	12000	–	12000
Mr. B.V. Ramanan	4000	–	4000

The Company currently does not have any Stock Option Scheme

Statement showing number of Equity Shares held by the Non- Executive Directors as on March 31,2010:-

Name of the Director	No of Shares held. (as on 31.03.2010)
Mr. Chaitanya Dalmia	NIL
Mr. S.C. Katyal	10058
Mr. Ajay Kumar Dhagat	NIL
Mr. B D Narang	NIL
Mr. B.V. Ramanan	200

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-executive Independent Directors during the year.

Share Holders' Committee

The Company has an "Shareholders Committee" comprising of the following directors

Name of Director	Category	Designation
Mr. S.C. Katyal	Independent-Non Executive	Chairman
Mr. Ajay Kumar Dhagat	Independent-Non Executive	Member
Mr. B.D. Narang	Independent-Non Executive	Member

Compliance Officer: Mr. M.N. Srinivasan, Company Secretary.

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints such as non-receipt of shares, non-receipt of dividends etc. and other matters related to shares.

The Share Transfers/ transmissions approved by the committee are placed at the board meetings from time to time. During the year ended 31st March 2010, two meetings of the Committee were held.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2010 was one . There was no outstanding complaints as on 31st March 2010.

Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of the directors report.

General Body Meetings

Details of the last three AGMs held are given as under:

Year	Location	Date and time	Special Resolutions passed
2008-09	Registered office, Pollachi Road, Malumachampatti (PO), Coimbatore.	27.11.2009 10 AM	Modification of Executive Chairman Appointment agreement Modification of Managing Director Appointment agreement
2007-08	Aruthra Hall, Coimbatore	29.09.2008 10 AM	Alteration of Articles of Association
2006-07	Indian Chamber of Commerce, Coimbatore	25.07.2007 10 AM	Delisting of Shares from Coimbatore Stock Exchange

Whether any Special resolution was passed through postal ballot:

Yes. The Details are furnished below:

A Special resolution was passed through postal ballot on 01.07.2009 for amending Memorandum of Association of the company under Section 17 to establish educational institutions. Out of the total of 180 members holding 20,06,496 shares who had exercised the voting rights through postal ballot; 169 members holding 20,05,891 shares have voted for the Special Resolution which works out to 99.97% of the total votes polled in favour of the Special Resolution.

Mr.M.D.Selvaraj, Company Secretary in practice was appointed as scrutinizer for conducting the postal ballots as above.

Procedure for postal ballot

- Postal ballots along with the proposed resolutions are being sent to shareholders of the company for casting their votes.
- Board of directors appoint scrutinizer for proper conduct of the postal ballots voting process in a fair and transparent manner.
- The Scrutinizer shall submit his report as soon as receipt of all postal ballots from the shareholders.
- The Scrutinizer shall maintain requisite registers and records for postal ballots received as per the Companies (Passing of the Resolutions by Postal Ballot) Rules 2001
- The Results of the postal ballot are declared at the Registered Office of the Company.

Disclosures

(i) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large.**

Kindly refer to the notes forming part of accounts for the details of related party transactions. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

(ii) **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.**

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI, no penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other statutory authorities on matters relating to capital markets, in the last three years.

(iii) **Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee**

The Company does not have a Whistle Blower Policy. However any employee, if he/she desires, would have free access to meet Senior level Management and report any matter of concern

(iv) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49**

The Company complies with all the requirements of the listing agreement including the mandatory requirements of Clause 49 of the agreement.

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the listing agreement :

Company has a Remuneration Committee comprises of three Non-executive independent directors.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

The Company's Managing Director's declaration to this effect forms a part of this report.

Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

Means of Communication

The quarterly results and annual results are published in newspapers viz. Business Line, Business Standard, Financial Express and Malai Murasu (Vernacular paper). 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

Official news releases are made whenever it is considered necessary.

General Shareholder Information

33rd Annual General Meeting

Date and Time	:	September 29, 2010 - 10.00 AM
Venue	:	At the registered office of the Company Pollachi Road, Malumachampatti, Coimbatore 641 021

Financial Calendar

Financial year: April to March

Financial Year: 2010-11:

Period of reporting	Proposed Board meeting dates
Qtr ending 30th June 2010	Last week of July 2010
Qtr ending 30th September 2010	Third week of October 2010
Qtr ending 31st December 2010	Last week of January 2011
Year ending 31st March 2011	Last week of April 2011
Date of Book closure	From September 20, 2010 to September 29, 2010 (both days inclusive)
Dividend payment date	Not applicable as no dividend has been declared

Listing of shares on Stock Exchanges

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No. C/1
'G' Block, Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051

Coimbatore Stock Exchange Limited
Stock Exchange Building
Trichy Road
Coimbatore – 641 005

Note:

Annual listing fees for the year 2009-10 were paid to Bombay Stock Exchange Limited & National Stock Exchange of India Limited. Due to non-receipt of necessary intimation letter from Coimbatore Stock Exchange Limited the listing fee has not been paid so far.

Stock Market Data

Stock Code : 505368 – Bombay Stock Exchange Limited
: INE617A01013-National Stock Exchange of India Limited

Stock Price Data : (Rs 10/- fully paid up)

For the Period : April 2009 to March 2010

National Stock Exchange				Bombay Stock Exchange			
	Highest Rs.	Lowest Rs.	Volume Nos.		Highest Rs.	Lowest Rs.	Volume Nos.
April, 2009	475.00	348.00	2,800.00	April, 2009	479.55	360.00	5,116
May	600.00	418.00	16,748.00	May	606.00	420.00	5,080
June	734.40	475.00	10,011.00	June	680.00	475.00	21,068
July	695.20	477.00	32,849.00	July	604.00	486.00	60,860
August	600.00	480.15	12,506.00	August	580.00	500.00	32,591
September	624.00	501.00	67,722.00	September	624.00	512.05	90,573
October	710.05	545.00	126,751.00	October	715.00	548.00	197,001
November	635.00	486.05	36,872.00	November	593.90	530.00	42,077
December	640.00	472.00	25,574.00	December	638.00	530.00	30,741
January, 2010	685.00	535.65	45,821.00	January, 2010	685.00	555.50	66,078
February	659.90	572.05	18,775.00	February	656.75	580.00	22,460
March	699.00	600.00	36,366.00	March	695.00	590.00	42,492
Total			432,795	Total			646,137

Registrar and Share Transfer Agents
(for both physical and demat segments)

Office Address :

S.K.D.C Consultants Ltd.
Kanapathy Towers
3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore 641 006.
Tel : 0422-6549995, 2539836
Fax : 0422-2539837
E-mail : info@skdc-consultants.com

Compliance Officer's Details

M.N. Srinivasan
Company Secretary
Revathi Equipment Ltd
Pollachi Road, Malumachampatti P O,
Coimbatore – 641021
e-mail : srinivasan@revathi.co.in
Phone : 0422-6655100, 6655111
Fax : 0422-2610427

Share Transfer System

The company's shares being in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, S.K.D.C Consultants Limited and approved by the Share Transfer Committee of the Company. The Share transfers are processed within a period of 21 days from the date of receipt of the transfer documents by S.K.D.C Consultants Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Share Transfer and Investor Grievance Committee generally meet as and when required to effect the shares received for transfer in physical form.

The total number of shares transferred (physically) during the year 2009-10 was 88 (previous year 2185).

Categories of Shareholders as on 31st March 2010

Pattern of Shareholding as on 31st March 2010

Category	2009-2010		
	No.of Share holders	Voting Strength %	No.of Shares held
Individuals	4,774	22.871	701,454
Bodies Corporate	228	73.522	2,254,892
Insurance Co's	-	-	-
Directors & Relatives	3	0.692	21,234
NRI	71	0.500	15,332
Banks	1	0.003	100
OCB	-	-	-
Mutual Fund	3	2.412	73,931
FII	-	-	-
Total	5,080	100.000	3,066,943

Distribution of Shareholding as on March 31, 2010

No.of Equity Shares held	2009-2010			
	No.of Share holders	% of Share holders	No.of Shares	% of Share holding
01 - 100	3,907	76.91	143,084	4.67
101 - 200	531	10.45	90,258	2.94
201 - 500	412	8.11	138,070	4.50
501 - 1000	130	2.56	98,058	3.20
1001 - 5000	78	1.54	153,910	5.02
5001 - 10000	6	0.12	42,667	1.39
10001 and above	16	0.31	2,400,896	78.28
Total	5,080	100.00	3,066,943	100.00

Dematerialisation of Shares and liquidity

The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

During the financial year 2009-10, 3394 (0.11%) shares were dematted. As on 31st March, 2010, total shares in demat form is 2,964,764 shares and 102179 shares in physical form. This represents 96.67% shares of the company are in demat form and 3.33% shares are in physical form. The shares are compulsorily tradable in demat form with effect from 26.6.2000 for all investors.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

Plant locations	:	**Drilling Equipment Division** Revathi Equipment Limited Pollachi Road Malumachampatti Post Coimbatore – 641021.	**Construction Equipment Division** Revathi Equipment Limited D-12, SIPCOT Industrial Complex Gummidipoondi - 601 201. Thiruvallur District.
Address for Correspondence	:	M.N. Srinivasan Company Secretary Revathi Equipment Ltd Pollachi Road, Malumachampatti P O Coimbatore – 641021 e-mail : srinivasan@revathi.co.in Phone: 0422-6655100, 6655111 Fax: 0422-2610427	

CEO declaration for code of conduct pursuant to clause 49(I)(D) of the listing agreement.

I hereby declare that

- the board of directors has laid down a code of conduct for all board and senior management personnel.
- the code of conduct has been posted on the web site of the company namely www.revathi.co.in.
- all the board of directors of the company and senior management personnel have affirmed compliance with the said code of conduct for the year ended March 31, 2010.

Coimbatore
April 24, 2010

K. SUNIL KUMAR
Managing Director & CEO

AUTDITORS' 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 31st March 2010, 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 implementations thereof, adopted by the company for ensuring the compliance of the conditions of 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
Firm ICAI Registration No.: 3010151E

14, Government Place East
Kolkata
April 24, 2010

H.S. Jha
Partner
Membership No.: 55854

AUDITORS' REPORT

To the member of
REVATHI EQUIPMENT LIMITED

We have audited the attached Balance Sheet of Revathi Equipment Limited ('the Company') as at 31st March 2010 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 (as amended), by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government in exercise of the powers conferred by 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 enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to the above, we report that;

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

   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, except as given in Note 29 (b) regarding non-disclosure of details in respect of joint venture, the Profit and Loss account, the attached Balance Sheet and Cash Flow Statement of the Company as at 31st March, 2010, comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   e. On the basis of written representations received from the directors, as on 31 March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2010 from being appointed as a director of the Company in terms of Sec. 274 (l) (g) of the Companies Act, 1956.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon give the information required by the Companies Act, 1956, 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, 2010;

      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
Firm ICAI Registration No.: 3010151E

H.S. Jha
Partner
Membership No.: 55854

Kolkata
April 24, 2010

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.

(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.

(ii) (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) (a) According to information and explanations given to us the company had given unsecured loan to a subsidiary company which is also listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans was Rs. 6,000 thousand.

