REVATHI EQUIPMENT LIMITED

34^{th} Annual Report
2010-11

Acquisition Criteria

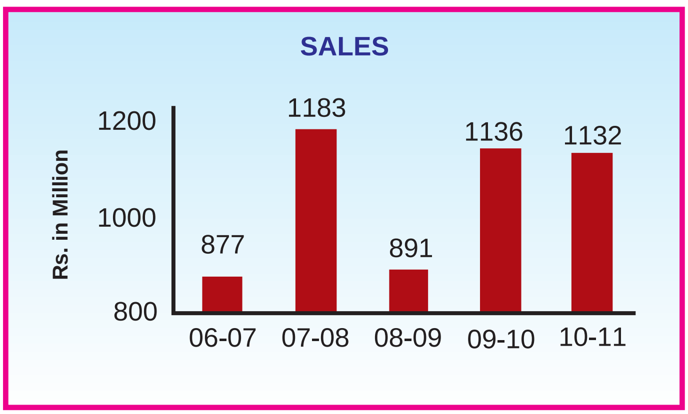
We use this space to communicate with potential sellers and their representatives, what we look for in a potential acquisition. If you, the reader, have no personal connection with a business that might be of interest to us but have a friend who does, perhaps you could pass this message on to him.

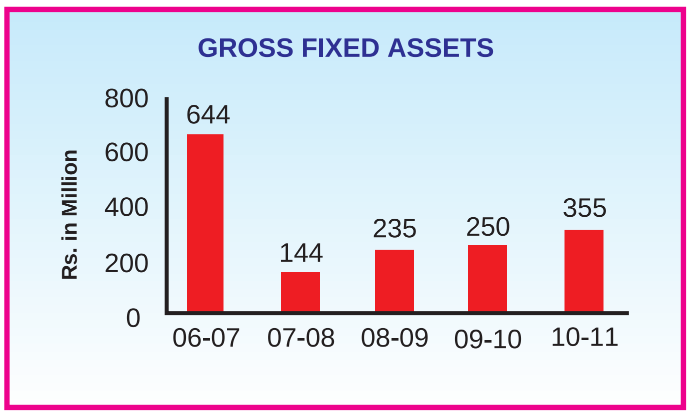
Here's the sort of business we are looking for:

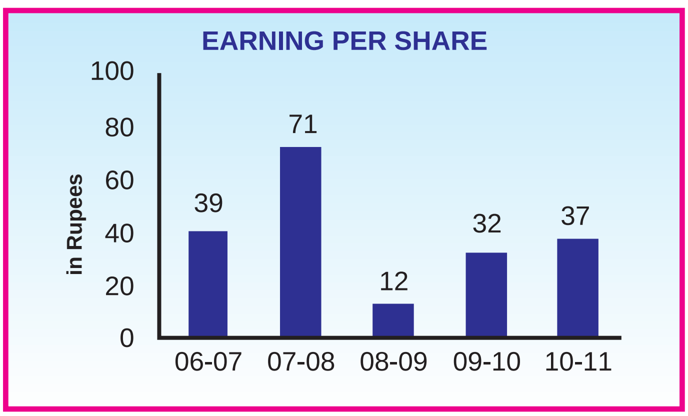
1. Enterprise value in the region of Rs. 100 crores (Rs. 1 billion),
2. Demonstrated consistent earning power (future projections are of little interest to us, nor are "turnaround" situations),
3. Businesses earning good returns on equity while employing little or no debt,
4. Management in place,
5.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

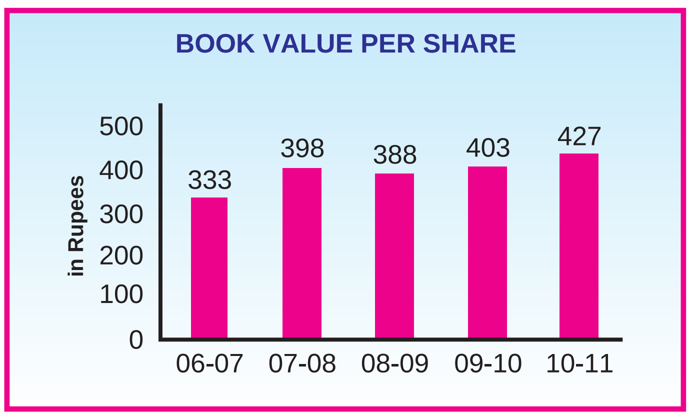
We will not engage in unfriendly takeovers. We can promise complete confidentiality and a very fast answer as to whether we are interested. We prefer to buy for cash, but will consider issuing stock when we receive as much in intrinsic business value as we give.

