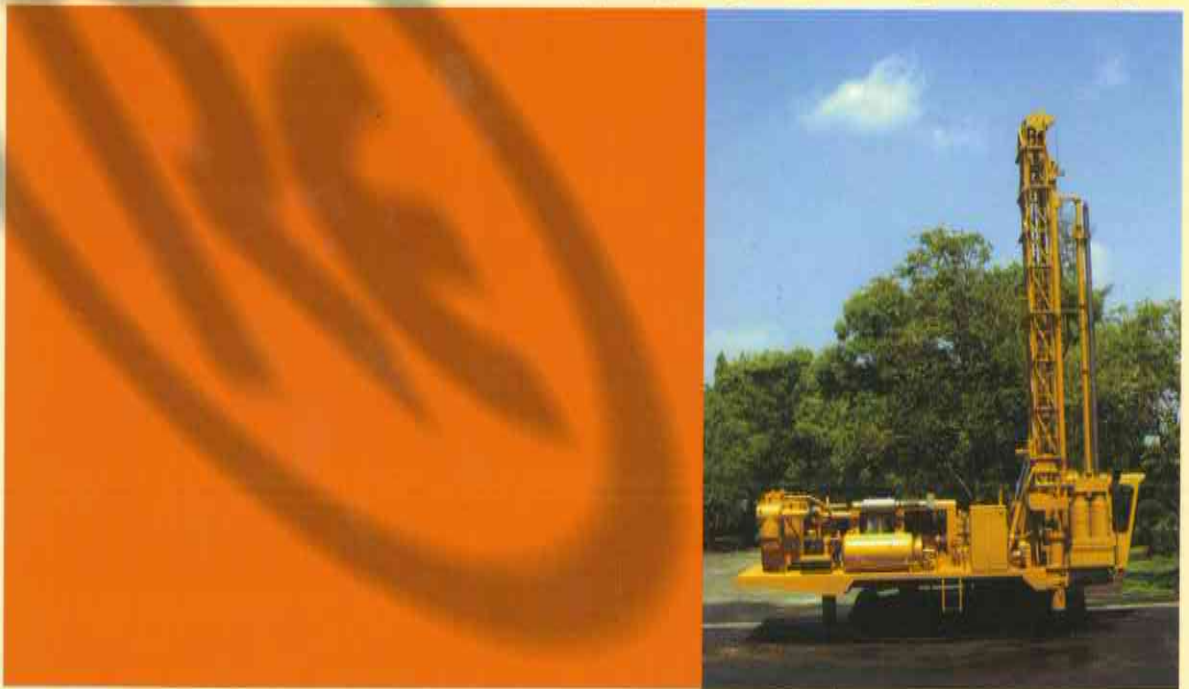


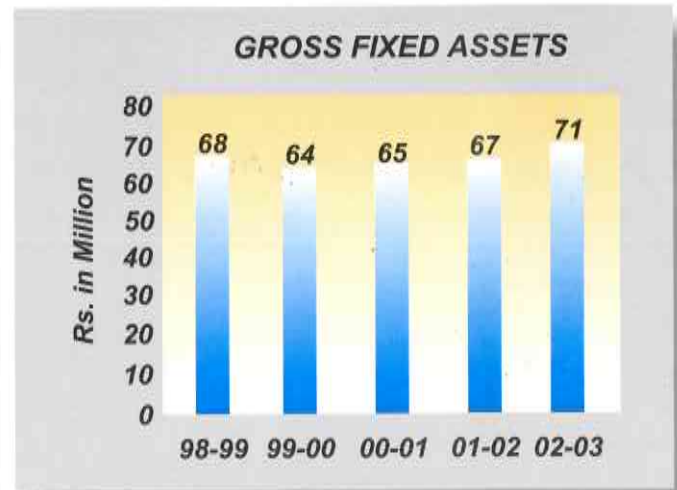
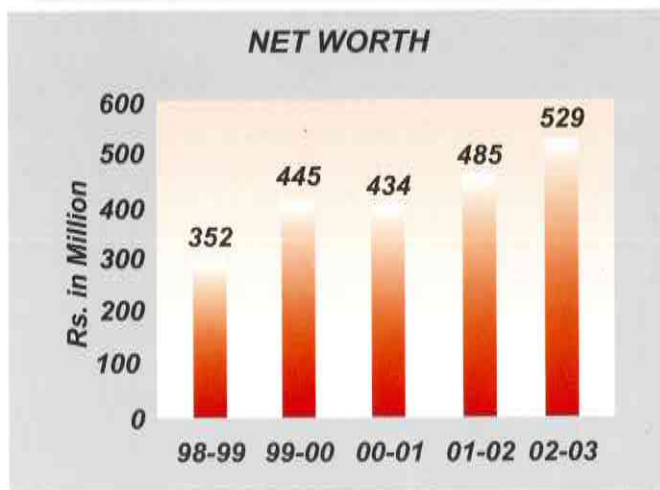
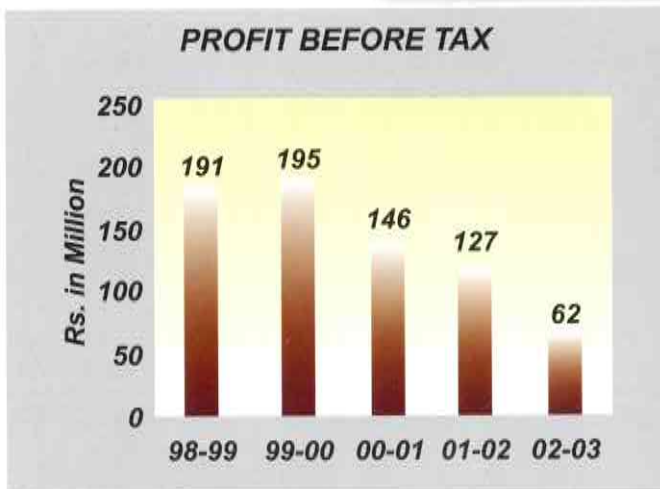
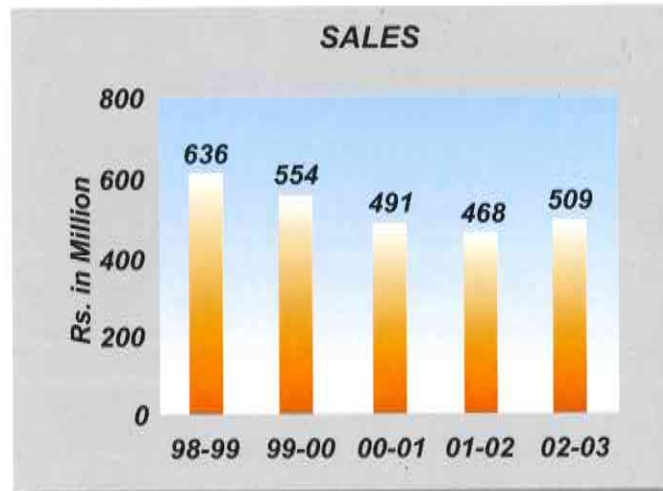


Revathi

26th
Annual Report
2002 - 2003



REVATHI EQUIPMENT LIMITED



Revathi Equipment Limited**CORPORATE DATA****BOARD OF DIRECTORS**

ABHISHEK DALMIA
Executive Chairman

P.M.RAJANARAYANAN
Managing Director

CHAITANYA DALMIA

RAVINDER KUMAR GILANI

S.C. KATYAL

V.S. RAJAN

LEGAL ADVISERS

KING & PARTRIDGE, CHENNAI.

SHARE TRANSFER AGENTS

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

COMPANY SECRETARY

M.N. SRINIVASAN

REGISTERED OFFICE

POLLACHI ROAD,
MALUMACHAMPATTI POST,
COIMBATORE - 641 021.

BANKERS

STATE BANK OF INDIA
CANARA BANK
DENA BANK
STATE BANK OF BIKANER & JAIPUR

MANAGEMENT TEAM

K.V. RAMASUBRAMANIAN
Senior Vice - President (Operations)

S. HARIHARAN
Vice - President (Finance)

A. RAJALINGAM
General Manager (Engineering)

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)	
2002-03	9%	-9.65%	(1)-(2) 18.65%

Notes:

1. All data is for financial years.
2. The Nifty-50 numbers are pre-tax whereas the numbers for Revathi are after tax.
3. Investors should measure our performance against the general experience in the equity markets. We have chosen Nifty-50 as the benchmark index, since it is widely used for measuring the performance of the equity markets.
4. The reason we have used the "growth in book value" as against stock price is, that over time, it would be our attempt to take such decisions as would create a direct relationship between our book value and our share price.
5. If you expect, as we do, that owning a representative stock index would produce reasonably satisfactory results over a period of time, it follows that, for long-term investors, gaining small advantages over that index must prove rewarding.

DIRECTORS REPORT
For the year ended March 31st, 2003

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the audited accounts of your Company for the year ended March 31, 2003.

Financial Results

Particulars	All figures in Rs. Millions	
	FY03	FY02
Total Income	536	504
Total Expenditure excluding extraordinary items	374	368
Profit before tax and before extra-ordinary items	162	136
Extraordinary items	100	9
Profit before tax	62	127
Less: Provision for tax	18	44
Profit after tax	44	83
Appropriation made as under		
Transfer to General Reserve	15	8
Dividend	-	32
Surplus carried to Balance Sheet	73	44

Your Company's gain in net worth during FY03 has been Rs.44 million, which increased the book value per share by 9%. Over the last year (that is, after the present owners took over) per share book value, has grown from Rs.151 to Rs.164.70.

Dividend :

Your company wants to make a qualitative change in its historical dividend policy and the underlying rationale is explained below.

Historical perspective: Most of us take for granted the belief that dividends are highly favourable to shareholders and something that should be welcomed enthusiastically. However, if we look around ourselves, we find that companies with exciting new ideas have been able to take advantage of them only by conserving their scarce financial resources. Such companies capitalized on these opportunities by retaining their earnings and investing them in new lines of business, instead of paying them out as dividends.