(b) In respect of loans given by the company, the rate of interest and other terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

(c) According to the information and explanations given to us, the principal amount and interest in respect of loan granted as mentioned above are repayable on demand. These loans have not been recalled.

(d) As informed to us, having regards to terms and conditions of the loan mentioned above, there is no overdue amount outstanding in respect of such loans. However, interest has been recovered regularly and at the year-end outstanding interest was Rs. 15 thousand.

(e) The Company has taken unsecured loans from three companies in earlier years covered in the register maintained under section 301 of the Act. The maximum amount of such loans during the year was Rs.109,000 thousand and the aggregate amount outstanding as at the year-end was Rs.9,000 thousand.

(f) The rate of interest and other terms and conditions of the aforesaid loans, wherever stipulated is prima facie not prejudicial to the interest of the company.

(g) The above loans have not been recalled and interest, wherever due, has been paid.

(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 Companies Act 1956 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 in respect of areas covered by them.

(viii) We are informed that the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 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 income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses as on 31st March 2010 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. We also report that the Company has held the shares, securities, debentures and other investments in its own name except to the extent pending transfer and/or exempted under section 49(5) of the Companies Act, 1956.

(xv) According to information and explanations given to us, the Company has given guarantees for loan taken by a subsidiary company from banks. Considering the long term involvement in the said company, such guarantee is not prima facie prejudicial to the interest of the Company

(xvi) According to information and explanations given to us, no fresh term loan has been taken during the year.

(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 Companies Act, 1956, 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
Firm ICAI Registration No.: 3010151E

H.S. Jha
Partner
Membership No.: 55854

Kolkata
April 24, 2010

REVATHI EQUIPMENT LIMITED

BALANCE SHEET — MARCH 31, 2010
(All amounts in thousands of Indian Rupees)

	Notes	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	30,669	30,669
Reserves and surplus	3	1,284,704	1,186,165
		1,315,373	1,216,834
LOAN FUNDS			
Secured loan	4	788,373	882,197
Unsecured loans	5	9,000	123,001
		797,373	1,005,198
Total		2,112,746	2,222,032
APPLICATION OF FUNDS			
FIXED ASSETS	1(b) & 6		
Gross Block		249,549	235,187
Less: Depreciation		(111,618)	(96,708)
Net Block		137,931	138,479
Add: Capital Work-in-Progress		300,246	263,024
		438,177	401,503
INVESTMENTS	1(d) &7	904,933	1,004,312
DEFERRED TAX ASSETS (net)	8	5,051	3,506
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(e) & 9	467,911	675,660
Sundry debtors	10	501,081	255,940
Cash and bank balances	11	75,822	119,204
Loans and advances	12	84,066	91,942
		1,128,880	1,142,746
Less : CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	13	351,753	324,033
Provisions	14	12,542	6,002
		364,295	330,035
Net current assets		764,585	812,711
Total		2,112,746	2,222,032

The accompanying notes are an integral part of this balance sheet

Lodha & Co Chartered Accountants	**Abhishek Dalmia** Executive Chairman	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata April 24, 2010	Bangalore April 24, 2010	

REVATHI EQUIPMENT LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

(All amounts in thousands of Indian Rupees)

	Notes	2009-10	2008-09
INCOME			
Gross Sales (include Service Income)	1(f)&15	1,192,122	950,353
Less:Excise Duty / Service Tax Recovered		(55,885)	(58,980)
Net Sales	1(f)&15	1,136,237	891,373
Other income	16	69,976	56,153
		1,206,213	947,526
EXPENDITURE			
Cost of materials	17	(717,185)	(544,522)
Employee costs	18	(93,533)	(85,497)
Manufacturing and other expenses	19	(151,482)	(147,091)
Interest and financial charges	20	(91,410)	(110,887)
Depreciation	1(b)&6	(17,609)	(18,885)
Less:Transferred from Revaluation Reserve		99	1,713
		(1,071,120)	(905,169)
Profit before taxes		135,093	42,357
Provision for taxes	21	(36,455)	(6,181)
Profit after taxes		98,638	36,176
PROFIT AND LOSS ACCOUNT, beginning of year		734,916	728,740
Profit available for appropriation		833,554	764,916
Proposed Dividend			-
Provision for Dividend Distribution Tax			-
Transfer to General Reserve		-	(30,000)
PROFIT AND LOSS ACCOUNT, end of year		833,554	734,916
Net profit available to equity shareholders		98,638	36,176
Weighted average number of shares used for computing basic earnings per share		3,066,943	3,066,943
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		32.16	11.80

The accompanying notes are an integral part of this statement

Lodha & Co Chartered Accountants	**Abhishek Dalmia** Executive Chairman	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata April 24, 2010	Bangalore April 24, 2010	

REVATHI EQUIPMENT LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

(All amounts in thousands of Indian Rupees)

	2009-10	2008-09
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	135,093	42,357
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	17,510	17,172
Bad Debts and advance written - off	5,742	471
Earlier year provision written back	–	(63)
Interest and dividend income	(6,117)	(25,362)
(Profit)/Loss on sale of investments	(27,834)	(20,627)
Provision for diminution in current investments written back	(2,572)	–
Write-down in the value of current investments	–	2,572
Interest on borrowings	82,285	101,801
(Profit) / Loss on sale of fixed assets	(256)	(213)
	203,851	118,108
Changes in current assets and liabilities:		
(Increase) / Decrease in inventories	207,749	(257,130)
(Increase) / decrease in trade and other receivables	(243,509)	192,955
(Decrease) / increase in current liabilities and provisions	48,262	90,601
Cash generated from Operations	216,353	144,534
Direct taxes paid (Net of Refund)	(39,098)	(2,457)
Net cash provided by / (used in) operating activities	177,255	142,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	371	234
Purchase of fixed assets	(54,399)	(281,735)
Sale/redemption of investments	196,217	202,448
Purchase of investments	(66,432)	(550,468)
Interest and dividend received	7,717	23,822
Net cash provided by/(used in) investing activities	83,474	(605,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(101,685)	53,599
Proceeds from / (repayment) of short term borrowings	(106,140)	412,538
Interest paid	(96,286)	(87,800)
Dividend paid	–	(30,669)
Tax on dividends paid	–	(5,212)
Net cash provided by / (used in) financing activities	(304,111)	342,456
NET INCREASE IN CASH AND CASH EQUIVALENTS	(43,382)	(121,166)
CASH AND CASH EQUIVALENTS		
Beginning of the year	119,204	240,370
End of the year	75,822	119,204

The accompanying notes are an integral part of this statement.

1. The above Cash Flow Statement has been compiled/prepared based on the audited accounts of the Company under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements.
2. Cash and Bank balance includes Rs. 28,245 (previous year Rs. 77,449) which are under lien or are not freely available.
3. Previous year's figures have been rearranged, where necessary.

Lodha & Co	**Abhishek Dalmia**	**K. Sunil Kumar**
Chartered Accountants	Executive Chairman	Managing Director & CEO
H.S. Jha	**M.N. Srinivasan**	**S. Hariharan**
Partner	Company Secretary	Vice President (Finance)
Membership No:055854		
Kolkata	Bangalore	
April 24, 2010	April 24, 2010	

REVATHI EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

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

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Policies

Basis of preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act,1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and in consonance with generally accepted accounting principles

(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 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:

	Per cent
Buildings	1.64-3.34
Plant and machinery	10
Production tooling	20,33.33,50-100
Data processing equipment	25
Furniture and fittings	15
Office equipment	15
Vehicles	20
Intangible assets-computer software	25,33.33
Intangible assets-Technical knowhow	33.33

Leasehold land is amortised on straight line basis over the primary lease period

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.

(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 / raising of invoices to customers and are net of excise duty, sales-tax, trade discounts and returns. 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) 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.

(j) Income taxes

Provision for income tax is made for current and deferred 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.

(k) 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.

(l) 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

	As at 31 March 2010	As at 31 March 2009
Authorised		
3,500,000 (2009 - 3,500,000) equity shares of Rs.10/- each	35,000	35,000
Issued, subscribed and paid-up		
3,066,943 (2009 - 3,066,943) equity shares of Rs. 10/- each fully paid up	30,669	30,669

(i) Of the above equity shares, 1,428,860 shares (2009: 1,428,860 shares) are held by erstwhile 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) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.

3. RESERVES AND SURPLUS

	2009-10	2008-09
Capital reserve	149	149
Capital redemption reserve		
Balance, beginning of year	3,111	3,111
Transfer from General Reserve	–	–
Balance, end of year	3,111	3,111
Revaluation reserve		
Balance, beginning of year	1,938	3,651
Transfer to profit and loss account	(99)	(1,713)
Balance, end of year	1,839	1,938
General reserve		
Balance, beginning of year	446,051	415,148
Excess dividend provision written back	–	903
Transfer from profit and loss account	–	30,000
Balance, end of year	446,051	446,051
Profit and loss account	833,554	734,916
	1,284,704	1,186,165

4. SECURED LOAN

Long Term Loan from Banks:		
Foreign currency loan	–	31,421
Rupee Loan	215,789	286,053
Cash Credit	565,604	562,537
Vehicle Loan	6,980	2,186
	788,373	882,197

Notes on Secured loans :

(i) Long term loan of Rs. 95,789 (2009: Rs 126,053/-) from HDFC Bank has been secured by exclusive charge on land and building and plant and machinery of the company situated at SIPCOT Industrial Estate,Gummidipoondi,Tamilnadu, financed out of term loan.

(ii) Long term loan of Rs 120,000 (2009: Rs 160,000/-) from 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.

(iii) Cash credit Loan of Rs. 565,604 (2009: Rs 562,537/-) under multiple banking arrangement has been secured by way of pari-passu charge on entire current assets of the company and second charge on fixed assets of the company.

(iv) Vehicle Loan of Rs. 6,980 (2009: Rs 2,186) is secured by hypothecation of Vehicles.