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

B.D. NARANG

B.V. RAMANAN

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 - 641 050.
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
BANK OF INDIA

MANAGEMENT TEAM

S. HARIHARAN
Senior Vice - President (Finance)

L.S. SHASHI PRAKASHA
Vice - President
Business Unit Head - Drilling 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%
2010-2011	6.0%	12.4%	-6.4%
Average Annual Gain (FY03 - FY11	12.9%	25.0%	-12.1%
Overall gain (FY 03 - FY 11)	199.2%	496.3%	-297.1%

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 FY11 was ₹75 million, which increased the per share book value by 6.1%. Over the last nine years (that is, since the present owners took over) per share book value, has grown from ₹151 to ₹427, which, after factoring in dividend paid during this period, works out to a rate of 13.0% compounded annually.

The above numbers are after providing for goodwill write-offs occasioned by the application of Accounting Standard 26. This Accounting Standard provides that if a company acquires a stake in another, at a price that is higher than the tangible net assets of the acquired business, then the balance would be deemed as goodwill, which must be written off over a specified period. The rationale perhaps is that in case of a sale, a business will at least realize a value based on its tangible assets, conservatively speaking. Therefore if the books have recorded the cost of acquisition as something higher than the book value, the balance ought to be written off, so that the books, after a specified period of time, will reflect the book value of the business.

Of course the fallacy with this reasoning is that businesses do have intangibles, which are not recorded on its books. Further, if the business is run well, the value of the intangibles will likely grow over time. Last but not the least, if the business is being run profitably, the book value will itself grow over time. However, the Accounting Standard recognizes goodwill only on the date of the acquisition and mandates a write down to the then prevailing book value over a specified number of years.

As a result of the application of this Standard, our per share book value has been understated by ₹78. In other words, had we not written off a part of this goodwill year after year, our gain in consolidated net worth during FY11 would be ₹155 million, which increased the per share book value by 10.2%. But for this charge, over the nine years, our per share book value has compounded annually at a rate of 15.0%.

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The macro economic environment for our business remained challenging. Less than healthy state of public finances, uncertainty in the minds of private players that create demand for our goods and services, a political environment not conducive to decision making and continuing concerns over the health of the global economy led to slow decision-making across industries that we serve.

When demand is slow, competitive intensity tends to increase as market participants try to maximize their volumes to cover their fixed costs and stay profitable. We observed the same phenomenon in our businesses where sales stayed flat, but our margins shrank.

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It has been almost a decade since we acquired control of Revathi. I think this is as good a time as any to reflect on our journey so far.

When we acquired Revathi from Atlas Copco, it was a one trick pony. The trick was admittedly quite profitable, and that created all sorts of side effects ranging from over-confidence to complacency to fossilization in the status quo. Over the next few years, we tried many things including developing new products, opening up new markets, starting a new business unit, etc. The intent was to try to diversify out of the single customer who contributed predominantly to our fortunes.

Due to a combination of factors though, none of these initiatives has so far done enough to redefine the complexion of the business. These factors include a couple of lost years due to market meltdown but if I were to really boil it down to one single factor, it is quality of execution. When you become wildly successful doing one thing, you get delusional about your capability to repeat your success doing other things.

While our track record on the operating business has been uninspiring, thankfully our experience with our investment operations has been fairly satisfactory. Whether it was our investment into public equities or wind energy assets or picking up a minority stake in an unrelated business or participating in a real estate venture, we have had very satisfactory outcomes.

Over the last nine years, the company, on standalone basis, earned a gross pre-tax profit of ₹1.6 billion. Of this, ₹537 million came out of investment operations. This excludes our investment in the real estate project, which will take another eighteen or so months to mature. Based on current market prices, my current estimate of pre-tax profit on that investment is ₹300 million. Including this unrealized gain, almost forty per cent of our money has been made outside of the business that we acquired.

Not included above, are the results from the fairly substantial ₹862 million investment we made to acquire a controlling stake in two engineering design companies, Potential and Semac (P+S). We now hold seventy per cent in the company that was merged through a court order during the current financial year. After we invested, P+S has, in aggregate, made a pre-tax profit of ₹160 million, excluding minority interests. This is despite the fact that out of the total investment period of about forty-two months, we lost about eighteen months to the global recession. During those dark days, we had to write-off about ₹100 million in bad debts, in a business with almost no bad debt history.