Shareholders' needs are unique: If we look at this question of dividend payout from the viewpoint of shareholders, we have to recognise the fact that the interests of all shareholders are not identical. Some investors need dividend income to support their lifestyle. These shareholders would undoubtedly prefer current dividends to greater future profits and the increased value for their shares resulting from the increased investment in promising business avenues. These investors typically make investments in firms whose needs and opportunities for productive use of capital are not too demanding. Your Company had these attributes under the previous ownership, where the possibility of exploring new avenues for growth was restricted by the global policy of the parent.

However, there are other shareholders whose income sources exceed their immediate needs and who are saving money anyway. For such investors, it would be better if the Company passed up its dividends and instead reinvested the funds in future growth. From this viewpoint, there seems to be a natural fit between those firms with bountiful investment opportunities and investors who seek to make the greatest possible profit through capital appreciation and who need no additional income to sustain their lifestyles.

All earnings are not equal: Due to inflation, a part of the earnings of a company in a capital-intensive business needs to be reinvested in the business, for the company to retain its economic position over time. Such investments could for example be in upgrading technology to maintain a competitive cost of production, or in sales promotion activities to retain a certain market share, or simply to have a war chest to see the company through a recessionary period, etc. No matter how conservative its payout ratio, a company that consistently distributes such part of its earnings as must be reinvested, is destined for oblivion unless equity capital is otherwise infused.

Earnings that are not thus 'encumbered' should be either retained or distributed by the company, depending on what would make more sense for its shareholders in the long run. In our opinion, such unencumbered earnings should be retained only when there is a reasonable prospect that for every rupee retained by the company, at least one rupee of market value will be created for its owners. This will happen only if the capital retained produces incremental earnings equal to, or above, those generally available to investors.

Consistency: Shareholders understandably prefer that dividends be consistent and predictable. Payments, therefore, should reflect long-term expectations for both earnings and returns on incremental capital. Since the long-term corporate outlook changes only infrequently, dividend patterns should change no more often.

Our intent: Earlier, your company had limited opportunities to grow its business due the way "core competence" was defined by the previous owners. However, under the new ownership, the Company is free to explore various growth opportunities that were hitherto out of bounds due to reasons just stated. This shift in policy has resulted in the examination of new business opportunities, which could positively impact the future earnings of the Company. Each of these opportunities would need new investments to be made in fixed assets as well as working capital. With a view to profiting from these new opportunities, it has been thought prudent by the Board to conserve capital and invest it judiciously to increase shareholder wealth over the long term.

Extending this line of thinking forward, we do not intend to pay any dividends in future years unless we are unable to find worthwhile new opportunities to deploy capital. It is possible that we may not be able to deploy capital on a year-to-year basis. However, we are willing to be patient and wait for the right opportunity to come by, before we make our decision. If we do our job well, as we hope to, this decision should serve investors well in the long run.

Management Discussion and Analysis

Business environment

Industry Overview, Risks and Concerns

External environment

Your company is engaged in manufacture and sale of blast hole drills used in open cast mines, water well drills used for tapping ground water and pneumatic drills for use in the construction industry. The Company's products are predominantly sold to the Coal industry with the result the fortunes of your Company are inextricably linked to the fortunes of the Indian Coal industry.

India continues to be a coal-fired economy and about 71% of India's energy needs are currently met through thermal power plants. Approximately 75% of the total coal consumed in India is consumed by the power sector. This has not changed to any great extent in the recent past. Due to this skew towards thermal energy, India's coal industry heavily depends on the financial condition of the power sector for its own financial stability.

This could be both bad and good. Bad because the State Electricity Boards had accumulated losses of about Rs.27,000 crores at the end of FY02. Their continuing weak financial position had led to a huge outstanding of about Rs.42,000 crores to Central Public Sector Undertakings including Coal India. The silver lining is that due to the huge cost and time required to create fresh power generation capacity in both substitutes of thermal energy namely, hydel and nuclear power, India cannot afford to shift its dependence away from thermal power for its energy needs in the foreseeable future. Further, the Central Government is very aware of the situation and has initiated various measures to reform the power sector. However, these reforms could take time before any significant results are achieved.

The installed power generation capacity in the country was about 104,917 MW as on March 31, 2002, of which about 71% was thermal. During FY02, 3,115 MW of fresh capacity was created of which 2,009 MW was thermal and 1,106 MW was hydro. The X Plan (2002-7) envisages an addition of 47,000 MW during the Plan period. We can safely assume that the fresh capacity addition would reflect the historic distribution between thermal, hydel and nuclear power. However, it may be noted that only 54 per cent of the capacity addition target was achieved during the VIII Plan and during the IX Plan too, only about 60 per cent of the target of 40,245 MW was achieved. Therefore, the actual achievements during the X Plan period may mirror historical trends.

India produced about 323 million tons (including 12 million tons by the private sector) of coal in FY02 and about 240 million tons upto December 2002 (the latest date for which statistics are presently available). The Planning Commission has forecast the raw coal demand in the terminal year of the X Plan (2006-7) to be 453 million tons. To meet this demand, indigenous coal production of 400 million tons, of which 350 million from Coal India, 36 million from SCCL and 19 million from others has been suggested. This implies a compounded annual growth rate of 5.8%, 2.8% and 4.6% for CIL, SCCL and Others respectively for the X Plan period. On an overall basis, it works out to a compounded annual growth rate of 5.5% for the Indian Coal industry. Coal India has appointed ICICI to select JV partners for various coal-mining projects so that it can meet its X Plan production targets. Of the above requirement, 80% should come from open cast mines, if the historical pattern is maintained.

The Coal ministry is initiating many steps to rationalise the operations of Coal India including decentralisation of purchasing enabling all the seven subsidiaries of Coal India to make their own purchases. This could have implications in the way future orders are won, executed and serviced. However, it is too early to be able to accurately assess the impact of this on the future profitability of your company. On the positive side, the Ministry of Coal has decided to allot 23 coal blocks to State Governments without captive use restriction, which is likely to increase coal production. The Government has also announced a scheme of securitisation of coal sales dues from State Electricity Boards so that this will make money available to coal producing companies for investment in existing and new coal mines. Again, at present it is difficult to assess the impact of these proposed changes in future.

Internal environment

Over the past seven months, after the change in control took place, the Company has been examining various growth options available to it. Needless to say, any new initiative takes time, first to evaluate, then to execute. Even assuming that we do not err in our judgment about the choice of new initiative and are able to execute it well, it will take some time before the results of such initiatives become apparent in the bottomline of the company. In the interim period, it is very likely that certain investments may need to be made and certain expenses incurred to move in the direction of future growth. Such cash outflows are in the nature of investments that must be made today, to secure a better financial performance tomorrow. Stated differently, growth requires some sacrifice of current profits, to lay a strong foundation for the future.

Business Operations

Your company operates only in drilling rigs and has only one reportable segment.

While Sales during the year increased from Rs. 468 millions to Rs. 509 millions, an increase of 8.8% the PBT (before extraordinary items) at Rs. 162 millions recorded a growth of more than two times the growth in sales i.e., by 19% primarily because of improved service levels towards higher customer satisfaction.

The non-compete/non-solicitation fee of Rs.100 millions has been paid to Atlas Copco India Ltd. to ensure that it, alongwith companies associated with Atlas Copco AB, Sweden do not compete with Revathi or solicit its key employees for specified periods. This expenditure has been incurred for protecting the business interests of your company and hence protecting shareholder value.

Buyback of shares

The Board considers it advisable to buyback its shares as permitted by regulatory authorities, by utilising its cash surpluses after having regard to its future business plans and resource requirements as well as the need for enhancing shareholder value. Accordingly, a resolution has been proposed for shareholders' approval to authorise the buyback of its share capital by utilising amounts upto a maximum of 25% of equity and free reserves, i.e., Rs. 133.20 million. The company's outgo, however, will be Rs.100.31 million as maximum of 802,450 shares representing 25% of its pre-buyback equity capital only can be bought back at a maximum price of Rs.125 per share.

Board reconstitution

We acknowledge the outstanding contribution of Mr. R.K. Raghavendra who was the Managing Director of the Company for the past 15 years, and who retired on 9th February 2003. His contributions were instrumental to the growth of your company and will be greatly missed. It is due to the strong foundation laid by him and his team over the past few decades that the Company is now thinking about embarking on a bold new journey in the coming years.

The Board has reposed its faith in the capable hands of Mr. P.M.Rajanarayanan, who has been with the Company for over two decades, and who has taken charge as the Managing Director with effect from 10th February 2003. A proposal for his appointment as Managing Director is being placed before the members for approval at the Annual General Meeting.

With regret, we accepted the resignation of Mr. R.C. Jain, who resigned from the Board on February 4, 2003. We appreciate the guidance he provided and wish him well in his future endeavors.

Mr.Abhishek Dalmia has been appointed as Executive Chairman with effect from 1st April 2003 for a period of five years. A proposal for his appointment as Executive Chairman is being placed before the members for their approval at the Annual General Meeting.

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

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 five times to examine the reports on internal control/audit systems, financial disclosures and monitoring the implementation of internal audit recommendations.

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.4.90 million and the foreign exchange outgo during the year amounts to Rs.103.37 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 thereunder 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

We would like to state that at Revathi, we have a fine array of people, whose ability, energy and integrity is truly exceptional. It is our responsibility to create an environment where they can focus their skills and energies on doing what they do best-creating shareholder value. The Directors also wish to thank the financial institutions, banks and customers for their continued support and co-operation.

We begin another year with enthusiasm. These are exciting times. We acknowledge the great heritage on which we stand but see the promise of the future yet to be fulfilled.