5. UNSECURED LOAN

	2009-10	2008-09
Loan from Bodies Corporate (including Rs. 9,000/- (2009-Rs. 9,000) from a subsidiary)	9,000	109,000
Interest accrued and due	–	14,001
	9,000	123,001

6. FIXED ASSETS

	Balance, beginning of year	Additions / charge	Deletions	Balance, end of year
Gross Block				
Tangible Assets				
Freehold/Leasehold land	62,852	–	–	62,852
Buildings	38,152	–	–	38,152
Plant and machinery*	54,608	4,370	–	58,978
Production tooling	11,778	2,897	–	14,675
Data processing equipment	14,587	99	1,092	13,594
Furniture and fittings	5,150	138	175	5,113
Office equipment	10,451	383	148	10,686
Vehicles	9,203	7,184	1,400	14,987
Intangible Assets				
Technical knowhow	17,590	–	–	17,590
Computer software	10,816	2,106	–	12,922
	235,187	17,177	2,815	249,549
Previous year	144,381	92,791	1,985	235,187
Accumulated depreciation				
Tangible Assets				
Freehold /Leasehold land	837	836	–	1,673
Buildings	14,544	1,209**	–	15,753
Plant and machinery	29,501	4,048	–	33,549
Production tooling	10,988	1,892	–	12,880
Data processing equipment	9,785	2,114	1,091	10,808
Furniture and fittings	2,197	604	173	2,628
Office equipment	2,466	1,403	130	3,739
Vehicles	5,642	1,709	1,305	6,046
Intangible Assets				
Technical knowhow	15,052	1,128	–	16,180
Computer software	5,696	2,666	–	8,362
	96,708	17,609	2,699	111,618
Previous year	79,787	18,885	1,964	96,708
Net Block				
Tangible Assets				
Freehold /Leasehold land	62,015			61,179
Buildings	23,608			22,399
Plant and machinery	25,107			25,429
Production tooling	790			1,795
Data processing equipment	4,802			2,786
Furniture and fittings	2,953			2,485
Office equipment	7,985			6,947
Vehicles	3,561			8,941
Intangible Assets				
Technical knowhow	2,538			1,410
Computer software	5,120			4,560
	138,479			137,931
Previous year	64,594			138,479

*Plant and machinery includes Rs. 4,277 given on lease

Capital Work-in-progress	263,024	300,246

1. ** Includes depreciation of Rs. 99 (2009 - Rs 1,713) transferred from revaluation reserve.
2. 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
	4,239

3. Capital Work in progress includes :
   a) Rs. 174,000 (2009 - Rs. 170,000) paid towards joint development of property with another Corporate body.
   b) Rs. 20,888 (2009 - Rs. 12,098) towards interest on loan taken for the purpose of the project at Chennai.
   c) Rs. 8,509 (2009 - Rs. 60,569) in respect of capital advance.

7. INVESTMENTS (non-trade)

	As at 31.03.2010	As at 31.03.2009
Long term		
Unquoted - Mutual Funds		
Nil.(2009-12,271) bonds of Rs.100 each 6.75% Tax free US-64 Bonds of UTI	–	1,227
Nil.(2009-1,16,056)Units of Rs.100 each of 6.60% Tax free ARS Bonds of UTI	–	11,605
	–	12,832
Unquoted - Shares		
Shares in Jointly Controlled Entity:		
1,50,800 (2009-1,50,800) Equity Shares of Rs.100/-each in Monarch Catalyst Pvt.ltd	62,400	62,400
Shares in Subsidary Companies:		
10,00,000.(2009-10,00,000) Equity Shares of Rs.10/-each in Revathi Drilling & Mining Ltd	10,000	10,000
1,94,848.(2009-1,87,978)Equity Shares of Rs.10/-each in SEMAC Ltd *	463,152	456,138
4,69,569 (2009-3,60,925)Equity Shares of Rs.10/-each in Potential Service Consultants Pvt.Ltd *	341,289	322,525
	876,841	863,895
Quoted		
Shares		
Nil.(2009-40,000) Equity Shares of Rs.10/-each in Andhra Sugars Ltd	–	5,094
4,34,080 (2009-5,07,500)Equity Shares of Rs.10/-each in Ashiana Housing Ltd	22,163	34,078
Nil (2009-24,809)Equity Shares of Rs.10/-each in Cords Cable Industries Ltd	–	3,349
Nil(2009-44,500)Equity Shares of Rs.10/-each in Federal Bank Ltd	–	9,946
Nil(2009-70,000) Equity Shares of Rs.10/-each in Indorama Synthetics Ltd	–	4,853
Nil (2009-4,00,436)Equity Shares of Rs.10/-each in Lakshmi Vilas Bank Ltd	–	23,930
Nil.(2009-30,000) Equity Shares of Rs 10/-each in LIC Housing Finance Ltd	–	4,603
Nil (2009-1,30,000) Equity of Shares of Rs.10/- each in Mahanagar Telephone Nigam Ltd	–	16,380
Nil.(2009-29,000)Equity shares of Rs.10/-each in Oriental Bank of Commerce	–	4,950
Nil (2009-50,000) Equity Shares of Rs.10/-each in Tata Sponge Ltd	–	8,206
Current		
Mutual Funds		
5,40,008 (2009 - 5,40,008) units of Rs 10/- each in Franklin India Smaller Companies Fund	5,450	5,450
Nil (2009 - 1,21,048) Units of Rs.10/- each in Prudential ICICI Liquid Plan Growth Option	–	2,500
2,854 (2009 - Nil) Units of Rs.100/-each in ICICI Prudential Flexible Income Plan Growth	479	–
Nil (2009 - 12,16,563) Units of Rs.10/-each in ICICI Prudential Flexible Income Plan Growth	–	19,650
	28,092	142,989
Less:Diminution in value of investments	–	(2,572)
	28,092	140,417
	904,933	1,004,312
Book value of quoted Investments	22,163	115,389
Book value of Unquoted Investments	876,841	863,895
Book value of Investments in Mutual Funds(Quoted)	5,929	25,028
	904,933	1,004,312
Aggregate market value of quoted Investments	41,515	77,528
Aggregate NAV of investments in Mutual Fund	7,122	25,305

Refer Note 24 (I-a&b) for details of purchases and sales of investments during the year.

* a scheme has been filed to amalgamate the said company with another subsidiary,viz Potential Service Consultants Pvt Ltd

8. DEFERRED TAX ASSETS / (LIABILITIES) - NET

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

	Opening balance as on 01.04.2009	Charge / (credit) during the year	Closing balance as on 31.03.2010
Deferred Tax Assets:			
Provision for Leave Encashment and Gratuity	1,789	290	2,079
Provision for Employee Welfare Fund (Fidility)	3,136	369	3,505
	4,925	659	5,584
Deferred Tax Liabilities:			
Depreciation Difference	(1,419)	886	(533)
Net Deferred Tax Assets / (Liabilities)	3,506	1,545	5,051

	As at 31.03.2010	As at 31.03.2009
9. INVENTORIES		
Raw material and components, including goods-in-transit	209,939	300,030
Work-in-progress	166,758	302,887
Finished Goods	8,757	–
Merchanting goods, including goods-in-transit	82,457	72,743
	467,911	675,660
10. SUNDRY DEBTORS (unsecured)		
Considered good unless stated otherwise		
Outstanding for more than six months		
Considered good	62,994	73,063
Considered doubtful	-	-
	62,994	73,063
Others		
Considered good	438,087	182,877
	501,081	255,940
11. CASH AND BANK BALANCES		
Cash in hand	771	482
Cheques on hand	10,044	-
Balances with scheduled banks		
- in Cash Credit	5,025	50
- in Current accounts	31,609	40,970
- Dividend accounts (restricted)	128	203
- Margin money (under lien)	28,245	77,499
	75,822	119,204
12. LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	22,677	30,368
Deposits	8,530	10,954
Loan to a subsidiary	6,000	-
Balances with Govenment authorities	21,900	26,900
Other receivables	983	842
Advance Payment of Tax (net of provision)	23,976	22,878
	84,066	91,942

Disclosure under clause 32 of the Listing Agreement:

Loans and Advances to Employees

	Max.Amt.outstanding during 2009-10	Outstanding at the end of the year	Max.Amt.outstanding during 2008-09	Outstanding at the end of the year
Housing Loan to employees (Interest @ 5%)	1,644	1,644	1,723	1,462
Other loans and advances (Interest free)	445	445	385	403

13. CURRENT LIABILITIES	As at 31.03.2010	As at 31.03.2009
Acceptances	8,885	9,882
Sundry creditors		
- Due of Micro enterprises and Small enterprises (Refer Note 28)	-	29
- Others	218,284	233,202
Unclaimed dividends and fixed deposits*	128	253
Advances from customers	53,482	32,935
Accrued expenses and other liabilities	70,974	47,732
	351,753	324,033

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

		As at 31.03.2010	As at 31.03.2009
14.	**PROVISIONS**		
	Proposed dividend	–	–
	Dividend distribution tax	–	–
	Provision for warranty claims	12,542	6,002
		12,542	6,002
		2009-10	**2008-09**
15.	**REVENUES**		
	Sale of drills/Construction Equipments	731,022	482,512
	Sale of spares	375,932	413,665
	Gross Sales	1,106,954	896,177
	Less:Excise Duty Recovered	(53,850)	(57,604)
	Net Sales	1,053,104	838,573
	Service income	85,168	54,176
	Less: Service Tax Recovered	(2,035)	(1,376)
	Net Service Income	83,133	52,800
		1,136,237	891,373
16.	**OTHER INCOME**		
	Dividend from mutual funds and other investments from		
	– Long term	1,319	14,993
	– Current	1,143	4
	Profit on sale of investments (net)		
	– Long term	27,834	19,520
	– Current	–	1,107
	Interest on investments and deposits (gross of tax deducted at source of Rs.1,568.(2009 - Rs 1,165).	3,655	10,365
	Exchange gain (net)	11,702	–
	Earlier year provision no longer required written back	–	63
	Provision for diminiution in current investments written back	2,572	–
	Profit on sale of fixed assets	256	213
	Lease Rental Income	1,851	-
	Others	19,644	9,888
		69,976	56,153
17.	**COST OF MATERIALS**		
	Raw material and components consumed *		
	Opening stock	300,030	175,408
	Add: Purchases	329,058	563,596
	Less: Closing stock, including raw material and components in-transit	(209,939)	(300,030)
		419,149	438,974
	Purchase of merchanting components	159,497	195,346
	Processing charges and purchase of materials through sub-contractors	20,881	42,710
	Decrease/(increase) in work-in-progress , merchanting components and finished goods	117,658	(132,508)
		717,185	544,522

*Net of Rs.4,277 for self generated fixed assets and Rs 8,757 for sales returns

18.	**EMPLOYEE COSTS**		
	Salaries, wages, allowances, bonus etc	68,816	59,446
	Contribution to provident and other funds	10,042	9,614
	Staff welfare expenses	14,675	16,437
		93,533	85,497

	2009-10	2008-09
19. MANUFACTURING AND OTHER EXPENSES		
Consumption of stores, spares, small tools, jigs and fixtures	8,343	13,026
Power and fuel	4,324	5,143
Rent	6,437	4,977
Repairs and maintenance		
Buildings	5,991	8,406
Plant and machinery	377	1,394
Others	3,312	3,096
Insurance	2,575	2,148
Rates and taxes	6,652	2,637
Travelling and conveyance	29,958	28,949
Freight, clearing and packing	18,302	13,505
Legal and professional charges	11,028	14,121
Directors' sitting fees	46	48
Selling commission	24,726	16,093
Write-down in the value of Current Invenstment	–	2,572
Exchange loss(net)	–	7,052
Bad debts and advances written-off (net of recoveries Rs.Nil (2009- Rs.75))	5,742	471
Miscellaneous expenses	23,669	23,453
	151,482	147,091
20. INTEREST AND FINANCIAL CHARGES		
Interest		
Fixed loans	44,417	64,334
Cash credit	36,949	36,020
Others	919	1,447
Bill discounting charges	301	421
Bank charges, etc.,	8,824	8,665
	91,410	110,887
21. PROVISION FOR TAXES		
Current tax	38,000	4,400
Deferred tax	(1,545)	(619)
Fringe Benefit Tax	–	2,400
	36,455	6,181
22. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts		
Customer claims for damages	3,678	3,678
Income-tax	–	4,132
Corporate guarantee given on behalf of a subsidiary	55,000	–
	58,678	7,810
23. CAPITAL COMMITMENTS		
On account of intangible assets	–	–
On account of tangible assets	2,625	16,053
	2,625	16,053