Overall, the business in which we acquired a majority stake at an equity value of ₹770 million in 2003 has produced gross pre-tax profits of ₹1.6 billion so far excluding an unrealized gain on the real estate investment and without counting gains on the above strategic investment.

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Our Drilling business has been overly dependent on the domestic coal sector. That has been the equivalent of riding on a bicycle in the jet age. The industry in which we have participated historically has moved at glacial speed and once you are at a certain market share, growing faster than market is impossible. My original plan was to let the management team decide the plan for the business they had become masters at while I would focus my attention on capital allocation. To be fair to the team they did try many new things but I realized that being a great dental surgeon does not mean those skills will translate into heart surgery. Given the fact that in this business it takes several years to develop and commercially exploit a new product, my reaction time on making mid-course corrections to the above approach was slower than I would have liked it to be. By the time I realized that the model needed tweaking, we were on the cusp of the recession, which placed severe constraints on making the much needed changes. For all changes require upfront investment and a few years of incubation before you start seeing some results. After the dust settled, we have commenced our 'new' journey and I am quite hopeful that future results will be better.

As mentioned in last year's letter, our agreement with Bucyrus to tap international markets drew to a close in October 2010. Over the five years that our arrangement was active, we learnt a lot about global markets. We also learnt a basic lesson – howsoever good intentions might be, it is the size of the win that determines resource allocation. For us, this relationship was important and we gained a lot along multiple dimensions, though not the financial one. But, for Bucyrus, it was too small to get senior management attention. So while there was a lot of collaborative effort, the financial results did not measure up to our expectations.

There were some other extraneous factors that affected the success of the partnership. After signing up with Bucyrus in 2005, we spent a couple of years in market research and product development. We did export a few machines to places as diverse as Serbia and Brazil. However, before we got warmed up, we were in the middle of the global downturn and by the time we came out of it, Bucyrus was preparing to sell itself to Caterpillar. So effectively, out of the five years, we were in aggressive mode only for about thirty months.

Knowing that continuing with the relationship would not serve our goals, we started preparing for life independent of Caterpillar (Bucyrus). In high value capital goods, the cycle time to reach inflexion point is at least five years. Some of the export markets we have opened up look quite promising. But, being new to these markets, it will take some time before we have a good understanding of the local competitive landscape and get a good handle on what kind of results we can expect to achieve.

During the year, Press Note 1, which imposed some limitations on the entry of foreign players into the Indian market was abolished. As a result, international companies that historically had Indian partners no longer need to get an approval from their erstwhile partners to come into India on their own. This will mean that global mining equipment companies will likely to set up their own manufacturing bases in the country, though we cannot be sure about the timing.

The financials for the year under review were pretty pedestrian owing in part to the slowdown in decision-making at our key customers' end. Substantial orders have remained live but have not been awarded for about three years now. There are other factors which are within our control and which we are gradually addressing.

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Our concreting business recorded its best ever year, with Revenues climbing almost 5x the previous year. This is just the beginning and, if the economy holds up, I am confident of posting strong Revenues in the coming years. Many factors contributed to these results, but at the core, it boils down to the quality of the team that was put in place late last year. We now have a decent team that is ably supported by a national dealer network that was set up during the year. While sales grew strongly, we will take another few years to reach critical mass. However, the direction is right and in a couple of years, the financial results for this business should start looking healthy.

This year was the year of undoing the past, when we had a sub-optimal team leading to a weak offering overall. Product quality issues were exacerbated by less than stellar after sales support. Most of these issues have been rectified, though the resurrection of the brand will require consistent quality, good technical support and good spare part availability over several years. The journey has started well and we will capitalize on this foundation in the years ahead.

In addition to the existing product line-up of batching plants, transit mixers and concrete pumps, during the year we also added vibrating hammers and piling rigs to our product basket.

Vibrating hammers are used for driving steel piles into the ground. Sheet Piles are steel sections (sheets) that are pushed into the ground in series for side consolidation/retention of earth prior to any deep excavation. The steel segments are typically interlocked to form a sort of continuous barrier. Common applications are marine piles (for construction of berths for jettys), metro rail projects with underground sections where the soil conditions are unstable, bridges (coffer dam to block water flow to facilitate construction of the main structure), large construction sites of housing/commercial projects. A new application that is emerging is solar farms.

Historically, Indian construction sites have used a winch or an excavator to drive the steel sheet into the ground. A vibrating hammer does the same job many times faster. For example, at a metro project site, the conventional method would take about four hours to drive an eight-meter long section into the ground, a job that the vibrating hammer can accomplish in ten minutes.