COIMBATORE
April 14, 2003

For and on behalf of the
Board of Directors

Abhishek Dalmia
Executive Chairman

ANNEXURE - A
Form for disclosure of particulars with respect to technology absorption.
Research and Development (R & D)

- | | | | |
|----|---|---|---|
| 1. | Specific areas in which R & D carried out by the Company | : | Development of 203mm dia, 500 meter depth capacity, Truck mounted water well drill. |
| 2. | Benefits derived as a result of the above R&D | : | New product development. |
| 3. | Future plan of action | : | Development of Diesel engine driven 250 mm class crawler mounted Blast Hole drill. |
| 4. | Expenditure on R&D | : | |
| | (a) Capital | : | Rs. NIL |
| | (b) Recurring | : | Rs.8.09 million |
| | (c) Total | : | Rs.8.09 million |
| | (d) Total R&D expenditure as a percentage of total turnover | : | 1.59% |

Technology absorption, adaptation and innovation

- | | | | |
|----|---|---|---|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Development of Dual capacity screw compressor system for 160mm - 200mm dia blast Hole drills. |
| 2. | Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution , etc. | : | Product improvement |
| 3. | In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished | : | |
| | (a) Technology Imported | : | Not applicable |
| | (b) Year of Import | : | Not applicable |
| | (c) Has technology been fully absorbed ? | : | Not applicable |
| | (d) If not fully absorbed , areas where this has not taken place , reasons therefor, 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 DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2003.

NAME	AGE	DESIGNATION/ NATURE OF EMPLOYMENT	REMUNERATION in Rs.	QUALIFICATION/ EXPERIENCE	DATE OF EMPLOYMENT	PREVIOUS EMPLOYMENT / DESIGNATION / NAME OF EMPLOYER
Mr.Raghavendra R.K.	64	Managing Director Contractual	3,145,892	B.E. (Mech.) 43 Years	01.04.1977	Manager - Nasik Plant/ Consolidated Pneumatic Tool Co. (India) Ltd.
Mr.Rajnarayanan P.M.	54	Managing Director Contractual *	1,622,017	B.E. (Mech.) 31 Years	20.10.1982	Area Sales Manager/ Greaves Cotton & Co.Ltd.

NOTE:

1. Remuneration shown above has been computed under the provisions of Section 198 of the Companies Act, 1956.
2. Mr. R.K. Raghavendra retired on 9th February 2003.
3. *Mr.P.M.Rajnarayanan who was Vice President (Marketing & Engineering), appointed as Managing Director with effect from 10th February 2003.
4. Mr. R.K. Raghavendra & Mr. P.M. Rajnarayanan are not related to any of the Directors of the Company.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2002-03
1. Company's philosophy on corporate governance:

The company is committed to customer satisfaction and enrichment of shareholder value and strongly believes that good corporate governance and best corporate practices are the key tools for increasing the value and wealth of the shareholders.

2. Board of Directors:

Name of Directors	Category
Mr Abhishek Dalmia (Executive Chairman)	Executive, Non independent
Mr P.M.Rajanarayanan (Managing Director)	Executive, Non independent
Mr Chaitanya Dalmia	Non-Executive, Non independent
Mr Ravinder Kumar Gilani	Non-Executive, Independent
Mr S. C. Katyal	Non-Executive, Independent
Mr V.S. Rajan	Non-Executive, Independent

The Board comprises of six directors with an Executive Chairman, a Managing Director and four Non-Executive Directors. 50% of the board comprises of independent directors.

"Independent directors, as defined in clause 49 of the listing agreement, is one, who apart from receiving directors' remuneration, do not have any other relationship or transactions with the company, its promoter, management or its subsidiary, which in judgement of the board may affect the independence of the directors."

During the year, Eight Board Meetings were held on April 29, 2002, July 19, 2002, August 17, 2002, September 4, 2002, October 19, 2002, November 23, 2002, January 16, 2003 and January 30, 2003. Composition of the Board, attendance at the Board Meetings, Committee Meetings and Annual General Meeting (in 2002-2003) along with their membership on other Boards/Committees are given below:

Name of Directors	Attendance		Number of Directorship in other boards	Number of membership in other board/ committees **
	Board meetings	AGM		
Mr Abhishek Dalmia	6	1	8	2
Mr R K Raghavendra	7	1	-	-
Mr Chaitanya Dalmia	3	1	6	1
Mr S C Katyal	8	1	1	-
Mr Ravinder Kumar Gilani	4	1	1	-
Mr Ramesh Chandra Jain	2	1	6	-
Mr V S Rajan	5	1	-	-
Mr P M Rajanarayanan	-	-	-	-
Mr B K Poddar*	3	-	10	5
Mr T Dulip Singh*	1	-	8	5
Mr K N V Ramani*	2	-	4	4
Mr Charles Robinson*	1	-	-	-
Mr Charlie Ekberg*	-	-	-	-

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

* Directors resigned on August 17, 2002

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

Mr. R K Raghavendra retired on February 9, 2003 and Mr. P M Rajanarayanan has been appointed as the Managing Director with effect from February 10, 2003.

Mr. Ramesh Chandra Jain resigned on February 4, 2003.

3. Audit Committee:
Terms of reference:

The Audit Committee reviews the areas of concern as well as internal audit reports with the management. Internal Auditors and Statutory Auditors are invited for these meetings whenever required. The Audit committee also recommends the remuneration to be paid to these auditors.

Quarterly results / Annual accounts are also reviewed before being put up to the Board for consideration.

Composition:

The Audit Committee was formed on March 19, 2001. Audit committee meetings were held on April 29, 2002, July 19, 2002, September 4, 2002, October 18, 2002 and January 16, 2003 in 2002-2003 and the attendance of the members are given below:

Name of member	No. of meetings attended
Mr S C Katyal (Chairman)	5
Mr Abhishek Dalmia	3
Mr Ravinder Kumar Gilani	3
Mr V S Rajan	2
Mr K N V Ramani*	2
Mr B K Poddar*	2
Mr T Dulip Singh*	1

* Members resigned on August 17, 2002

Mr S C Katyal is the Chairman of the committee.

The Company Secretary acts as Secretary of the Committee.

4. Remuneration to Directors:

The remuneration paid/payable to Mr.R.K.Raghavendra, ex- Managing Director and Mr.P.M.Rajanarayanan, the Managing Director during 2002-2003 were as follows

Particulars	Mr.R.K.Raghavendra Rupees	Mr.P.M.Rajanarayanan Rupees
Salary	1,941,553	142,678
Perquisites	388,310	85,606
Contribution to PF & Other fund	523,391	50,166
Others	292,638	264,894
	3,145,892	543,344

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

Particulars	Amount in Rupees
Sitting fees	138,000
Professional charges	1,610,000

Remuneration Committee, formed on April 14, 2003 has three members who are non executive and independent directors. They are Mr.S.C.Katyal, Mr.Ravinder Kumar Gilani and Mr.V.S.Rajan. Chairman of the Committee is Mr.S.C.Katyal.

5. Shareholders Grievance Committee:

Shareholders Grievance Committee consists of the following directors.

Name of member
Mr S.C Katyal Mr Abhishek Dalmia Mr Ravinder Kumar Gilani

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

The company secretary Mr.M.N.Srinivasan is the Compliance Officer.

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

The company received 17 complaints from shareholders for non-receipt of dividend, share certificates after splits, name correction in the share certificates. All these complaints were duly attended.

Number of pending share transfers as on 31.3.03 : NIL

6. General Body Meetings:

Particulars of annual general meeting (AGM) held during the last three years :

Meeting	23rd AGM		24th AGM		25th AGM	
Date	May 23, 2000		June 6, 2001		October 19, 2002	
Time	10 A.M.		11.30 A.M.		10 A.M.	
Venue	Indian Chamber of Commerce, Coimbatore		Indian Chamber of Commerce, Coimbatore		Indian Chamber of Commerce, Coimbatore	
Sl.No.	Resolutions Passed	Type	Resolutions Passed	Type	Resolutions Passed	Type
1	Adoption of Accounts	O	Adoption of Accounts	O	Adoption of Accounts	O
2	Declaration of Dividend	O	Declaration of Dividend	O	Declaration of Dividend	O
3	Re-appointment of Mr.T.Dulip Singh as Director	O	Re-appointment of Mr. S.C.Katyal as Director	O	Appointment of Lodha & Co.as Statutory Auditors	O
4	Re-appointment of Mr. B.K.Poddar as Director	O	Re-appointment of Mr.Charlie Ekberg as Director	O	Appointment of Mr. Abhishek Dalmia as Director	O
5	Appointment of Arthur Andersen Associates as Statutory Auditors	O	Appointment of Arthur Andersen Associates as Statutory Auditors	O	Appointment of Mr. V.S.Rajan as Director	O
6	Alteration of Articles of Association for introduction of Depository System consequent to the passing of the Depositories Act 1996.	S	Change in name of the company as Revathi Equipment Limited	S	Appointment of Mr. Ravinder Kumar Gilani as Director	O
			Alteration of Articles of Association consequent to the amendment in the Companies Act	S	Appointment of Mr.Ramesh Chandra Jain as Director	O
			Remuneration to Non-executive directors	S	Alteration of Articles of Association Consequent to the amendment in the Companies Act	S

O : Ordinary Resolution

S : Special Resolution

7. Disclosures:

There were no transactions with the promoters or directors or management or their subsidiaries that have potential conflict with the interests of the company.

There were no instances of non compliance or any matters related to capital markets during the last three years.

8. Means of communication:

Unaudited quarterly/half yearly financial results subjected to limited review of the company are published in Financial Express (English) and in Malai Murasu (Tamil) news papers. The results are also promptly forwarded to the Stock Exchanges in which the shares are listed.