24. SUPPLEMENTARY DATA

	2009-10	2008-09
a. Managerial remuneration		
Managing Director & Executive Chairman		
Salary	4,843	4,634
Commission	760	–
Contribution to provident and other funds	1,711	1,637
Perquisites and other benefits	2,391	2,667
Total Managerial remuneration	9,705	8,938
b. Computation of net profit in accordance with section 349 of the Companies Act, 1956		
Net profit before tax	135,093	42,357
Add: Managerial remuneration	9,705	8,938
Directors' sitting fees	46	48
Depreciation in the books of account	17,609	18,859
Loss on sale of Investments (including Notional Loss, if any)	12,902	6142
	175,355	76,344
Less: Depreciation under section 350 of the Companies Act, 1956	17,609	18,859
Profit on sale of fixed assets	256	–
Profit on sale of Investment	43,308	26,486
Net profit under section 349 of the Companies Act, 1956	114,182	30,999
Maximum Managerial Remuneration payable at 10 percent	11,418	3,100
c. Payments to auditors		
(included in Miscellaneous expenses, excluding service tax)		
As auditors	230	230
Other services	310	355
Reimbursement of out-of-pocket expenses	281	221
	821	806
d. Value of imports on CIF basis		
Raw material, components and traded goods	172,353	254,196
	172,353	254,196
e. Expenditure in foreign currency		
Travel	1,407	1,327
Selling commission	1,060	934
Technical know-how	1,486	2,590
	3,953	4,851

f. Consumption of raw material and components

	Unit	2009-10 Quantity	2009-10 Value	2008-09 Quantity	2008-09 Value
Under carriage assemblies	Nos	24	38,369	38	33,635
Compressors and accessories	Nos	28	20,548	47	12,847
Electrical components		*	75,419	*	72,351
Hydraulic components		*	71,657	*	106,694
Pipes and valves		*	25,945	*	47,415
Gear/chain assemblies		*	43,070	*	59,911
Others (individually less than 10 per cent of total consumption)		*	144,141	*	106,121
			419,149		438,974

* 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

	2009-10 Value	2009-10 Percent	2008-09 Value	2008-09 Percent
Consumption of raw material and components				
Imported	130,717	31.19	135,626	30.90
Indigenous	288,432	68.81	303,348	69.10
	419,149	100.00	438,974	100.00
Consumption of stores and spares				
Indigenous	8,343	100.00	13,026	100.00
	8,343	100.00	13,026	100.00

Note : See comments in Note 24(f) above.

h. Earnings in foreign exchange

	2009-10	2008-09
FOB value of exports	167,624	111,593
	167,624	111,593

i. Purchase of merchanting goods

	2009-10 Quantity	2009-10 Value	2008-09 Quantity	2008-09 Value
Compressors	10	3,801	16	7,388
Others	*	155,696	*	187,958
		159,497		195,346

* 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

	Unit	Opening stock Quantity	Opening stock Value	Sales Quantity	Sales Value	Closing stock Quantity	Closing stock Value
2010							
Waterwell rigs,blast hole rigs & Construction equipments	Nos	–	–	34	682,701	–	–
Merchanting goods	Nos	*	72,743	*	370,403	*	82,457
			72,743		1,053,104	#	82,457
# Net of Sales returns amount to Rs.13,057							
2009							
Waterwell rigs,blast hole rigs & Construction equipments	Nos	-	-	82	435,330	-	-
Merchanting goods	Nos	*	61,640	*	403,243	*	72,743
			61,640		838,573		72,743

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

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 2009-10	Installed capacity 2008-09	Production quantity 2009-10	Production quantity 2008-09
Waterwell and blast hole rigs,Cons.equipment	Nos	100*	100*	34	82
Manufactured components (see note)		**	**	**	**

* 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.

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 Value	Sales Value
Laskshmi Vilas Bank Ltd	5,400,000	8,259,770
	5,400,000	8,259,770

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

	Purchases Value	Sales / Redemptions Value
Current, quoted		
Pridential ICICI Flexible Income Plan	35,253,623	34,879,152
	35,253,623	34,879,152

m. Related Party Disclosure pursuant to Accounting Standard - 18 :

1. Enterprises where control exists:
   Utkal Investments Limited
   Revathi Drilling & Mining Ltd (wholly owned subsidiary)
   Semac Limited (subsidiary Company)*
   Potential Service Consultants Pvt. Ltd (Subsidiary from 20.08.2009 - prior to that it was a jointly controlled entity.)*
2. Other related party 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) Director / Consultant
   Mr. S.C. Katyal
3. Jointly Controlled Entities
   Monarch Catalyst Pvt.ltd
4. Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2010

(Rs. in 000's)

Particulars	Holding	Subsidiary	Jointly Controlled Entities	Key Management Personnel & their relatives	Director/ Consultant
			2009-10		
Income:					
Interest Income		339	–		
Expenses:					
Remuneration to Key Management Personnel			9,705		
Rent expense			660	271	427
Directors sitting fees				10	20
Consultancy Fee					1,614
Investment		25,778	-		
Advances Given		28			
Loan Given		6,000			
Loan taken		-			
Balances as on 31st March, 2010					
(a) Payable-remuneration/Consultancy Fee			760	133	
(b) Rental Deposit				–	–
(c) Investment		814,441	62,400		
(d) Loan taken		9,000	–		
(e) Loan given		6,000	–		
(f) Receivables		279			

Particulars	Holding	Subsidiary	Jointly Controlled Entities	Key Management Personnel & their relatives	Director/ Consultant
			2008-09		
Income:					
Dividend Income		1,880	9,298		
Remuneration to Key Management Personnel			8,939	–	
Rent expense	660		–	271	520
Directors sitting fees				8	20
Interest	14,001			–	
Consultancy Fee					2,950
Investment		456,138	11,210		
Advance Given		61			
Loan taken	17,000	9,000		–	
Balances as on 31st March, 2009					
(a) Payable-remuneration/Consultancy fee			394	125	
(b) Rental Deposit				226	120
(c) Investment		466,138	384,925		
(d) Loan payable	100,000	9,000	–		
(e) Interest payable	14,001	–		–	
(f) Receivables		251			

* a scheme has been filed to amalgamate the said company with another subsidiary, viz. Potential Service Consultants Pvt. Ltd.

25. DISCLOSURE UNDER ACCOUNTING STANDARD (15)

Employee Benefits

i) 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)

Employer's Contribution to Provident Fund – 3,019 (2009-3,299)

Employer's Contribution to Superannuation Fund - 2,202 (2009-1,796)

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 acturaial valuation using Projected Unit Credit Method,which recognises each period of service as giving raise 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)

(a) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuation as on 31 March, 2010					
	Expenses recognised during the year ended March 31, 2010, (included in Schedule —— of Profit and Loss Account)	**Gratuity (Funded)**	**Gratuity (Funded)**	**Leave Encashment (Non-Funded)**	**Leave Encashment (Non-Funded)**
		31.3.2010	**31.3.2009**	**31.3.2010**	**31.3.2009**
1	Current Service Cost	1289	1,185	411	277
2	Interest Cost	1426	1,369	207	266
3	Expected return on plan assets	(1,733)	(1,529)	–	–
4	Actuarial Losses / (Gains)	1537	891	1,330	(606)
	Total Expenses	2519	1,916	1,948	(63)
	Change in the obligation during the year ended March 31, 2010				
1	**Present value of Defined Benefit Obligation at the beginning of the year**	19,777	17,822	3,136	3,462
2	Current Service Cost	1289	1,185	411	277
3	Interest Cost	1426	1,369	207	266
4	Benefit Paid	(1,535)	(1,404)	(754)	(264)
5	Actuarial (Gains) / Losses	1667	805	1,330	(606)
	Present value of Defined Benefit Obligation at the end of the year	22624	19,777	4,330	3,135

Change in Assets during the year ended March 31, 2010					
1	**Plan Assets at the beginning of the year**	20836	18,842	–	–
2	Contribution by Employer	3198	1,955	754	264
3	Expected return on plan assets	1733	1,529	–	–
4	Benefit Paid	(1,535)	(1,404)	(754)	(264)
5	Actuarial Gains / (Losses)	131	(86)	–	–
	Plan Assets at the end of the year	24363	20,836	–	–
Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2010					
1	**Net Asset / (Liability) at beginning of the year**	1059	1,020	(3,136)	(3,462)
2	Employer Expenses	(2,518)	(1,916)	(1,948)	62
3	Employer Contributions	3,198	1,955	754	264
4	**Net Asset / (Liability) at the end of the year**	1739	1,059	(4,330)	(3,136)
	Actuarial Assumptions				
1	Discount Rate	7.5%	8%	7.5%	8%
2	Expected Rate of Return on Plan Assets	8.0%	8%	-	-

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.

ii) Disclosure in terms of Para 120(n) of AS 15 (revised 2005)

Particulars	Gratuity (Funded)		
	2009-2010	2008-2009	2007-2008
Present Value of Defined Benefit Obligation	22,624	19,777	17,822
Fair Value of Plan Assets	24,363	20,836	18,842
Surplus / (Defecit)	1,739	1,059	1,020
Experience Adjustments on Plan Liabilities - (Loss) / Gain	279	(1,643)	(3,174)
Experience Adjustments on Plan Assets - (Loss) / Gain	131	(86)	330

26 SEGMENT REPORTING

The disclosure requirement under "Segment Reporting" as per Accounting Standard 17 taking into account the organisation structure as well as the difference in risk and return, is as given below:

A. PRIMARY SEGMENT

The Company operates mainly in one business segments viz. Construction and Mining being primary segment and all other activities revolve around the main activity. The secondary segment is geographical, information related to which is given under.

B. SECONDARY SEGMENT (Geographical segment)

2009-10

	Revenue	Asset	Liabilities	Capital Expenditure
Within India	970,548	2,449,058	283,961	17,177
Outside India	165,689	27,983	80,334	

2008-09

	Revenue	Asset	Liabilities	Capital Expenditure
Within India	780,905	2,521,643	306,897	92,791
Outside India	110,468	30,424	23,138	–

27. WARRANTIES

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

	2009-10	2008-09
Opening Balance as on 1/4/2009	6,002	11,600
Provided during the year (*)	9,290	4,456
Amounts used during the year	2,750	10,054
Closing Balance as on 31/3/2010	12,542	6,002

(*) remains adjusted with cost of material

28. Disclosure of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under he "Micro, Small and Medium Enterprise Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the balance sheet date. Based on the above the relevant disclosures under section 22 of the Act are as follows:

	2009-10	2008-09
a) Principal amount outstanding at the end of the year	Nil	29
b) Interest amount due at the end of the year	Nil	Nil
c) Interest paid to suppliers	Nil	Nil

29. INFORMATION ABOUT JOINT VENTURES

(a) Jointly Controlled entities

Name of the Joint Ventutres	Country of incorporation	Percentage of ownership Interes 2009-10	2008-09
1. Monarch Catalysts Pvt.Ltd (Monarch)	India	26.00%	26.00%

(b) In the absence of audited accounts for the year ended 31st March 2010, details in respect of contingent liabilities, capital commitments, interest in assets, liabilities, income and expenses cannot be furnished.