Piling rigs started becoming popular in India during the late 90's with NHAI road and bridges projects and later for the metro rail projects. Piling rigs replaced the conventional tripod since the boring rates were at least four times faster. Piling rigs were also insisted by authorities for projects within urban limits since they work with much lower noise. Piling rigs are commonly used for construction of flyovers, bridges, metro rail, power plant chimneys, structures that needs to withstand heavy loads, construction on soft soil strata, etc.

Traditionally piles were bored with a simple tripod and winch arrangement which cost about ' 10 lacs and achieved a drilling rate of one meter per hour in typical soil conditions. A piling rig costs twenty five times that and has a drilling rate of fifteen meters per hour. In addition to replacing fifteen tripod – winches, a piling rig, being crawler mounted is much more mobile and generates much less noise.

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During the year, we got the court order for the merger of the Potential Service Consultants Pvt. Ltd. and Semac Ltd. Accordingly Potential Semac Consultants Pvt. Ltd. (P+S) was born on July 8, 2010. P+S is now a seventy per cent subsidiary of Revathi.

The business turned around after a very tough two years. Though we were still shy of the Revenues we achieved in FY08, adjusted for write-offs billed in that year, we got back to almost the same profitability that we had achieved that year. We now have six offices in India and three in the Middle East, making us one of the few truly national, full service engineering design firms in the country.

We are a part of what is known as the AEC industry, AEC being Architecture – Engineering – Construction. Of these, we are offering architecture for industrial projects and engineering design for industrial and commercial projects. During the year, we also took a minority stake in the Noida-based architecture KPO company, Satellier. This company has been working with US and UK architects, on their global projects. Most of their work is architectural detailing.

The Mumbai office, which was the first new office we opened after we took over and which was started just before the meltdown turned profitable this year. This is proof of concept about opening up new markets and gives us confidence to expand further. The opening of Chennai and Navi Mumbai during the year comes out of that confidence. However, these initiatives obviously come at a cost. Every new office requires a significant and prolonged investment before it turns profitable. To that extent, the existing results get depressed. This happens in every business but in a people's business, the big costs are people, rent and travel, which add up to almost two thirds of Revenues. So a new office is a significant drag on current profitability.

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Monarch Catalysts continued to grow its topline and grew it almost 50% this year. However, profitability stayed at last year's levels. In the fight for market share, margin is the first casualty. That has been the story with Monarch ever since we invested. Back in FY07, when our Revenues were about a fourth of this year's levels, our net margin was approaching seven per cent. Since then, we have been hovering in the four to six per cent range due to a combination of nickel price fluctuations and fight for market share. Despite the fact that there are only three major players in the world market, including Monarch, this has remained a tough business. The lesson learnt is that size does matter. When all your customers are giants, you are unlikely to make supernormal profits, unless you are a monopoly.

The operating gross profit, which to me is a better indicator of performance in this business than Revenues, fell almost six per cent from last year, in large part due to intra-day nickel price fluctuation, which has been as high as five to six percent.

After holding the investment for touch short of five years, we sold it to a Group company on March 29th for ₹171 mn. After factoring in dividends, we achieved an IRR of about twenty four per cent on this investment. The sale was done on the basis of an independent valuation done by a firm with whom we have had no dealings in the past.

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The new team is earnest and the initiatives being undertaken are likely to bear fruit. A lot of activity is underway at Revathi and it is a matter of time before we convert this work into financial results.

Abhishek Dalmia
Chairman of the Board

REPORT OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

For the year ended 31st March 2011

Your Directors have pleasure in presenting the Thirty fourth Annual Report together with the audited accounts of your Company for the year ended March 31, 2011

Financial Results

All figures in Rs. Million

Particulars	FY 11	FY 10
Total Income	1283	1206
Total Expenditure	1159	1071
Profit before tax	124	135
Less: Provision for tax	12	36
Profit after tax	112	99
Appropriation made as under:		
Transfer to General Reserve	–	–
Surplus carried to Balance Sheet	112	99

Dividend

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

Performance Review

Net sales of your company in FY 2011 is Rs 1132 Million which is more or less at last year level .

PBT for the year was at Rs. 124 Million which includes Rs. 109 Million towards profit arising from sale of investments in Monarch Catalyst Private Ltd. (26% stake)

Lower than expected volume of sales had to bear the burden of infrastructure built for higher sales - Adverse product mix and inflation effect on material costs impacted PBT for the year.