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

9. General shareholder information:

Date of Incorporation	May 30, 1977
Registered Office	Pollachi Road, Malumachampatti Post, Coimbatore 641 021
Plant Location	As above
Date and time of Annual General Meeting	July 11, 2003, 10.00 A.M. at Coimbatore
Venue of Annual General Meeting	Indian Chamber of Commerce & Industry, Coimbatore
Financial calender	April 1, 2003 - March 31, 2004
Financial reporting for the first quarter ending June 30, 2003	July 10, 2003
Financial reporting for the second quarter ending September 30, 2003	During the third week of October, 2003
Financial reporting for the third quarter ending December 31, 2003	During the last week of January, 2004
Financial results for the year ending March 31, 2004	During the last week of April, 2004
Annual General Meeting for the year ending March 31, 2004	During the last week of August, 2004
Date of book closure	From July 1, 2003 to July 11, 2003 (both days inclusive)
Listing on Stock Exchanges	Coimbatore, Madras and Mumbai.
Stock Code	505368
Dividend payment date	---
Outstanding GDR/ADR/Warrants	NIL

Market price data

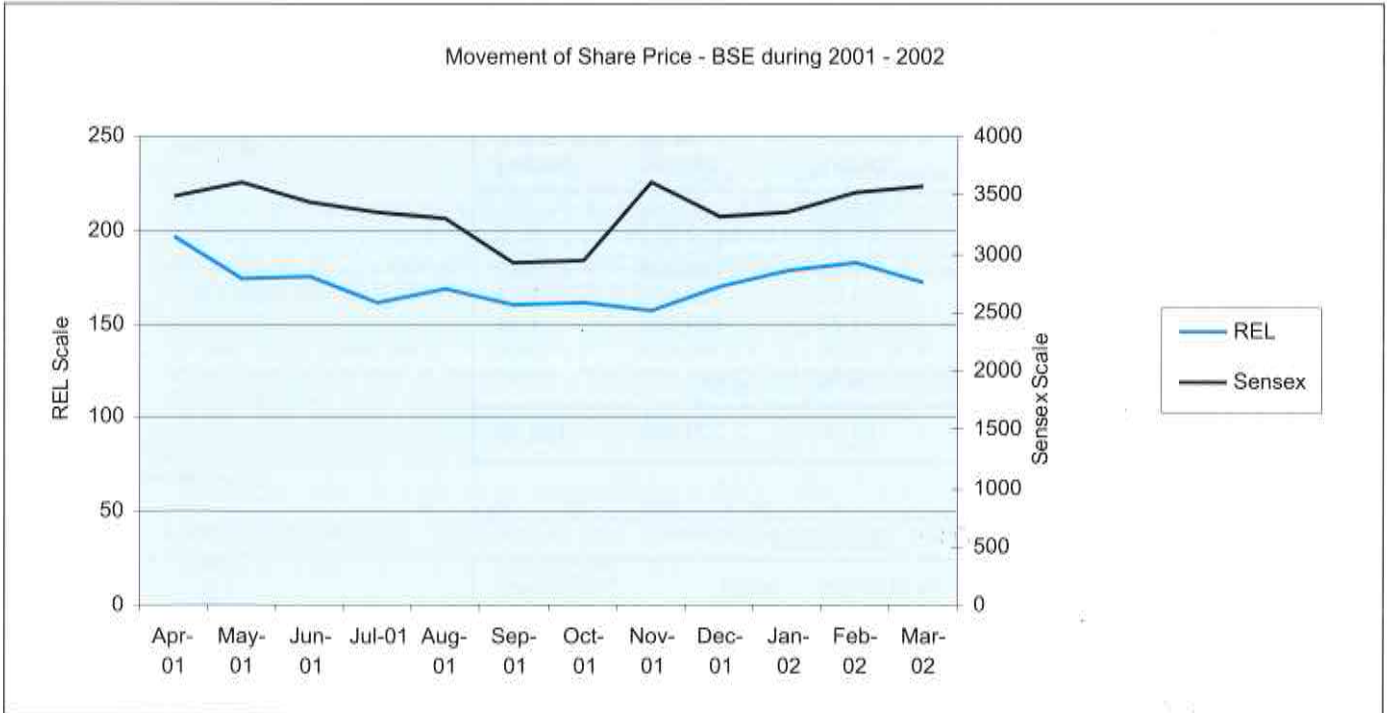
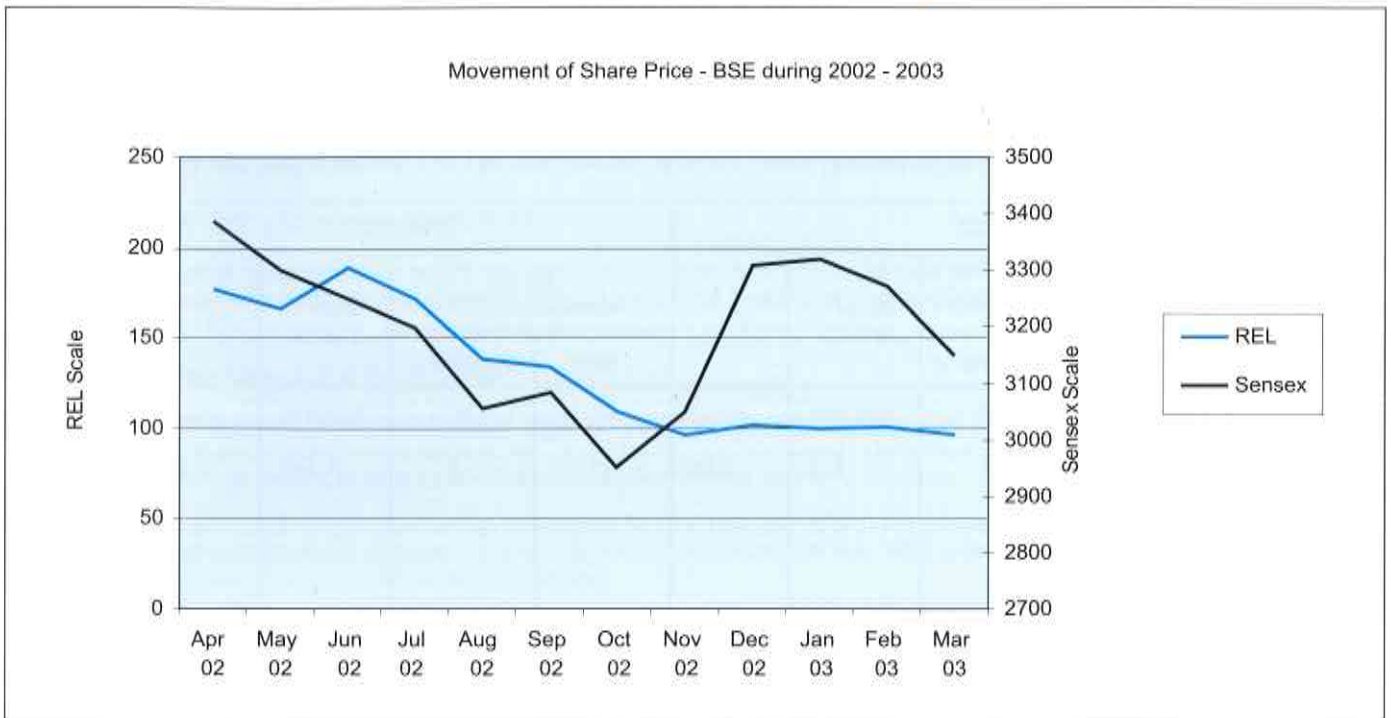
Monthly high and low quotations as well as the volume of Shares traded at Bombay Stock Exchange, for 2002-2003 and 2001-2002 are:

	Highest Rs.	Lowest Rs.	Volume Nos.		Highest Rs.	Lowest Rs.	Volume Nos.
April, 2002	214	171	107,767	April, 2001	243	150	24,692
May	180	151	84,694	May	197	169	12,755
June	191	140	68,916	June	186	168	8,223
July	195	171	24,302	July	179	154	2,342
August	175	136	58,161	August	180	158	19,896
September	163	125	60,415	September	185	155	7,404
October	140	101	29,045	October	175	154	8,644
November	115	96	32,667	November	180	156	39,739
December	108	98	41,974	December	178	162	42,385
January	114	97	79,061	January	192	170	133,742
February	105	97	25,271	February	224	169	307,343
March, 2003	105	95	20,671	March, 2002	208	169	63,015
Total			632,944	Total			670,180

% of volume traded to average number of shares outstanding

19.72

20.88



Registrars and Share Transfer Agents

S.K.D.C. Consultants Ltd.,
 No.11 Street No.1,
 S N Layout,
 Tatabad, Coimbatore 641012
 Email info@skdc-consultants.com
 Fax 0422-2499574
 Phone 0422-2499856 & 2494704

Share Transfer System

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

The total number of shares transferred (physically) during the year 2002-03 was 491,412 (previous year 333,181).

Transfer Period in days	2002-2003				2000-2001			
	No. of Transferees (folios)		No. of Shares	%	No. of Transferees (folios)		No. of Shares	%
	New	Existing			New	Existing		
1-10	74	5	490,988	99.91	48	30	329,039	99.91
11-15	7	1	424	0.09	13	5	4,142	0.09
16-20	-	-	-	-	-	-	-	-
21-25	-	-	-	-	-	-	-	-
Total	81	6	491,412	100.00	61	35	333,181	100.00

% of volume transferred to average number of shares outstanding

15.31

10.38

Distribution of shareholding

As on March 31, 2003

2002-2003				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	2,907	65.80	173,825	5.42
101 - 200	769	17.41	133,314	4.15
201 - 500	514	11.63	170,826	5.32
501 - 1000	134	3.03	96,869	3.02
1001 - 5000	78	1.77	139,938	4.36
5001 - 10000	9	0.20	66,155	2.06
10001 and above	7	0.16	2,428,873	75.67
Total	4,418	100.00	3,209,800	100.00

As on March 31, 2002

2001-2002				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	2,172	58.37	153,714	4.79
101 - 200	733	19.70	139,713	4.35
201 - 500	491	13.20	174,072	5.42
501 - 1000	205	5.51	151,089	4.71
1001 - 5000	95	2.55	191,194	5.96
5001 - 10000	4	0.11	28,750	0.90
10001 and above	21	0.56	2,371,268	73.87
Total	3,721	100.00	3,209,800	100.00

Categories of shareholding

As on March 31,2003			
2002-2003			
Category	No.of Share holders	Voting Strength %	No.of Shares held
Individuals	4,263	21.711	696,885
Bodies Corporate	126	77.094	2,474,570
Insurance Companies	2	0.733	23,512
Directors & Relatives	1	0.006	186
NRI	20	0.214	6,885
Banks	1	0.006	200
OCB	4	0.226	7,262
Mutual Fund	1	0.009	300
FII	-	-	-
Total	4,418	100.000	3,209,800

As on March 31,2002			
2001-2002			
Category	No.of Share holders	Voting Strength %	No.of Shares held
Individuals	3,537	27.157	871,697
Bodies Corporate	153	35.316	1,133,565
Insurance Companies	2	1.777	57,035
Directors & Relatives	5	0.084	2,710
NRI	16	0.186	5,964
Banks	1	0.006	200
OCB	5	30.391	975,479
Mutual Fund	1	0.009	300
FII	1	5.074	162,850
Total	3,721	100.000	3,209,800

Dematerialisation of shares and liquidity

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

The ISIN number for the company is INE 617AQ1013. The company is also offering transfer cum demat facility.