30. PREVIOUS YEAR COMPARATIVES

Previous year comparatives have been regrouped / reclassified to conform with the current years 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	:	CIN:L290TZ1977PLC000780
State code	:	18
Date of balance sheet	:	March 31, 2010

(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	:	2,112,746
Total assets	:	2,112,746
Sources of funds		
Paid-up capital	:	30,669
Reserves and surplus	:	1,284,704
Secured loans	:	788,373
Unsecured loans	:	9,000
Application of funds		
Net fixed assets	:	424,855
Investments	:	904,933
Net current assets	:	777,907
Deferred Tax Assets	:	5,051

(d) Performance of the Company

Turnover	:	1,136,237
Other income	:	69,976
Total expenditure	:	(1,071,120)
Profit before tax	:	135,093
Profit after tax	:	98,638
Earning per share (in Rs)	:	32.16
Dividend rate (%)	:	–

(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, 2010**
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	**Since the subsidiary company has not commenced commercial operations, the Profit and loss account for the period ending March 31, 2010 was not prepared and hence the dealing of subsidiary profit/(loss) does not arise.**
	For the previous financial year of the Subsidiary	**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	**Since the subsidiary company has not commenced commercial operations, the Profit and loss account for the period ending March 31, 2010 was not prepared and hence the dealing of subsidiary profit/(loss) does not arise.**
	For the previous financial year of the Subsidiary	**Not applicable**

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

M.N. Srinivasan
Company Secretary

S. Hariharan
Vice President (Finance)

Coimbatore
April 24, 2010

Promoter Group of 'Revathi Equipment Limited' pursuant to Regulation 3(1)(e) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997.

1. Utkal Investments Ltd.
2. Renaissance Asset Management Company Pvt. Ltd.
3. Renaissance Stocks Ltd.
4. Mr. Abhishek Dalmia
5. Mr. Chaitanya Dalmia
6. Mr. A.H. Dalmia
7. Mrs. Usha Dalmia
8. Mrs. Deepali Dalmia
9. Mrs. Pooja Dalmia
10. Ajai Hari Dalmia (HUF)
11. Shri Finance
12. Raghu Trading & Investment Company Pvt. Ltd.
13. Spangle Marketing Ltd
14. Hilltop Metals Ltd.
15. Saffron Agencies Ltd.

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

Name of the Subsidiary Company		**Potential Service Consultants Private Ltd.**
Financial year ending of the subsidiary		**March 31, 2010**
Extent of holding company's interest in the subsidiary at the end of the financial year (Number of shares held and percentage)		**Holding 1,198,852 equity shares of Rs 10 each. Percentage of holdings – 65.84%**
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 (36,744,998)**
	For the previous financial year of the Subsidiary	**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	**NIL**
	For the previous financial year of the Subsidiary	**Not applicable**

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Vice President (Finance)

New Delhi
August 23, 2010

To The Board of Directors
Revathi Equipment Limited

1. We have examined the attached Consolidated Balance Sheet of Revathi Equipment Limited ("the Company") and its subsidiaries, jointly controlled entities and joint ventures ("the Group") as at 31st March 2010 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement 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 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.
3. (a) We did not audit the financial statements of overseas subsidiary, joint venture and branch of the Company, whose financial statements reflect the Group's total assets of Rs.62,109 thousand and total revenues of Rs. 105,165 thousand in the Consolidated Financial Statements. These financial statements have been audited by other auditor duly qualified to act as auditor in the country of incorporation of the said subsidiary, joint venture and branch, and which were relied upon by us for our opinion on the financial statements of the Company.

   (b) We did not audit the financial statements of the jointly controlled entity whose financial statements reflect the Group's total assets of Rs. 216,294 thousand and total revenues of Rs. 235,758 thousand in the Consolidated Financial Statements. The financial statements of jointly controlled entity has been audited by other auditor whose report has 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 auditor.
4. As given in Note 2, 8-8.3 and 8-8.6 of Schedule 19 material impacts, if any, of the varying accounting policies with respect to employee benefits, depreciation and valuation of raw materials followed by the foreign branch, subsidiary company, jointly controlled entity/joint venture on the consolidated financial statements have not been ascertained and given effect to for the purpose of consolidation.
5. Attention is invited to the following notes as given in Schedule 19 regarding:

   (a) Non provision of claims raised by a customer on a subsidiary which is presently under arbitration (Note 13)

   (b) Payment of managerial remuneration amounting to Rs. 7,526 thousand at a subsidiary which is subject to approval of the shareholders of the said subsidiary and the Central Government (Note 14) and

   (c) Non -ascertainment and non-provision of stamp duty payable on amalgamation as per the scheme in various states (Note 16(d))
6. Subject to our comments in Para 4 and 5 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.
7. We further report that, overall impact with respect to Notes given in Para 4 and 5 above cannot be ascertained and commented upon by us and consequential effect on consolidated profit for the year and respective balances of assets/ liabilities cannot be determined.
8. 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 the information and explanations given to us, we are of the opinion that the said consolidated financial statements, subject to our comments in Para 4 and 5 above, whereby as given in Para 7 above, we are unable to ascertain and indicate the impact thereof on these consolidated financial statements and read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;

   b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Lodha & Co.
Chartered Accountants
Firm ICAI Registration No. 301051E
HSJha
Partner
Membership No: 55854

Kolkata
August 23, 2010

REVATHI EQUIPMENT LIMITED

CONSOLIDATED BALANCE SHEET — MARCH 31, 2010

(All amounts in thousands of Indian Rupees)

	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	30,669	30,669
Reserves and surplus	2	1,205,023	1,162,045
		1,235,692	1,192,714
Minority Interest		113,296	63,045
LOAN FUNDS			
Secured loan	3A	914,115	994,337
Unsecured loans	3B	10,342	114,001
		924,457	1,108,338
TOTAL		2,273,445	2,364,097
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		1,244,103	1,154,529
Less: Depreciation		(399,409)	(280,266)
Net Block		844,695	874,263
Add: Capital Work-in-Progress		300,602	263,304
		1,145,297	1,137,567
INVESTMENTS	5	36,606	158,029
DEFERRED TAX ASSETS (net) (Note 21 of Schedule 19)		5,621	2,484
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	487,517	689,414
Sundry debtors	7	790,177	484,017
Cash and bank balances	8	129,426	175,281
Loans and advances	9	171,088	167,525
		1,578,209	1,516,237
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10	478,329	425,972
Provisions	11	14,825	25,461
		493,153	451,433
NET CURRENT ASSETS		1,085,056	1,064,804
Miscellaneous Expenditure to the extent not written off			
Preliminary Expenses (includes share of Joint Ventures Rs. 438 Previous year Rs.1,210)		865	1,213
TOTAL		2,273,445	2,364,097
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	**Abhishek Dalmia** Executive Chairman	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata August 23, 2010	New Delhi August 23, 2010	

REVATHI EQUIPMENT LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

(All amounts in thousands of Indian Rupees)

	Schedule	2009-10	2008-09
INCOME			
Gross Sales (including Service Income)		2,002,279	1,677,148
Less:Excise Duty / Service Tax Recovered		(98,328)	(88,303)
Net Sales	12	1,903,951	1,588,845
Other income	13	81,802	54,054
		1,985,753	1,642,899
EXPENDITURE			
Cost of materials	14	(880,391)	(723,302)
Employee costs	15	(401,323)	(325,745)
Manufacturing and other expenses	16	(438,903)	(340,919)
Interest and financial charges	17	(106,399)	(126,702)
Depreciation	4	(113,866)	(105,388)
Less:Transferred from Revaluation Reserve		99	1,713
		(1,940,782)	(1,620,343)
Profit / (Loss) before taxes		44,972	22,556
Prior period items		(796)	(773)
Provision for taxes	18	(41,801)	(35,228)
Profit / (Loss) after taxes		2,374	(13,445)
Less: Minority Interest		(316)	(13,563)
Profit / (Loss) after taxes and minority interest		2,058	(27,008)
Consolidation adjustment reserve		–	(11,872)
PROFIT AND LOSS ACCOUNT, beginning of year		671,928	741,297
Profit available for appropriation		673,986	702,418
Transfer to General Reserve		–	(30,489)
Transfer to Legal Reserve		(1,581)	-
Adjustment due to Amalgamation (net)		(20,807)	-
PROFIT AND LOSS ACCOUNT, end of year		651,598	671,928
Net Profit / (Loss) available to equity shareholders		2,058	(27,008)
Weighted average number of shares used for computing basic earnings per share		3,076,122	3,076,122
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		0.67	(8.78)
Significant Accounting Policies and Notes on Accounts	19		

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	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata August 23, 2010	New Delhi August 23, 2010	

REVATHI EQUIPMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

(All amounts in thousands of Indian Rupees)

	2009-10	2008-09
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax but after prior period items	45,768	21,783
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	113,767	105,388
Bad debt and advances written off	76,112	28,562
Provision for doubtful debts	2,256	3,891
Provision for doubtful debts no longer required written back	(1,338)	-
Provision for diminution in value of investments written back	(2,633)	-
Sundry credit balances written back	(604)	-
Liability no longer required written back	-	(1,728)
Interest income	(4,798)	(11,350)
Dividend income	(2,704)	(3,818)
(Profit)/Loss on sale of investments	(27,834)	(20,627)
(Profit)/Loss on sale of fixed assets	(543)	(67)
Write-down in the value of current investments	–	2,572
Unrealised foreign exchange (gain) loss, net	(11,920)	16,514
Interest on borrowings	106,399	126,702
Operating cash flow before working capital changes	291,926	267,822
Changes in working Capital:		
(Increase)/Decrease in inventories	201,897	(236,881)
(Increase)/decrease in trade and other receivables	(265,850)	20,708
(Decrease)/increase in current liabilities and provisions	3,965	104,514
Cash generated from Operations	(59,988)	(111,659)
Direct taxes paid (Net of Refund)	(31,687)	(41,669)
Net cash provided by/(used in) operating activities (A)	200,250	114,494
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	9,094	2,375
Purchase of fixed assets	(90,542)	(677,383)
Sale / (Purchase) of investments	129,785	118,287
Interest and dividend received	6,398	15,212
Net cash provided by/(used in) investing activities (B)	54,735	(541,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(11,848)	403,391
Proceeds from / (repayment) of short term borrowings	(169,930)	88,001
Interest paid	(120,400)	(126,702)
Dividend paid	–	(30,669)
Tax on dividends paid	–	(6,792)
Net cash provided by/(used in) financing activities (C)	(302,177)	327,229
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(47,192)	(99,787)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	175,281	275,068
ADJSUTMENT DUE TO AMALAGAMATION	2,929	-
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	131,018	175,281

1) The above Cash Flow Statement has been compiled/prepared based on the audited accounts of the Company under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements.
2) Cash and Bank balance includes Rs 32,745 (previous year Rs 77,499) which are under lien or are not freely available.
3) Consequent to amalgamation of Semac Limited (erstwhile subsidiary) with Potential Service Consultants (P) Ltd (erstwhile jointly controlled entity) with effect from 1st April 2009 as per Note 4 and 16 of Schedule 19 , figures relating to erstwhile Potential Service Consultants (P) Limited has been included in the respective figures given herein above and cash and bank balances acquired in this respect has been shown separately with cash and cash equivalents.
4) Previous year's figures have been rearranged, where necessary.