Overview of the Economy

The Indian economy is projected to grow by 8.6 per cent, on the back of a sharp recovery in farm output.

While manufacturing remains static at 8.8% year on year, Mining and quarrying is likely to grow by 6.2%, compared to 6.9% a year ago.

Raising inflation and interest rates continue to be cause of concern.

The Indian economy is well on its way to grow at around 7.5% despite problems of inflation, deficit financing and much slower implementation of planned expenditures. However, sustaining such growth rates requires provision of infrastructure development with corresponding expenditure outlays.The worry is that pace of development is not in sync with the demands of a rapidly growing economy. The gaps are wide and project costs have increased due to all around cost inflation.

Inflation is high at 9%. Commodity supply chain with in the economy is not able to meet the surge in demand form increasing income levels of our populaion. It was food inflation which was main cause of worry but now metal and energy prices are tending to dent profitability and squeezing out the liquidity by Central Banks world over is the most preferred option to control commodity prices. High inflation, besides socio-economic impact, impacts the Infrastructure industry in more than oneway. First, there is a margin squeeze as all input costs, the employees and particularly input materials like steel, fuel and power, are on the increase. Second, RBI has been increasing the repo rates regularly resulting in squeezing the liquidity, reducing the availability of lendable funds and increase in borrowing costs. RBI has already raised its rates 9 times in last fifteen months and another one is on cards. This will slow down the economy and deferment of investment outlays is visible all around.

Infrastructure Industry Issues

The year 2010-11 was expected to be a watershed year for infrastructure development in India. What started with a band ended in a whimper. As the year progressed, there were major issues with implementation. Obviously, the opportunities could not be converted into well-planned initiatives on the ground.

The Government at the beginning of 2010 had plans to increase road construction from 9 kms to 20 kms per day; progress on this front is woefully inadequate. The power project story is also similar. Only 47% of hydel power and 60% of thermal power targets could be realized.

A survey by “Projects Today” states that total outstanding project investment as of March 11 grew by 16, much lower than 23% growth recorded as of March 10. This is not only because of drop in new projects but also because of lower rate of completion of various projects; many projects were stalled also.

While the slowdown is attributed to administrative issues with the nodal implementation agencies, the bigger problem is related to planning and policy which has to find a right balance between socio-economic and political considerations. There are serious issues with land acquisition, environmental clearances, and risk ownership issues in public-private partnerships. Theses need to be addressed at the earliest or else we may lose growth momentum. Industry confidence in decision making process is at its lowest.

Business Environment & Prospects

Your company's drill division products namely drillling equipments are predominantly sold to Coal India Ltd and its subsidiaries. Your company also sells to some private sector coal companies. As a result your company's drill division's growth depends more on prodcution of coal, lignite.

With increased industrialization and capacity addition, India's energy needs are increasing. Our dependence on coal is dominant for meeting the energy needs.

In the world, India is the third largest coal producing country. 75% of its energy need is being met by coal

Demand for coal is increasing. The demand for coal is expected to grow to 713 million tons in 2011-12 but the country's coal production is expected to grow upto 630 million tons. Coal India Ltd produces 82% of coal requirements. Government has been giving licenses to private sector to produce coat but most of them have yet to start because of clearnces by most governmental agencies. We expect pick up in demand from this sector in the coming years.

The company has created focus on export market in select markets and initial response is encouraging. Coal India is becoming aggressive in increasing the coal production leading to higher demand for Drills.

Government is committed to the development of infrastructure - Roads, bridges, Airports, Sea ports, rail etc. Further construction activity has been picking up. As a result, the demand for the concrete equipments has been growing. This fillip will acceleate the growth of the business of our construction equipment division. Your company is well positioned to meet the increasing needs of construction equipments.

Our prime focus this year is on cost improvements and improving our operating efficiencies as we have the product base and resource base both for Drill and Construction Industry businesses.

Structure and Developments

Monarch Catalyst P.Ltd.

Your company has sold its entire twenty six percent stake in Monarch Catalyst Private Ltd, Mumbai and made a profit of Rs 109 million.

Satellier Holdings Inc. USA

Your company has invested Rs 46.48.Million (US$ 1 Million) in Satellier Holdings Inc. USA. during the year acquiring 20% stake. Satellier is in the architecture KPO business.

Subsidiary Companies

Consequent to the merger of two subsidiary companies, your company's holding in the combined entity. i.e. Potential Semac Consultants Private Ltd, (P+S) has become 71% in its paid up capital. P+S provides Engineering Design solutions for building projects in the industrial and commercial segments.