Total number of shares dematerialised was 1,387,798 (43.23%) during 2002-2003. 100% of demat requests have been dematerialised within 30 days, out of which 78.88 % were attended within 10 days in 2002-2003.

Demat Processing Systems

Demat Period in days	2002-03 Number of Folios Dematerialised	No.of Shares	%	2001-02 Number of Folios Dematerialised	No.of Shares	%
1-10	198	1,381,145	99.52	427	82,792	5.97
11-15	26	3,035	0.22	12	16,508	1.19
16-30	27	3,618	0.26	-	-	-
Total	251	1,387,798	100.00	439	99,300	7.16

Details of Demat through the Depositories

2002-2003			2001-2002	
Depository Name	Shares Dematerialised	% to Capital	Shares Dematerialised	% to Capital
N S D L	1,387,006	43.21	97,150	3.03
C D S L	792	0.02	2,150	0.07
Total	1,387,798	43.24	99,300	3.10

Dematerialised shares as on March 31, 2003 - 2,564,324 (79.89%)

Address for correspondence

M.N. Srinivasan,
Company Secretary & Compliance Officer,
Revathi Equipment Limited,
Pollachi Road,
Malumachampatti Post,
Coimbatore - 641 021.
Phone: 0422-2610851, 52, 53
Fax: 0422-2610427,2610566
Email : srinivasan@revathi.co.in

To the members of Revathi Equipment Limited:

We have examined the compliance of conditions of corporate governance by Revathi Equipment Limited for the year ended on 31st March, 2003, as stipulated in Clause 49 of listing agreement of the said Company with the stock exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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.

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 and on behalf of
Lodha & Co.
Chartered Accountants

Place: Kolkata

Date: April 14, 2003

R.P.Singh
Partner

AUDITORS' REPORT

To the Members of
REVATHI EQUIPMENT LIMITED

We have audited the attached Balance Sheet of Revathi Equipment Limited as at 31st March, 2003 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 misstatement. 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in exercise of the power conferred by section 227 (4A) of the Companies Act, 1956 and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we enclosed 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 and Profit and Loss Account referred to in this report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss account and the attached Balance Sheet of the Company as at 31st March, 2003, 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 31st March, 2003 and taken on record by the Board of Directors, we report that none of the such directors is disqualified as on 31st March, 2003 from being appointed as a director of the company in terms of Sec.274(1)(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 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, 2003.
 - 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

Kolkata
April 14, 2003

R.P. Singh
Partner

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

1. The Company has maintained proper records showing particulars including quantitative details and situation of its fixed assets. We are informed that the company has carried out physically verification of its fixed assets during the year and no material discrepancies were noted on such verification.
2. None of the fixed assets of the Company were revalued during the year.
3. The stocks of finished goods, spare parts and raw materials (including components) have been physically verified during the year by the management.
4. The procedures of physical verification of stocks followed by the Management are adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noted on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from any company under the same management as defined under Section 370 (1B) (non-operative) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from any company under the same management as defined under Section 370 (1B) (non-operative) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the company, the employees are generally repaying the principal amounts as stipulated and are regular in payment of interest where applicable.
10. Having regard to the explanation that comparative quotations are not available in respect of certain 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 purchase of stores, raw material including components, plant and machinery, equipment and other assets and for the sale of the goods.
11. In our opinion, having regard to the comments in paragraph 10 above, and according to the information and explanations given to us, the transactions of purchase of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more, in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for similar goods or the prices at which transactions for similar goods have been made with other parties. The Company has not entered into transactions of sale of goods, material and services aggregating to Rs 50,000 or more during the year with the parties listed in the register maintained under section 301 of the Act.
12. We are informed that the Company has a reasonable system of determination of unserviceable or damaged stores, raw materials, components and finished goods and adequate amounts to the extent determined have been written off/provided for in the accounts.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap, where applicable and significant. The Company has certified that there are no by-products.

15. In our opinion the internal audit system of the company is commensurate with its size and the nature of its business.
16. 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.
17. According to the records of the Company, the dues in respect of Employees State Insurance Scheme and Provident Fund have been deposited regularly during the year with the appropriate authorities.
18. According to the information and explanations given to us there were no undisputed amounts payable in respect of Income-Tax, Sales-Tax, Customs and Excise Duty as at 31st March, 2003, for a period of more than six months from the date they became payable.
19. During the course of our examination of the books carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to Revenue Account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company, within the meaning of clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985.
21. In respect of service activities:
 - (a) in view of the nature of services rendered, the clause in respect of recording receipts, issues and consumption of materials and stores and allocating material consumed is not applicable.
 - (b) in view of the nature of services rendered, the Company considers that a system of allocating hours utilised to the relative jobs is not necessary having regard to the manner of billing.
 - (c) According to information and explanation given to us, there is a reasonable system of authorisation at proper levels and an adequate system of internal controls, commensurate with the size of the Company and the nature of its business.
22. In respect of trading activities, the Company has determined the damaged goods and necessary provision for the loss has been made in the books of account.

For LODHA & CO.
Chartered Accountants

Kolkata
April 14, 2003

R.P.Singh
Partner

REVATHI EQUIPMENT LIMITED
BALANCE SHEET – MARCH 31, 2003

(All amounts in thousands of Indian Rupees)

	Notes	<u>2003</u>	<u>2002</u> (Note 28)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	32,098	32,098
Reserves and surplus	3	<u>500,484</u>	<u>456,336</u>
		<u>532,582</u>	<u>488,434</u>
LOAN FUNDS			
Secured loan	4	-	-
Unsecured loans	5	-	<u>2,055</u>
		-	<u>2,055</u>
Total		<u>532,582</u>	<u>490,489</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	1(a) & 6	71,084	66,532
Less: Depreciation		<u>(43,825)</u>	<u>(41,222)</u>
Net Block		<u>27,259</u>	<u>25,310</u>
INVESTMENTS	1(b) & 7	<u>288,627</u>	<u>166,492</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(c) & 9	102,289	33,583
Sundry debtors	10	116,129	131,157
Cash and bank balances	11	77,752	227,174
Loans and advances	12	<u>15,054</u>	<u>14,265</u>
		<u>311,224</u>	<u>406,179</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	13	92,681	71,120
Provisions	14	<u>5,344</u>	<u>43,976</u>
		<u>98,025</u>	<u>115,096</u>
Net current assets		<u>213,199</u>	<u>291,083</u>
DEFERRED TAX ASSETS,(NET)	8	3,497	7,604
Total		<u>532,582</u>	<u>490,489</u>

The accompanying notes are an integral part of this balance sheet

Lodha & Co
Chartered Accountants

R.P.Singh
Partner

 Kolkata
April 14, 2003

P.M.Rajanarayanan
Managing Director

M.N. Srinivasan
Company Secretary

 Coimbatore
April 14, 2003

Abhishek Dalmia
Executive Chairman

REVATHI EQUIPMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2003

(All amounts in thousands of Indian Rupees)

	Notes	<u>2003</u>	<u>2002</u> (Note 28)
INCOME			
Gross Sales	1(d)&15	536,444	510,774
Less: Excise Duty		(27,545)	(40,417)
Net Sales		508,899	470,357
Other income	16	27,538	33,491
		<u>536,437</u>	<u>503,848</u>
EXPENDITURE			
Cost of materials	17	(275,960)	(271,008)
Employee costs	18	(33,790)	(31,152)
Manufacturing and other expenses	19	(54,794)	(56,623)
Interest and financial charges	20	(5,696)	(5,004)
Depreciation	1(a)&6	(3,943)	(4,567)
Less: Transferred from Revaluation Reserve		26	26
		<u>(374,157)</u>	<u>(368,328)</u>
Profit before non-recurring and exceptional items & taxes		162,280	135,520
Non-recurring and exceptional items		-	(8,757)
- Voluntary retirement scheme costs		-	-
- Non Solicitation / Non Compete Fees	21	(100,000)	-
Profit before tax		62,280	126,763
Provision for tax	22	(18,107)	(44,023)
Profit after tax		44,173	82,740
PROFIT AND LOSS ACCOUNT, beginning of year		43,545	1,550
Deferred tax liability for earlier years	1(j)	-	(373)
		<u>43,545</u>	<u>1,177</u>
Profit available for appropriation		87,718	83,917
Proposed dividend - final		-	(32,098)
Provision for dividend tax		-	-
Transfer to general reserve		(15,000)	(8,274)
PROFIT AND LOSS ACCOUNT, end of year		72,718	43,545
Net profit available to equity shareholders		44,173	82,740
Number of shares used in computing basic earnings per share		3,209,800	3,209,800
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		13.76	25.78

The accompanying notes are an integral part of this statement

Lodha & Co
Chartered Accountants

R.P.Singh
Partner

 Kolkata
April 14, 2003

P.M.Rajanarayanan
Managing Director

M.N. Srinivasan
Company Secretary

 Coimbatore
April 14, 2003

Abhishek Dalmia
Executive Chairman

REVATHI EQUIPMENT LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2003

(All amounts in thousands of Indian Rupees)