The accompanying notes are an integral part of this balance sheet

Lodha & Co Chartered Accountants	**Abhishek Dalmia** Executive Chairman	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata August 23, 2010	New Delhi August 23, 2010	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

1. Share Capital

	As at 31 March 2010 (Rs. in '000)	As at 31 March 2009 (Rs. in '000)
Authorised		
3,500,000 equity shares of Rs.10/- each	35,000	35,000
Issued, subscribed and paid-up		
3,066,943 equity shares of Rs. 10/- each fully paid up	30,669	30,669

(i) of the above equity shares, 1,428,860 shares (2009: 1,428,860 shares)are held by erstwhile 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) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.

2. Reserves and surplus

Capital reserve	149	149
Capital redemption reserve	3,111	3,111
Revaluation reserve	1,839	1,938
General reserve	524,336	439,859
Legal Reserve	4,526	2,945
Foreign currency translation reserve	(2,505)	1,086
Consolidation Adjustment Reserve	5,828	8,310
Profit and loss account	651,598	671,928
Total	1,188,882	1,129,326
Group's proportionate share in reserves (Other than balance in P & L Account) of Joint Ventures	16,141	32,719
	1,205,023	1,162,045

3A. Secured loan

Long Term Loan from Banks	309,902	321,750
Cash Credit	592,513	562,537
Overdraft against Fixed Deposit	4,500	
Vehicle Loan	7,200	2,579
Total	914,115	886,866
Share of Joint Ventures- Note 1(c) of schedule 19	–	107,471
Grand Total	914,115	994,337

3B. Unsecured loan

Loan from Bodies Corporate	6,000	100,000
Interest accrued and due	–	14,001
Share of Joint Ventures- Note 1(c) of schedule 19	4,342	–
Total	10,342	114,001

4. Fixed assets

Gross Block	Balances beginning of the year	Addition on acquisition of Potential	Assets acquired on amalgamation	Additions/ Charge	Deletions	Deletion due to Desubsidiarisation	FCTR	Balance End of the year
Tangible Assets								
Freehold / Leasehold land	62,852	–	–	–	–	–	–	62,852
Buildings	54,987	–	16,835	237	–	16,835	–	55,223
Plant and machinery	54,663	4,829	55	4,687	2,032	55	–	62,148
Production tooling	11,778	–	–	2,897	–	–	–	14,675
Data processing equipment	40,394	24,447	22,339	1,103	2,254	25,807	–	60,222
Furniture and fittings	15,445	6,713	10,295	2,023	2,563	10,295	(673)	20,945
Leasehold Improvements	–	4,458	–	4,580	4,458	–	–	4,580
Office equipment	31,442	6,523	20,991	3,080	1,841	20,990	(1,323)	37,881
Vehicles	34,034	3,115	24,831	10,342	4,618	24,832	(2,202)	40,670
Intangible Assets								
Technical knowhow	17,590	–	–	–	–	–	–	17,590
Computer software	12,053	10,513	4,705	8,109	–	1,237	(175)	33,968
Goodwill	660,622	–	–	41,175	–	–	–	701,797
Total	**995,860**	**60,599**	**100,051**	**78,233**	**17,766**	**100,051**	**(4,373)**	**1,112,552**
Share in joint venture	158,669	–	709	3,347	1,058	30,001	(114)	131,552
Total	**1,154,529**	**60,599**	**100,759**	**81,580**	**18,824**	**130,052**	**(4,487)**	**1,244,103**
Previous year	**579,447**	–	–	**490,389**	**5,344**	–	**6,367**	**1,154,529**

Accumulated depreciation	Balances beginning of the year	Addition on acquisition of Potential	Depreciation on Assets acquired on amalgamation	Additions/ Charge	Deletions	Deletion due to Desubsidiarisation	FCTR	Balance End of the year
Tangible Assets								
Freehold /Leasehold land	837	–	–	836	–	–	–	1,673
Buildings (*)	16,537	–	1,993	1,956	–	1,993	–	18,493
Plant and machinery	29,553	2,769	52	4,185	612	52	–	35,895
Production tooling	10,988	–	–	1,892	–	–	–	12,880
Data processing equipment	28,050	18,018	17,017	6,840	1,889	18,266	–	49,770
Furniture and fittings	9,250	3,241	7,053	2,019	1,055	7,051	(597)	12,860
Leasehold Improvements	–	1,603	–	1,377	1,646	–	–	1,334
Office equipment	12,596	2,278	10,130	3,968	666	10,130	(896)	17,280
Vehicles	21,638	2,188	15,996	5,248	4,063	15,997	(1,349)	23,661
Intangible Assets								
Technical knowhow	15,052	–	–	1,128	–	–	–	16,180
Computer software	5,945	5,586	1,497	6,865	–	249	(57)	19,587
Goodwill	97,581	–	–	71,209	–	–	–	168,790
Total	**248,027**	**35,683**	**53,738**	**107,523**	**9,931**	**53,738**	**(2,899)**	**378,403**
Share in joint venture	32,239	–	54	6,343	342	17,271	(17)	21,006
Total	**280,266**	**35,683**	**53,792**	**113,866**	**10,273**	**71,009**	**(2,915)**	**399,409**
Previous year	**130,884**	–	–	**105,388**	**3,036**	–	**4,662**	**280,266**

Net Block	Balances beginning of the year	Balance End of the year
Tangible Assets		
Freehold /Leasehold land	62,015	61,179
Buildings	38,450	36,730
Plant and machinery	25,110	26,253
Production tooling	790	1,795
Data processing equipment	12,344	10,452
Furniture and fittings	6,195	8,085
Leasehold Improvements	–	3,246
Office equipment	18,846	20,601
Vehicles	12,396	17,009
Intangible Assets		
Technical knowhow	2,538	1,410
Computer software	6,108	14,381
Goodwill	563,041	533,007
Total	**747,833**	**734,149**
Share in joint venture	126,430	110,546
Total	**874,263**	**844,695**
Previous year	521,414	
Capital Work-in-progress (includes share in joint venture Rs. 280 Previous year Rs. 2230)	**263,304**	**300,602**

1. * Includes depreciation of Rs.99 (2009 - Rs. 1,713) transferred from revaluation reserve.
2. 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
	4,239

3. Capital Work in progress includes :
   a) Rs 174,000 (2008-Rs.170,000) paid towards joint development of property with another Corporate body.
   b) Rs.20,888 (2008-Rs.12,098) towards interest on loan taken for the purpose of the project at Chennai.
   c) Rs. 8,509 (2008 - Rs.60,569) in respect of capital advance.

5. **Investments (non-trade)**

	As at 31 March 2010	As at 31 March 2009
Long term		
Quoted Shares		
In fully paid up equity shares	22,163	115,389
Unquoted		
In Mutual Funds	–	12,832
In fully paid up equity shares	1,520	1,520
Current		
Mutual Funds	12,822	27,700
Total	36,506	157,441
Less:Diminution in value of investments	–	(2,572)
	36,506	154,869
Share of Joint Ventures- Note 1(c) of schedule 19	101	3,160
Grand Total	36,606	158,029
Book value of quoted Investments	22,163	115,389

Book value of Unquoted Investments (includes share of joint ventures-Rs.Nil, Previous year Rs.23)	1,520	14,375
Book value of Investments in Mutual Funds(Quoted) (includes share of joint ventures-Rs. 101, Previous year Rs.3,716)	12,923	28,265
	36,606	158,029
Aggregate market value of quoted Investments	41,515	77,528
Aggregate NAV of investments in Mutual Fund	7,122	25,405
6. Inventories		
Raw material and components, including goods-in-transit	209,939	300,030
Work-in-progress	166,758	302,887
Finished Goods	8,757	–
Merchanting goods, including goods-in-transit	82,457	72,743
Total	467,911	675,660
Share of Joint Ventures- Note 1(c) of schedule 19	19,606	13,754
Grand Total	487,517	689,414
7. Sundry debtors (unsecured)		
Considered good unless stated otherwise		
Outstanding for more than six months		
Considered good	125,655	100,318
Considered doubtful	2,351	2,161
	128,007	102,479
Others		
Considered good	612,520	269,728
Total	740,526	372,207
Less: provision for doubtful debts	2,351	2,161
Total	738,175	370,046
Share of Joint Ventures- Note 1(c) of schedule 19	52,002	113,971
Grand Total	790,177	484,017
8. Cash and bank balances		
Cash in hand	942	741
Cheques on hand	10,044	–
Balances with scheduled banks		
- in Cash Credit	5,025	50
- in Current Accounts	74,523	83,764
- Dividend Accounts (restricted)	128	203
- Deposit accounts (Under Lien Rs. 32,745 (2009 - Rs. 77,499)	32,745	87,222
Balances with non scheduled banks		
- in Current Accounts	2,011	–
Total	125,419	171,980
Share of Joint Ventures- Note 1(c) of schedule 19	4,008	3,301
Grand Total	129,426	175,281
9. Loans and advances		
Unsecured,considered good		
Advances recoverable in cash or in kind or for value to be received	37,596	37,106
Deposits	21,676	17,989
Balances with customs and excise authorities	21,900	26,900
Other receivables	1,088	594
Advance Payment of Tax (net of provision)	57,867	27,327
Total	140,126	109,916
Share of Joint Ventures- Note 1(c) of schedule 19	30,962	57,609
Grand Total	171,088	167,525

10. Current liabilities

	As at 31 March 2010	As at 31 March 2009
Acceptances	8,885	9,882
Sundry creditors (Refer Note 22 of Schedule 19)	231,353	233,574
Unclaimed dividends and fixed deposits*	128	253
Advances from customers	55,199	34,036
Accrued expenses and other liabilities	134,233	93,373
Amount due to directors	-	178
Total	429,798	371,296
Share of Joint Ventures- Note 1(c) of schedule 19	48,531	54,676
Grand Total	478,329	425,972

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

11. Provisions

	As at 31 March 2010	As at 31 March 2009
Provision for warranty claims	12,542	6,002
Provision for contingencies	2,283	2,642
Total	14,825	8,644
Share of Joint Ventures- Note 1(c) of schedule 19	–	16,817
Grand Total	14,825	25,461

12. Revenues

	2009-10	2008-09
Sale of drills/Construction Equipments	731,022	482,512
Sale of spares	375,932	413,665
Gross Sales	1,106,954	896,177
Less:Excise Duty Recovered	(53,850)	(57,604)
Net Sales	1,053,104	838,573
Service income	656,682	433,865
Less: Service Tax Recovered	(44,478)	(30,699)
Net Service Income	612,204	403,166
Total	1,665,308	1,241,739
Share of Joint Ventures- Note 1(c) of schedule 19	238,643	347,106
Grand Total	1,903,951	1,588,845

13. Other income

	2009-10	2008-09
Dividend from mutual funds and other investments from		
- Long term	1,319	3,814
- Current	1,385	4
Profit on sale of investments (net)		
- Long term	27,834	19,520
-Current	–	1,107
Interest on investments and deposits (gross of tax deducted at source of Rs.1,568(2008 - Rs 1,165).	4,798	10,612
Exchange gain-net	11,920	–
Provision for doubtful debts no longer required written back	1,338	893
Earlier year provision no longer required written back	–	63
Provision for diminution in current investments written back	2,633	–
Sundry credit balances written back	604	–
Profit on sale of fixed assets	543	605
Lease Rental Income	1,851	–
Others	26,247	10,161
Total	80,473	46,779
Share of Joint Ventures- Note 1(c) of schedule 19	1,329	7,275
Grand Total	81,802	54,054

	2009-10	2008-09
14. Cost of materials		
Raw material and components consumed *		
Opening stock	300,030	175,408
Add: Purchases	329,058	563,596
Less: Closing stock, including raw material and components in-transit	(209,939)	(300,030)
	419,149	438,974
Purchase of merchanting components	159,497	195,346
Processing charges and purchase of materials through sub-contractors	20,881	42,710
Decrease/(increase) in work-in-progress and merchanting components	117,658	(132,508)
Total	717,185	544,522
Share of Joint Ventures- Note 1(c) of schedule 19	163,206	178,780
Grand Total	880,391	723,302
* Net of Rs. 4,277 for self generated fixed assets and Rs. 8757 for sales returns		
15. Employee costs		
Salaries, wages,allowances,bonus etc	326,820	190,172
Contribution to provident and other funds	29,309	20,724
Staff welfare expenses	25,543	27,263
Total	381,672	238,159
Share of Joint Ventures- Note 1(c) of schedule 19	19,652	87,586
Grand Total	401,323	325,745
16. Manufacturing and other expenses		
Consumption of stores, spares, small tools, jigs and fixtures	8,343	13,026
Professional charges paid	–	
Power and fuel	9,280	7,970
Rent	27,033	15,158
Repairs and maintenance:		
Buildings	6,067	8,614
Plant and machinery	1,964	3,260
Others	11,272	8,014
Insurance	6,020	3,934
Rates and taxes	9,321	4,463
Travelling and conveyance	53,024	40,706
Freight, clearing and packing	18,302	13,505
Legal and professional charges	102,786	67,206
Directors' sitting fees	46	48
Selling commission	24,786	16,093
Write-down in the value of Current Invenstment	–	2,572
Bad debts and advances written-off (net of recoveries Rs. 3,610 (2009 - Rs. 75))	76,112	12,689
Provision for doubtful debts	2,256	3,891
Exchange loss(net)	–	16,514
Miscellaneous expenses	52,695	39,543
Total	409,307	277,206
Share of Joint Ventures- Note 1(c) of schedule 19	29,594	63,712
Grand Total	438,902	340,919
17. Interest and financial charges		
Interest		
Fixed loans	44,755	64,728
Cash credit	39,814	36,020
Others	1,862	1,556
Bank charges	9,271	9,223
Total	95,702	111,527
Share of Joint Ventures- Note 1(c) of schedule 19	10,697	15,174
Grand Total	106,399	126,702
18. Provision for taxes		
Current tax	40,647	28,662
Deferred tax	(1,181)	(1,298)
Fringe Benefit Tax	–	3,106
Fringe Benefit Tax of earlier years witten back	65	–
Wealth Tax	–	22
Total	39,530	30,492
Share of Joint Ventures- Note 1(c) of schedule 19	2,271	4,737
Grand Total	41,801	35,228

Schedule 19

Consolidated Notes on Financial Statements for the year ended March 31, 2010

1. a) **Principles of Consolidation**

The Consolidated Financial Statements of Revathi Equipment Limited ("the Company") and its Subsidiary Companies and the its Jointly Controlled Entity/Joint Venture 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" notified by Companies (Accounting Standards) Rules, 2006. The basis of preparation of the Consolidated Financial Statements is as follows:

- The financial statements of the Company and its' subsidiaries 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 entity/joint ventures 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 difference between the cost of investment in the subsidiary and jointly controlled entity/joint ventures over the net assets at the time of acquisition of shares in the subsidiary and jointly controlled entity/joint ventures 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 and jointly controlled entity/joint ventures as on the reporting date immediately preceding the date on which the holding-subsidiary and jointly controlled entity/ joint ventures relationship came into existence.
- Minority Interest in the net assets of the consolidated subsidiary consists of (a) the amount of equity attributable to the minority share at the date on which investment in a subsidiary is made and (b) the minorities' share of movements in equity since the date the parent-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 as under:

No.	Name of the Company	Country of Incorporation	% Voting Power 2009-10	% Voting Power 2008-09
1.	Revathi Drilling & Mining Limited(RDML)	India	100.00	100.00
2.	Semac & Partners LLC (Semac Muscat)	Sultanate of Oman	65.00	65.00
3.	Potential Service Consultants Private Limited (Potential)	India	65.84	—
4.	Semac Limted (Semac)	India	—	70.00

c) The interest in jointly controlled entity/joint venture is given below:

No.	Name of the Company	Description of Interest	Country of Incorporation	% Voting Power 2009-10	% Voting Power 2008-09
1.	Semac Qatar W.L.L (Semac Qatar)	Joint Venture	Qatar	49.00	49.00
2.	Monarch Catalyst Pvt. Ltd (Monarch)	Jointly Controlled Entity	India	26.00	26.00
3.	Potential Service Consultants Pvt. Ltd (Potential)	Jointly Controlled Entity	India	–	48.34

i. There are no contingent liabilities that the Company has incurred in relation to its interests in joint venture/ jointly controlled entity and there are no contingent liabilities which have been incurred jointly with other venturers /entity.

ii. There are no contingent liabilities of the joint venturers of any joint venture / jointly controlled entity.

iii. There are no capital commitments of the Company in relation to its interest in joint venture and there are no capital commitments that have been incurred jointly with other venturers / entity.

iv. There are no capital commitments of the joint venture themselves.

d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements, otherwise as stated elsewhere.

e) 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 date of acquisition on proportionate basis.

2. The Group has adopted Accounting Standard 15 (AS15) (revised 2005) on "Employee Benefits" except in respect of (i) Monarch one of the jointly controlled entity; (ii) Overseas branch, subsidiary and joint venture incorporated outside India who have determined the valuation/ provision for employee benefits as per requirements of their respective countries, and (iii) Potential wherein no gratuity for the year has been accrued on the remuneration paid to the Wholetime Directors/Executive Directors. However, the gratuity payable to them as on 31st March, 2009 was determined as per management estimation. In the opinion of the management, the impact of such deviations are not likely to be material.

3. Semac Muscat, has transferred retained earnings to the Share Capital as per the local laws applicable to it in the previous years. The shareholding agreement was updated to ensure the percentage holding of the holding company. Pending issuance of the share scrips in this respect, the same has not been recorded as investment and the difference has been taken to "Consolidation Adjustment Reserve".

4. As given in Note 18 below, Semac Limited (erstwhile subsidiary) was amalgamated with Potential Consultants Pvt Ltd (erstwhile jointly controlled entity) (Potential). On the said amalgamation, Potential has become a subsidiary w.e.f. 1st April, 2009. As the cost of investment as on that date remains same, Goodwill in this respect was recomputed as on 1st April, 2009 and the differential was adjusted against the opening general reserve.

5. The Subsidiary at Muscat has transferred certain portion of its' net income to Legal Reserve. The reserve is not available for distribution except in the circumstances stipulated and the same has been disclosed as Legal Reserve.

6. In respect of Semac Qatar, the financial statements have been prepared on a going concern basis. However, the JV's accumulated losses as at 31st March, 2010 exceeds 50% of its capital. The validity of going concern assumption depends upon achieving profitable operations in the future and the continued financial support of all the JV partners. The Company along with other JV partners provided an undertaking that they will continue to provide or arrange such financial support as would be necessary for the said JV to meet its obligations as they fall due in the foreseeable future.

7. Goodwill arising on consolidation of the subsidiary and jointly controlled entity/joint venture are amortized over the period of 10 years.

8. **Significant Accounting Policies**

8.1 **Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention except for certain fixed assets which are revalued, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

8.2 **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 the estimates are recognized in the year in which the results become known / materialize.

8.3 **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 and at overseas branch, foreign subsidiaries and joint ventures where depreciation has been provided on straight line method based on management's estimate of useful life, 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	10
Production tooling	20,33.33,50-100
Data processing equipment	25
Furniture and fittings	15
Office equipment	15
Vehicles	20
Intangible assets-computer software	25,33.33
Intangible assets-Technical know-how	33.33

Office renovation at Semac Qatar is capitalised and charged off over a period of 6-7 years.

Leasehold land and leasehold improvement are amortised on straight line basis over the primary lease period.

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.

8.4 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.

8.5 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.

8.6 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.

8.7 Revenues and other income

Sale of Equipments and spares are recognised on despatch of goods/ raising of invoices to customers and are net of excise duty, sales-tax, trade discounts and returns.

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. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until certainty is resolved. Expenses are accounted on their accrual.

8.8 Product warranty costs

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

8.9 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. Non monetary items other than fixed assets, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. 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 account.

In respect of the overseas branch, which is considered to be integral foreign operation, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate on the date of transactions. Branch monetary assets and liabilities are restated at the year-end rates. Differences arising therefrom are considered as expense or income as the case may be.

In case of foreign subsidiary and joint venture, being non-integral foreign operations, revenue items are consolidated at the appropriate average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve

8.10 Employee benefits

(i) Short term employee benefits are recognised as an expense 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 plan:

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 plan:

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

In case of Potential liability for gratuity in respect of directors determined at close of the year, as per management estimate, is being provided for.

In respect of overseas branch, subsidiary and joint venture, provision is made for end of service gratuity payable to the staff at the balance sheet date in accordance with local labour laws.

8.11 Income taxes

Provision for income tax is made for current and deferred 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.

8.12 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.

8.13 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.

8.14 Miscellaneous expenditure

Miscellaneous expenditure is written off over a period of five years after commencement of operations by the company.

		2009-10	2008-09
9.	Contingent Liability	**2009-10**	**2008-09**
	Claims against the Company not acknowledged as debts		
	Customer claims for damages	3,678	3,678
	Income tax	–	4,132
	Service Tax	3,879	–
10.	Capital commitments	**2009-10**	**2008-09**
	On account of tangible assets	2,625	17,165

11. During the year Monarch has filed appeal for refund of Rs. 2115 with custom authorities on account of excess custom levied on import of Spent Nickel and has accounted the same as receivables.

12. In the earlier years, Monarch had raised a claim before the insurance company for loss of goods of which Rs.495 is included under "Other Receivables".

13. During the year, Potential has received claims from a customer amounting to Rs. 17,000 in respect of services rendered to them earlier. Potential is contesting the same and the matter is presently under arbitration. In view of the management such claim is not tenable and in case such arbitration is not in favor of Potential, the probable impact will be covered by professional indemnity insurance in this respect.