	<u>2003</u>	<u>2002</u> (Note 28)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	162,280	126,763
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	3,917	4,541
Provision for doubtful debts	-	2,000
Interest and dividend income	(5,114)	(40,908)
Write-down in the value of current investments	-	25,915
(Profit)/Loss on sale of investments	(21,688)	(11,706)
Interest on borrowings	1,250	1,292
Lease Income	(144)	-
Profit on sale of fixed assets	(323)	(869)
	<u>140,178</u>	<u>107,028</u>
Changes in current assets and liabilities:		
(Increase)/decrease in Deferred Tax Receivable	4,107	-
(Increase)/decrease in inventories	(68,706)	44,354
(Increase)/decrease in trade and other receivables	13,231	77,517
(Decrease)/increase in current liabilities and provisions	21,518	(2,019)
Direct taxes paid(Net of Refund)	(19,942)	(52,753)
Deferred Tax	(4,107)	-
Net cash provided by operating activities (before non recurring & exceptional items)	<u>86,279</u>	<u>174,127</u>
Non-recurring & exceptional items (Refer note 21)	<u>(100,000)</u>	<u>-</u>
Net cash provided by operating activities	<u>(13,721)</u>	<u>174,127</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	337	1,182
Purchase of fixed assets	(5,907)	(2,086)
Lease rent paid	(273)	-
Sale/redemption of investments	2,015,600	978,688
Purchase of investments	(2,116,047)	(1,056,276)
Interest and dividend received	6,263	44,120
Net cash used in investing activities	<u>(100,027)</u>	<u>(34,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Public deposits	(2,092)	(2,463)
(Decrease) / Increase in other unsecured loans	-	(8,449)
Interest paid	(1,484)	(1,544)
Dividend paid	(32,098)	(89,874)
Tax on dividends paid	-	(9,167)
Net cash used in financing activities	<u>(35,674)</u>	<u>(111,497)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(149,422)</u>	<u>28,258</u>
CASH AND CASH EQUIVALENTS		
Beginning of the year	227,174	198,916
End of the year	77,752	227,174

The accompanying notes are an integral part of this statement.

Lodha & Co
Chartered Accountants

R.P.Singh
Partner

 Kolkata
April 14, 2003

P.M.Rajnarayanan
Managing Director

M.N. Srinivasan
Company Secretary

 Coimbatore
April 14, 2003

Abhishek Dalmia
Executive Chairman

REVATHI EQUIPMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2003
(All amounts in thousands of Indian Rupees, unless otherwise stated)
1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in section 211(3C) of the Act. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

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

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

	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

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

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

(b) 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 fair value.

(c) 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 combined cost of material, labour and all manufacturing overheads.

(d) Revenues

Sales are recognised on despatch of goods to customers. Sales comprise amounts invoiced for goods despatched, net of excise duty, sales-tax, trade discounts and returns. Service income is recognised upon rendering the services.

(e) Product warranty costs

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

(f) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. All exchange differences are recognised in the statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the relevant fixed assets.

(g) Research and development costs

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

(h) Retirement benefits

Retirement benefits to employees comprise payments to gratuity, superannuation and provident funds. Annual contributions to gratuity funds are determined on the basis of actuarial valuations at the balance sheet date by the Life Insurance Corporation of India under Group Gratuity Cash accumulation scheme.

(i) Leave encashment

Liability for employees' leave encashment is provided at current encashable salary rates for the unavailed leave balance standing to the credit of the employees as at the date of the balance sheet in accordance with the rules of the Company.

(j) Income taxes

Provision for income tax is made for both current and deferred taxes. 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 is recognized using the tax rates and tax laws that have been enacted or substantively enacted by 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) Lease Rentals

1) Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

2) Finance Lease-Lease rentals in respect of finance lease are segregated into cost of assets and interest components by applying an implicit Internal Rate of Return. The cost component is capitalised and depreciated over the useful life or lease term, as appropriate and the interest component is charged as periodic cost.

(l) Basic earnings per share

The earnings considered in ascertaining the Company's basic earnings per share represents the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

(m) Borrowing Cost

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

	<u>2003</u>	<u>2002</u>
2.. SHARE CAPITAL		
Authorised 3,500,000 (2002 - 3,500,000) equity shares of Rs.10/- each	<u>35,000</u>	<u>35,000</u>
Issued, subscribed and paid-up 3,209,800 (2002 - 3,209,800) equity shares of Rs. 10/- each fully paid up	<u>32,098</u>	<u>32,098</u>
<p>(I) Of the above equity shares 1,922,160 shares are held by Holding Company-Utkal Investments Limited. (II)2,407,350(2002 - 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(2002 - 159,800) equity shares have been issued as fully paid-up pursuant to a contract without payment being received in cash.</p>		
	<u>2003</u>	<u>2002</u>
3. RESERVES AND SURPLUS		
Capital reserve	149	149
Capital redemption reserve	1,683	1,683
Revaluation reserve		
Balance, beginning of year	3,807	3,832
Transfer to profit and loss account (see Note 1(a) & 7)	(26)	(26)
Balance, end of year	<u>3,781</u>	<u>3,806</u>
General reserve		
Balance, beginning of year	407,153	398,879
Transfer from profit and loss account	15,000	8,274
Balance, end of year	<u>422,153</u>	<u>407,153</u>
Profit and loss account		
	72,718	43,545
	<u>500,484</u>	<u>456,336</u>
	<u>2003</u>	<u>2002</u>
4.. SECURED LOAN		
<p>The cash credit facilities from banks are secured by a pari-pasu first charge on the Company's current assets comprising raw materials, work-in-progress, finished goods, semi-finished goods, stores, spares and book debts and a pari-passu charge on the Company's fixed assets among the consortium banks.</p>		
	<u>2003</u>	<u>2002</u>
5.. UNSECURED LOANS		
Fixed deposits	-	2,055

6.. FIXED ASSETS

	<i>Balance, beginning of year</i>	<i>Additions/ charge</i>	<i>Deletions</i>	<i>Balance, end of year</i>
Gross Block				
Freehold land	941	-	-	941
Buildings	23,021	-	-	23,021
Plant and machinery	23,990	4,798	935	27,853
Production tooling	4,707	125	232	4,600
Data processing equipment	8,311	760	134	8,937
Furniture and fittings	1,463	-	24	1,439
Office equipment	2,088	106	22	2,172
Vehicles (on lease)	1,599	-	-	1,599
Vehicles (owned)	412	118	8	522
	<u>66,532</u>	<u>5,907</u>	<u>1,355</u>	<u>71,084</u>
Previous year	<u>65,179</u>	<u>3,560</u>	<u>2,207</u>	<u>66,532</u>
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	8,000	611*	-	8,611
Plant and machinery	18,448	1,790	935	19,303
Production tooling	4,441	217	231	4,427
Data processing equipment	7,450	540	134	7,856
Furniture and fittings	1,228	104	21	1,311
Office equipment	1,085	283	19	1,349
Vehicles (on lease)	320	320	-	640
Vehicles (owned)	250	78	-	328
	<u>41,222</u>	<u>3,943</u>	<u>1,340</u>	<u>43,825</u>
Previous year	<u>38,549</u>	<u>4,567</u>	<u>1,894</u>	<u>41,222</u>
Net Block				
Freehold land	941			941
Buildings	15,021			14,410
Plant and machinery	5,542			8,550
Production tooling	266			173
Data processing equipment	861			1,081
Furniture and fittings	235			128
Office equipment	1,003			823
Vehicles (on lease)	1,279			959
Vehicles (owned)	162			194
	<u>25,310</u>			<u>27,259</u>
Previous year	<u>26,630</u>			<u>25,310</u>

* Includes depreciation of Rs. 26 (2002 - Rs. 26) transferred from revaluation reserve.

Cost of plant and machinery includes Rs. 1,036 (2002 - Rs. 1,714) in respect of assets given on lease. The accumulated depreciation on these assets is Rs. 990 (2002 - Rs. 1,575).

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

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

	<u>2003</u>	<u>2002</u>
7.. INVESTMENTS (non-trade)		
Long term		
<u>Unquoted in Mutual Funds</u>		
119,784 (2002 - 119,784) units of Rs 10/- each of Unit Scheme 1964 of The Unit Trust of India ('UTI')	1,596	1,596
Nil (2002--1,500) bonds of Rs 1,000/-each of State Bank of India	-	1,500
Nil (2002 - 2,000) bonds of Rs 5,000/- each of IDBI – Growing Interest Bond (99-B) of IDBI	-	10,000
Nil (2002--6,000) bonds of Rs5,000/- each of ICICI - Encash Bond – 0799 - EB of ICICI Limited	-	30,000
1,000,000 (2002 - 1,000,000) units of Rs 10/- each of Monthly Income Plan – 1999 of UTI	10,000	10,000
1,000,000 (2002 - 1,000,000) units of Rs 10/- each of Monthly Income Plan – 1999 Scheme (II) of UTI	10,000	10,000
	<u>21,596</u>	<u>63,096</u>
Less: Provision for diminution in value of investments	(835)	(835)
	<u>20,761</u>	<u>62,261</u>
<u>In Shares Under same Management:</u>		
8,950,000 (2002 - Nil) Shares of Rs. 10/- each 12% Non Cumulative Pref. Shares of Renaissance Asset Management Co.(P) Ltd.	89,948	-
	<u>110,709</u>	<u>62,261</u>
Current	<u>2003</u>	<u>2002</u>
<u>Unquoted</u>		
899,766(2002-Nil) Units of 10/- each in IL&FS Liq.Fund	10,000	-
619,552(2002--4,877,106) units of Rs. 10/-each in Birla Cash Plus-Growth scheme of Birla Mutual Fund	10,000	59,095
1,755,577(2002-Nil) Units of Rs.10/- each Grindlays Floating Rate	17,560	-
Nil (2002 -- 1,009,706) unit of Rs 10/- each in Birla Bond Plus-Dividend reinvestment scheme of Birla Mutual Fund	-	10,216
2,283,022(2002-Nil) Units of Rs10/- each Pru.ICICI liquid growth	33,757	-
Nil (2002--2,272,486) units of Rs 10/- each in Sun F&C Money value fund - liquid dividend scheme of Sun F&C Mutual Fund	-	30,000
2,034,095 (2002-Nil) Units of Zurich India Liquid Fund	26,530	-
Nil (2002--623,596) units of Rs 10/- each in Chola Freedom Incomes STF-Cumulative-Semi Annual Dividend scheme of Chola Mutual Fund	-	10,000
2,392,292(2002-Nil) Units of Rs 10/-each Sundaram Money Fund	30,018	-
26,781 (2002 -- 1,457,725 units of Rs. 10/-each) units of Rs1000/-each in Franklin Templeton TMA growth scheme of Frankin Templeton India M/F	40,053	20,000
744,197(2002-Nil) Units of Rs.10/- each in SBI Magnum Instacash Fund	10,000	-
	<u>177,918</u>	<u>129,311</u>
Less: Provision for diminution in value of investment	-	(25,080)
	<u>177,918</u>	<u>104,231</u>
	<u>288,627</u>	<u>166,492</u>
Refer Note 27(m) for details of purchases and sales of investments during the year.		