14. Potential is in the process of making necessary compliance of obtaining shareholders' and Central Government approval in respect remuneration amounting to Rs. 7,526 paid to Wholetime Director/Executive Director.

15. Semac Muscat, has created a provision for doubtful debts during the year equal to 2.5% on its gross invoices amounting to Rs. 22,55,973 as a matter of principle. Further in respect of legal case against the subsidiary which was adjourned for out of court settlement the expected liability amounting to Rs. 22,82,509 has been provided as "provision for contingency".

16. a) A scheme of amalgamation (the scheme) for amalgamation of Semac with Potential with effect from 1st April 2009 (the appointed date) has been sanctioned by the Honourable High Court of Karnataka under Sections 391 to Sections 394 of the Companies Act, 1956 vide their Order dated July 8, 2010. The Order has been filed with the Registrar of Companies on August 11, 2010 which is the effective date.

b) The amalgamation has been accounted for under the "Pooling of Interests method" as prescribed by Accounting Standard 14 (AS-14) as notified by the Government of India. Accordingly, the assets, liabilities and other reserves of the erstwhile Semac have been taken over at their book values by Potential.

c) Various legal compliances in terms of change of name for immovable properties, bank accounts, etc. are in the process of being complied with.

d) Potential is in the process of determination of stamp duty payable on amalgamation for assets situated in the states of Karnataka, Andhra Pradesh and Delhi. Necessary impact in this respect will be given effect to on determination of the same.

17. In view of the steps being taken by Potential to recover certain overdue debts, the same have been considered to be good and recoverable.

18. Potential has taken office premises on operating lease and rent amounting to Rs 7,536 and the same has been debited to Profit and Loss Account. The future minimum lease payments is as under:

Particulars	Amount
Not later than one year	10,863
Later than one year and not later than five years	12,548
Later than five years	3,219

The above compilation does not include the charge on account of operating lease and information about minimum lease payment of the overseas branch, subsidiary and joint venture of the Company.

19. Related Party Disclosure

a) Enterprise where control exists: Utkal Investments Limited

b) Jointly controlled entity/joint ventures

Semac Qatar W.L.L (Semac Qatar)

Monarch Catalyst Pvt Ltd (Monarch)

c) 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
	Mr. T.S. Gururaj	Director (upto 22.01.2010)
(ii)	Mr.S.C.Katyal	Director / Consultant
	Mr. B.D. Narang	Director/ Consultant
	Mr. B.R.V. Murthy	Director/ Consultant
	Mr. B.S.A Narayan	Director/ Consultant
(iii)	Sri Hari Investments Partnership firm where two directors are partner	

d) Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2010.

Particulars	2009-10				2008-09			
	Holding	Jointly controlled entity/Joint venture	Key Management Personnel & their relatives	Director/ Consultant	Holding	Jointly controlled entity / Joint venture	Key Management Personnel & their relatives	Director/ Consultant
Rent expense		660	876	678	660		271	520
Directors sitting fees	-	-	10	20		-	8	20
Interest on unsecured loan	-	-	80	203		-		-
Unsecured loans and advances taken	-	-	2,000	4,000		-		-
Unsecured loans and advances given	-	3,200	-	-	-	-	-	-
Remuneration to key management personnel	-	-	19,689	-	-	-	8,939	-
Sale of fixed assets	-	-	2,295	4,590		-	-	-
Consulting fee	-	-		5,723				2,950
Closing Balance								
a) Payable remuneration	-	-	1,517	279	-	-	394	125
b) Unsecured loan outstanding	-	-	2,000	4,000	-			
c) Unsecured loans and advances given outstanding	-	3,200	-	-	-	-	-	-
d) Rental deposits	-	-	-	-	-	-	226	120

Note :

(i) In respect of the above parties, there is no provision for doubtful debts as on 31.3.2010 and no amount has been written off or written back during the year in respect of debts due from/to them.

(ii) The above related party information is as identified by the management and relied upon by the auditors.

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

A. Primary Segment (Business Segment)

i) **Segment Revenue:**

Particulars	**2009-10**	**2008-09**
Construction & Mining	1,136,237	891,373
Speciality & Chemicals	234,428	201,085
Engineering Design Services	533,286	496,387
Net Sales / income from operation	**1,903,951**	**1,588,845**

ii) **Segment Results**

Particulars	**2009-10**	**2008-09**
Construction & Mining	284,870	195,021
Speciality & Chemicals	48,284	23,943
Engineering Design Services	102,164	208,163
Unallocable	(283,947)	(277,869)
Total	**151,371**	**149,258**
Less: Interest	(106,399)	(126,702)
Profit before tax	44,972	22,556
Prior period items	(796)	(773)
Provision for taxes	(41,801)	(35,228)
Profit after tax	**2,375**	**(13,445)**
Less: Minority Interest	(316)	(13,563)
Profit after taxes and minority interest	**2,059**	**(27,008)**

iii) **Segment Assets and Liabilities**

Particulars	2009-10 Assets	2009-10 Liabilities	2008-09 Assets	2008-09 Liabilities
Construction and Mining	1,407,169	271,766	1,386,810	276,048
Specialty and Chemicals	181,562	42,567	163,103	21,152
Engineering Design Services	301,252	77,897	253,255	97,720
	1,889,983	391,230	1,803,168	1,403,305
Unallocated Corporate assets and liability	876,615	1,026,380	1,012,362	809,643
Total	2,766,598	1,417,610	2,815,530	2,212,948

iv) **Capital Expenditure and Depreciation**

Particulars	2009-10 Capital Expenditure	2009-10 Depreciation	2008-09 Capital Expenditure	2008-09 Depreciation
Construction and Mining	17,177	17,609	90,288	103,276
Specialty and Chemicals	3,061	6,182	13,550	39,538
Engineering Design Services	20,166	18,866	16,147	9,412
	40,405	42,657	119,985	152,226
Unallocated Corporate assets and liabilities	41,175	71,208	7,276	297,493
Total	81,579	113,865	127,260	449,719

B. **Secondary Segment (Geographical Segment)**

Particulars	2009-2010 Revenue	Asset	Liabilities	Capiital Expenditure
Within India	1,309,457	2,586,464	1,318,772	78,103
Outside India	676,296	180,134	98,838	3,477

Particulars	2008-2009 Revenue	Asset	Liabilities	Capital Expenditure
Within India	1,385,850	2,732,241	406,619	120,074
Outside India	202,995	83,289	44,814	7,186

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', "Speciality and Chemicals" and "Engineering Design Services" as the operating segments.

(c) Composition of business segment

Segment Name	Company	Description
Construction & Mining	Revathi Equipment Limited	
Speciality and Chemicals	Monarch Catalyst Pvt Ltd	Jointly controlled Entity
Engineering Design Services	Potential Services Consultants Limited	Subsidiary
	Semac Qatar	Joint Venture
	Semac Muscat	Subsidiary

(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) The subsidiary viz. RDML has not commenced operations.

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

	Opening as on 1st April, 2009	Addition on acquisition	Transferred on amalgamation as on 1st April, 2009	Deletion due to desub sidiarisation	Charge / (Credit) during the year	Closing as on 31st March, 2010
Deferred Tax Assets :						
Expenses Allowable on Payment Basis and Others	(12,363)	(5,338)	(7,438)	7,438	806	(16,895)
Share of Joint venture	(2,581)			2,581		
Addition on acquisition						
Sub total	**(14,944)**	**(5,338)**	**(7,438)**	**10,019**	**806**	**(16,895)**
Deferred Tax Liabilities :						
Depreciation Difference	3,389	579	1,970	(1,970)	(1,988)	1,980
Share of Joint Venture	9,071			(280)	503	9,294
Sub-Total	**12,460**	**579**	**1,970**	**(2,250)**	**(1,485)**	**11,274**
Net Deferred Tax (Assets) / Liabilities	(2,484)	(4,759)	(5,468)	7,769	(679)	(5,621)

22. Except the company, its' subsidiaries and jointly controlled entity/joint venture are in the process of compiling information with regard to suppliers covered under Micro, Small and Medium Enterprise Development Act, 2006. Accordingly, the detail given below represents such information in respect of the company only:

Particulars	**2009-10**	**2008-09**
Principal amount outstanding at the end of the year	NIL	29
Interest amount due at the end of the year	NIL	NIL
Interest paid to suppliers	NIL	NIL

In respect of the information available with the company there are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the balance sheet date.

23. The figures have been given in Rs. / thousands and rounded off to the nearest hundreds. In view of Note 6 and 18 previous year figures are not strictly comparable. However, previous year's figures wherever necessary have been regrouped / rearranged/ reclassified.

As per our report of even date

For Lodha & Co Chartered Accountants	**Abhishek Dalmia** Executive Chairman	**K. Sunil Kumar** Managing Director & CEO
H.S. Jha Partner Membership No:055854	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Vice President (Finance)
Kolkata August 23, 2010	New Delhi August 23, 2010	

Approval from Ministry of Corporate Affairs

The Company has obtained approval from the Ministry of Corporate Affairs, New Delhi vide letter No:47/676/2010-CL-III dated August 25, 2010 in terms of Section 212(8) of the Companies Act 1956 exempting the Company from attaching the Balance Sheet and Profit & Loss Account of the subsidiaries namely Revathi Drilling and Mining Ltd., Semac Ltd, Potential Service Consultants Private Ltd., and Semac & Partners LLC along with the report of Board of Directors and that of Auditors there on with the Company's accounts for the year ended March 31, 2010.

It is to be noted that with effect from April 01,2009, Semac Ltd., merged with Potential Service Consultants P. Ltd., as per the scheme of amalgamation as sanctioned by the Honorable High Court of Karnataka vide their Order dated July 8, 2010.

Accordingly, the Audited accounts and report of Directors and Auditors of the subsidiary companies namely Revathi Drilling and Mining Ltd., Potential Service Consultants Private Ltd., and Semac & Partners LLC have not been attached to the Balance Sheet of Revathi Equipment Ltd.

The annual accounts, reports and other documents/related detailed information of the subsidiary companies will be made available to the members and investors upon receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the company and at the respective subsidiary companies concerned. Any member or investor can inspect the same during business hours of any working day.

Disclosure of information relating to the subsidiary companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter No: 47/676/2010-CL-III dated August 25, 2010.

Indian Ruppes 000s

Sl No.	Particulars	Revathi Drilling and Mining Ltd	Potential Service Consultants P Ltd	Semac & Partners LLC Muscat
1	Share Capital	10,000	18,208	29,470
2	Reserves & Surplus	nil	234,662	23,025
3	Total Assets	10,000	300,295	62,659
4	Total Liabilities	10,000	300,295	62,659
5	Details of Investments	nil	95,86*	nil
7	Turnover	nil	449,485	78,714
8	Profit before taxation	nil	(55,381)	24,328
9	Provision for taxation	nil	nil	2,496
10	Proposed dividend	nil	nil	nil

The financial statement of subsidiary, whose reporting currency is other than Indian rupees, is converted into Indian rupees on the basis of appropriate exchange rate.

*Excluding investment in subsidiary


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