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	<u>2003</u>	<u>2002</u>
8. DEFERRED TAX ASSETS, (NET)		
Deferred tax assets/(liabilities) represent the net tax effect of the timing differences arising from:		
Provision for doubtful debts	-	2,142
Voluntary retirement scheme costs	5,377	7,523
Depreciation	(2,099)	(2,275)
Others	219	214
	<u>3,497</u>	<u>7,604</u>
9. INVENTORIES	<u>2003</u>	<u>2002</u>
Raw material and components, including goods-in-transit	44,640	11,673
Work-in-progress	34,117	8,785
Merchanting goods, including goods-in-transit	23,532	13,125
	<u>102,289</u>	<u>33,583</u>
10. SUNDRY DEBTORS (unsecured)	<u>2003</u>	<u>2002</u>
Outstanding for more than six months		
Considered good	4,181	12,441
Considered doubtful	6,000	6,000
	<u>10,181</u>	<u>18,441</u>
Others, considered good	111,948	118,716
	<u>122,129</u>	<u>137,157</u>
Less: Provision for doubtful debts	(6,000)	(6,000)
	<u>116,129</u>	<u>131,157</u>
11. CASH AND BANK BALANCES	<u>2003</u>	<u>2002</u>
Cash in hand	564	399
Cheques on hand	5,442	24,975
Balances with scheduled banks		
-in Cash Credit	10,480	24,814
-in Current accounts	44,225	62,705
Dividend accounts (restricted) current accounts	671	952
Deposit accounts, including margin money of Rs. 9,200 (2002 - Rs. 9,428)	16,370	113,329
	<u>77,752</u>	<u>227,174</u>
12. LOANS AND ADVANCES (unsecured, considered good)	<u>2003</u>	<u>2002</u>
Advances recoverable in cash or in kind or for value to be received	6,340	4,083
Deposits	3,311	3,974
Balances with customs and excise authorities	1,607	1,263
Interest receivable	3,796	4,945
	<u>15,054</u>	<u>14,265</u>
Disclosure under clause 32 of the Listing Agreement:		
	Max. Amt. outstanding during 2002 - 03	Outstanding at the end of the year
Loans and Advances to Employees		Int. outstanding at the end of the year
Housing Loan to employees (Interest @ 5%)	2,501	571
Festival Advance (Interest free)	254	0
Marriage Advance (Interest free)	6	0
Special Advance to employees (Interest free)	21	0
		<u>2002</u>
13. CURRENT LIABILITIES	<u>2003</u>	<u>2002</u>
Acceptances	25,314	13,026
Sundry creditors		
-Payable to Small Scale Industrial undertakings	1,588	3,249
-Others	19,351	17,395
Unclaimed dividends and fixed deposits	721	1,039
Advances from customers	3,641	178
Interest accrued but not due on fixed deposits	-	234
Obligation under finance lease	1,201	1,474
Accrued expenses and other liabilities	40,865	34,525
	<u>92,681</u>	<u>71,120</u>

The names of small scale industrial undertakings to whom the amount outstanding for more than 30 days as on March 31, 2003 are given below :

• Anu Engineering Works • Apsara Industries • C.M.Engineers • Ever Tech Equipment • Fluidmech Equipment • Hydro Dynamics • Insap Engineers Private Limited • NSK Engineering Works • M.S. Engineering • Sri Lakshmi Engineering • Sekar Engineering Works • Seva Industry • Vijay Engineering Products • Vahini Industries

The above has been compiled based on information available with the Company.

14. PROVISIONS	<u>2003</u>	<u>2002</u>
Provision for tax, net	3,446	9,393
Proposed final dividend	-	32,098
Dividend distribution tax	-	-
Provision for leave encashment	<u>1,898</u>	<u>2,485</u>
	<u>5,344</u>	<u>43,976</u>
15. REVENUES	<u>2003</u>	<u>2002</u>
Sale of drills	260,113	256,260
Sale of spares	<u>276,132</u>	<u>252,348</u>
Gross Sales	<u>536,245</u>	508,608
Service income	199	2,166
Less:Excise Duty	<u>(27,545)</u>	<u>(40,417)</u>
Net Sales	<u>508,899</u>	<u>470,357</u>
	<u>508,899</u>	<u>470,357</u>
16. OTHER INCOME	<u>2003</u>	<u>2002</u>
Dividend from mutual funds and other investments	1,692	30,236
Write-down in the value of current investments	-	(25,915)
Profit/(Loss) on sale of investments (net)	21,687	11,706
Interest on investments and deposits	3,422	10,672
(gross of tax deducted at source of Rs. 580 (2002 - Rs. 1,917)	173	41
Lease rentals	323	869
Profit on sale of fixed assets	-	71
Sale of scrap	-	-
Exchange gain, net	241	5,811
Others	<u>27,538</u>	<u>33,491</u>
17. COST OF MATERIALS	<u>2003</u>	<u>2002</u>
Raw material and components consumed		
Opening stock	11,673	34,321
Add: Purchases	217,830	123,594
Less: Closing stock, including raw material and components in-transit	<u>(44,640)</u>	<u>(11,673)</u>
	<u>184,863</u>	146,242
Purchase of merchanting components	115,825	93,575
Processing charges and purchase of materials through sub-contractors	11,011	9,485
Decrease/(increase) in work-in-progress and merchanting components	<u>(35,739)</u>	<u>21,706</u>
	<u>275,960</u>	<u>271,008</u>
18. EMPLOYEE COSTS	<u>2003</u>	<u>2002</u>
Salaries, wages, allowances, bonus etc	24,551	23,744
Contribution to provident and other funds	6,567	4,835
Staff welfare expenses	<u>2,672</u>	<u>2,573</u>
	<u>33,790</u>	<u>31,152</u>

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19. MANUFACTURING AND OTHER EXPENSES	<u>2003</u>	<u>2002</u>
Consumption of stores, spares, small tools, jigs and fixtures	1,714	2,031
Power and fuel	3,580	2,757
Rent	2,244	2,140
Repairs and maintenance		
Buildings	1,640	1,188
Plant and machinery	274	477
Others	1,541	1,208
Insurance	647	589
Rates and taxes	314	241
Travelling and conveyance	10,848	10,248
Freight, clearing and packing	3,225	2,966
Legal and professional charges	3,360	1,685
Directors' sitting fees	138	54
Selling commission	7,900	11,155
Provision for doubtful debts	-	2,000
Exchange loss, net	674	197
Bad debts and advances written-off (net of recoveries Rs.1,878)	(488)	(90)
Miscellaneous expenses	17,183	17,777
	<u>54,794</u>	<u>56,623</u>

20. INTEREST AND FINANCIAL CHARGES	<u>2003</u>	<u>2002</u>
Interest		
Fixed loans	117	1,168
Cash credit	68	52
Others	1,065	72
Bank charges	4,446	3,712
	<u>5,696</u>	<u>5,004</u>

Interest on fixed deposits includes Rs. Nil (2002 - Rs. 75) of interest paid to the Managing Director and a Director of the Company.

21. NON RECURRING & EXCEPTIONAL ITEMS		
The exceptional charge of Rs.100,000 represents the Non Compete/Non Solicitation fees paid to Atlas Copco India Ltd based on the valuation report received from an independent valuer, so that Atlas Copco India Ltd (including all companies associated with it or with Atlas Copco, Sweden) cannot compete with Revathi Equipment Ltd for specified products, and solicit company's employees, customers for specified periods so as to allow the Company safeguard and maintain its competitive position. The expenditure being incurred for business expediency and entirely for the benefit of the business of the Company have been charged to Profit and Loss Account and treated as revenue expenditure for taxation purpose.		

22. PROVISION FOR TAXES	<u>2003</u>	<u>2002</u>
Current tax	14,000	52,000
Deferred tax	4,107	(7,977)
	<u>18,107</u>	<u>44,023</u>

23. CONTINGENT LIABILITIES	<u>2003</u>	<u>2002</u>
Claims against the Company not acknowledged as debts		
Income-tax	14,491	13,872
Customer claims for damages	3,678	3,678
	<u>18,169</u>	<u>17,550</u>

24. LEASE COMMITMENTS

In October 2001, the Company had taken on finance lease vehicle for a period of 60 months. The gross investment in lease is approximately Rs. 2,087. The present value of minimum lease payment is approximately Rs. 1,599. Future minimum lease payments under finance leases as of March 31, 2003 is as follows:

	<i>Principal</i>	<i>Interest</i>
Not later than one year	300	118
Later than one year and not later than five years	901	154
	<u>1,201</u>	<u>272</u>

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	<u>2003</u>	<u>2002</u>
25. RESEARCH AND DEVELOPMENT EXPENDITURE		
Research and development expenditure	<u>8,093</u>	<u>6,411</u>
26. SUPPLEMENTARY DATA		
a. Managerial remuneration		
	<u>2003</u>	<u>2003</u>
	<i>P.M.Rajanarayanan</i>	<i>R.K.Raghavendra</i>
(i) Managing Director *		
Salary	143	1,942
Commission	0	-
Contribution to provident and other funds	50	573
Perquisites and other benefits	<u>350</u>	<u>681</u>
	<u>543</u>	<u>3,146</u>
		<u>2,085</u>
		<u>1,077</u>
		<u>582</u>
		<u>743</u>
		<u>4,556</u>
Managerial remuneration paid / payable to Managing Directors is subject to necessary approvals from members, which will be sought at the forthcoming Annual General Meeting.		
(ii) Other Directors		
Commission		<u>900</u>
		<u>3,689</u>
		<u>5,456</u>
* Mr. R.K. Raghavendra was Managing Director upto February 9, 2003 and Mr. P.M. Rajanarayanan was appointed as Managing Director w.e.f. February 10, 2003.		
b. Computation of net profit in accordance with section 349 of the Companies Act, 1956	<u>2003</u>	<u>2002</u>
Net profit before tax	62,280	126,763
Add: Managerial remuneration	3,689	5,456
Directors' sitting fees	138	54
Depreciation in the books of account	3,943	4,567
Profit on sale of fixed assets under section 349 of the Companies Act, 1956	323	869
Provision for diminution in value of investment	-	25,915
Voluntary retirement costs	-	8,757
	<u>70,373</u>	<u>172,381</u>
Less: Depreciation under section 350 of the Companies Act, 1956	3,943	4,567
Profit on sale of fixed assets in the books of account	323	869
(Profit)/ Loss on sale of investments	<u>21,687</u>	<u>11,706</u>
Net profit under section 349 of the Companies Act, 1956	<u>44,420</u>	<u>155,239</u>
Maximum commission payable to Managing Director at 1 percent	-	1,552
Restricted to : Mr. R.K. Raghavendra	-	1,077
Commission to other directors	-	900
c. Payments to auditors (included in legal and professional charges - Note 20)	<u>2003</u>	<u>2002</u>
As auditors*	230	200
Other services*	50	175
Reimbursement of out-of-pocket expenses	<u>100</u>	<u>30</u>
	<u>380</u>	<u>405</u>
* Excluding service tax.		
d. Value of imports on CIF basis	<u>2003</u>	<u>2002</u>
Raw material, components and traded goods	<u>102,937</u>	<u>59,208</u>
	<u>102,937</u>	<u>59,208</u>
e. Expenditure in foreign currency	<u>2003</u>	<u>2002</u>
Travel	18	811
Selling commission	330	-
Others	<u>415</u>	<u>40</u>
	<u>763</u>	<u>851</u>

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f. Consumption of raw material and components

	Unit	<u>2003</u>		<u>2002</u>	
		Quantity	Value	Quantity	Value
Under carriage assemblies	Nos	20	9,030	19	12,755
Compressors and accessories	Nos	22	12,467	17	5,669
Electrical components		*	18,217	*	18,729
Hydraulic components		*	45,131	*	29,304
Pipes and valves		*	18,904	*	11,206
Gear/chain assemblies		*	13,001	*	12,568
Others (individually less than 10 per cent of total consumption)		*	68,113	*	56,011
			<u>184,863</u>		<u>146,242</u>

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

Note:

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

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

	<u>2003</u>		<u>2002</u>	
	Value	Percent	Value	Percent
Consumption of raw material and components				
Imported	56,346	30.48	37,684	25.76
Indigenous	128,517	69.52	108,558	74.24
	<u>184,863</u>	<u>100.00</u>	<u>146,242</u>	<u>100.00</u>
Consumption of stores and spares				
Indigenous	1,109	100.00	2,031	100.00
	<u>1,109</u>	<u>100.00</u>	<u>2,031</u>	<u>100.00</u>

Note:

See comments in Note 27(f) above.

h. Remittances in foreign currency on account of dividends to non-resident shareholders of the Company

	<u>2003</u>	<u>2002</u>
Number of shareholders	-	1
Number of equity shares held	-	960,000
Dividend remitted	-	26,880

i. Earnings in foreign exchange

	<u>2003</u>	<u>2002</u>
FOB value of exports	4,932	3,327
Deemed exports	-	-
Commission	-	-
Service charges	-	2,166
	<u>4,932</u>	<u>5,493</u>

j. Purchase of merchanting goods

	<u>2003</u>		<u>2002</u>	
	Quantity	Value	Quantity	Value
Compressors	24	9,293	23	8,499
Others	*	106,532	*	85,076
		<u>115,825</u>		<u>93,575</u>

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

k. Inventories and sales

	Unit	Opening stock		Sales		Closing stock	
		Quantity	Value	Quantity	Value	Quantity	Value
2003							
Waterwell and blast hole rigs (including accessories)	Nos	-	-	19	232,568	-	-
Merchandising goods	Nos	*	<u>13,125</u>	*	<u>276,132</u>	*	<u>23,532</u>
			<u>13,125</u>		<u>508,700</u>		<u>23,532</u>
2002							
Waterwell and blast hole rigs (including accessories)	Nos	-	-	19	215,843	-	-
Merchandising goods	Nos	*	<u>18,034</u>	*	<u>252,348</u>	*	<u>13,125</u>
			<u>18,034</u>		<u>468,191</u>		<u>13,125</u>

* 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.

l. Installed capacity and production

Class of goods	Unit	Installed capacity		Production quantity	
		2003	2002	2003	2002
Waterwell and blast hole rigs	Nos	100*	100*	19	19
Manufactured components (see note)		**	**	**	**

* As certified by management and relied on 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.

m. Statement of purchases and sales/redemptions of investments other than shares during the year

	Purchases		Sales / Redemptions	
	Nos	Value	Nos	Value
Long term, unquoted				
Bonds of Industrial Development Bank of India -(98-B)	-	-	2,000	10,444
Bonds of ICICI - Encash Bond	-	-	6,000	30,276
Bonds State Bank of India	-	-	1,500	1,500
				<u>42,220</u>
Current, quoted				
Sundaram Mutual Fund	31,661,442	348,503	29,269,150	322,579
Standard Chartered Mutual Fund	24,969,240	287,465	23,213,663	273,395
Prudential ICICI Mutual Fund	32,178,542	406,239	29,895,520	374,294
Zurich India Mutual Fund	23,542,876	290,859	21,508,781	267,137
Zurich India Mutual Fund	5,914,133	479,408	7,345,078	459,879
Franklin Templeton Mutual Fund	4,613,414	50,000	5,237,011	57,577
Chola Mutual Fund	1,521,397	20,000	777,200	10,046
SBI Magnum Insta Cash Fund	1,608,379	17,547	708,613	7,611
IL & FS MUTUAL Fund	9,481,853	110,713	14,749,113	161,782
Birla Mutual Fund	1,504,167	15,367	3,776,653	39,080
Sun F&C Mutual Fund				
		<u>2,026,101</u>		<u>1,973,380</u>
		<u>2,026,101</u>		<u>2,015,600</u>

n. Related Party Disclosure

1. Enterprises where control exists :
Utkal Investments Limited - Holding Company
2. Other related party with whom the company had transactions, etc.
(i) Associates
Atlas Copco India Ltd, erstwhile promotor
Renaissance Asset Management Co. (P) Ltd.

- (ii) Key Management Personnel & their relatives:
- | | |
|------------------------|-----------------------|
| Mr. R.K. Raghavendra | Ex. Managing Director |
| Mr. P.M. Rajanarayanan | Managing Director |
| Mrs. R. Radha | Relative |

3. Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2003.
(Rs. in '000s)

	Holding	Associate	Key Management Personnel & their relatives
1. Purchases of goods		12099	
2. Sales of Fixed Assets			331
3. Non solicitation / non compete fees		100,000	
4. Rent expense	271		271
5. Remuneration to Key Management Personnel Directors Others			} Refer Note 25 (a)
6. Reimbursement of expenses	104	51	
7. Dividend paid	17196		
8. Purchase of Investments	89500		
9. Attorney Fees	411		
10. Balances as on 31st March, 2003			
(a) Creditors / Payable		989	
(b) Rental Deposit			226
(c) Investment		89500	

27. SEGMENT INFORMATION

The Company's operations predominantly relate to manufacture and sale of blast hole drilling rigs and its spares, used in open cast mines. Therefore, the disclosure requirements for segmentwise reporting are not applicable to the company.

28. Prior year comparatives

Prior year comparatives have been reclassified to conform with the current year's presentation, wherever applicable.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(All amounts in thousands of Indian Rupees)
(a) Registration details

Registration number	:	TZ-780
State code	:	18
Date of balance sheet	:	March 31, 2003

(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	:	532,582
Total assets	:	532,582

Sources of funds

Paid-up capital	:	32,098
Reserves and surplus	:	500,484
Secured loans	:	-
Unsecured loans	:	-

Application of funds

Net fixed assets	:	27,259
Investments	:	288,627
Net current assets	:	213,199

(d) Performance of the Company

Turnover	:	508,899
Other income	:	27,538
Total expenditure	:	374,157
Profit before tax	:	62,280
Profit after tax	:	44,173
Earning per share (in Rs)	:	13.76
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

REVATHI EQUIPMENT LIMITED
FIVE YEARS FINANCIAL HIGHLIGHTS

Rs. in million

	1998 - 99	1999 - 00	2000 - 01	2001 - 02	2002-03
Summary of operations					
Sales & other income	651.80	597.29	510.44	503.85	536.43
Profit before taxes	190.65	195.46	145.79	126.76	62.28
Profit after taxes	132.85	128.46	88.79	82.74	44.17
Dividends	35.63	35.63	99.04	32.10	NIL
Year end financial position					
Fixed Assets : Gross	68.23	64.55	65.18	66.53	71.08
Net	33.02	30.03	26.63	25.31	27.26
Total Assets : Net	362.42	455.94	451.24	491.78	532.58
Represented by					
Net Worth(excluding revaluation reserve)	351.78	444.61	434.36	484.63	528.80
Share capital	32.10	32.10	32.10	32.10	32.10
Reserves	323.56	416.37	406.09	456.34	500.48
Borrowings	6.76	7.47	13.05	3.34	NIL
Total funds	362.42	455.94	451.24	491.78	532.58
Ratios					
Earnings per Share (Rupees)	41.39	40.02	27.66	25.78	13.76
Dividends (%)	100	100	280	100	NIL



REVATHI EQUIPMENT LIMITED

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