Total income of P+S was at Rs 633 million in FY 11 as against Rs 463million in Fy10 registering an increase of 36.7% in total income. The subsidiary recorded an impressive turnaround with profits of Rs118 million against loss of Rs 55 million in prior year. Revenue enhancement initiatives as well as cost saving efforts, the gradual market turnaround coupled with new initiatives had resulted in better financial results for FY11.

Renaissance Construction Technologies India Ltd. (formerly called Revathi Drilling and Mining Ltd.,) wholly owned subsidiary, has not commenced its operations in FY 11.

Consolidated Financial Statements

Your directors have pleasure in attaching the consolidated financial statements by consolidating accounts of Revathi Equipment Ltd., Renaissance Construction Technologies India Ltd. (wholly owned subsidiary), Potential Semac Consultants Private Ltd. (subsidiary company) and Satellier Holdings Inc. USA under applicable Accounting Standards of the Institute of Chartered Accountants of India.

On consolidation basis, the total income for FY 11 was Rs 2238 Million (FY 10 – Rs 1986 Million) registering increase of 12.7%. Profit before tax (before amortization of goodwill) was Rs 152 million (FY 10 Rs 116 Million) recording increase of 31%. Amortization of goodwill was Rs. 75.7 Million (FY 10 Rs 71.2 Million).

Human Resources

Your company continues to take steps to retain its talent pool, enhance skill of existing people and recruit the most suited talent to spearhead its growth initiatives. Organizational development is our key priority.

Risks and Concerns

Slow down of purchase by Coal India Ltd 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 describing Company's objectives, projections and expectations may be forward looking and are stated as required by law and regulations. Actual results may differ substantially or materially from those expressed or implied. Important events/developments that could impact the Company's operations include, inter alia, general slow down , implementation delays in starting/completing infrastructure projects, increasing interest rates and less availability of finance, changes in political/economic environment and other unpredictable national and international events. Many factors, both external and internal, may affect the actual results which could be different from what the Directors envisage in terms of performance and outlook.

Internal Control

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

Your Company has in place adequate systems of Internal Control to ensure compliance with policies and procedures. Internal Audit of two divisions of your Company are regularly carried out to review the internal control systems.

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

In accordance with the Articles of Association of the company, Mr. B.D.Narang and Mr. B.V.Ramanan 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 and the same forms part of this report.

Foreign exchange earnings and outgo

Your company earned foreign exchange of Rs. 113 million and the foreign exchange outgo during the year amounts to Rs 118 million.

Personnel/Industrial relations

Industrial relations were satisfactory during the year.

In terms of Sub- section (2A) of Section 217 of the Companies Act 1956, your company has no employee drawing salary exceeding Rs.60.00 lakhs per annum or Rs.5.00 lakhs per month during the year under review.

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit or loss of your 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 your company and for preventing and detecting fraud and other irregularities;

iv) the directors had prepared the annual accounts on a going concern basis.

Auditors' Report

Para 2 - Payment of managerial remuneration amounting to Rs. 247,000. - The company is in the process of obtaining the approval of shareholders and Central Government for waiver of excess remuneration of Rs. 247,000 paid to the Managing Director & CEO.

Appreciation

The Directors express their sincere appreciation of dedicated efforts put in by our people and their commitment to make your 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

Chennai
April 28, 2011

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

ANNEXURE

Form for disclosure of particulars with respect to Absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the company	:	1. Development of Electric powered Universal drilling machine for Underground mines. 2. Development of Diesel powered 6-3/4” & 10” rotary Blasthole drill. 3. Development of Electric powered 10” Rotary Blasthole drill. 4. Concrete pump THP 45 E (Electric Version) developed successfully and launched in market 5. Transit Mixer 7 C Version (Bolted Design) developed successfully and ready for sale. 6. New concept Pocket Silo (Bolt-less) for Batching Plants developed and sold regularly.
2. Benefits derived as a result of the above R&D	:	New Product Development.
3. Future Plan of action	:	Development of 1. High Pressure Jackless DTH Blasthole drill. 2. Diesel powered 8” rotary Blasthole drill for Exports 3. Transit Mixer of 4 Cu M. 4. Boom Pump of 17 M with slave Engine and EICHER truck. 5. Vibro Hammers of Chowa Kogyo, Japan 6. Tranist Mixer 7 CBM with PTO Drive. 7. Truck Mounted Concrete Pump (REL Metro Pump) 8. 60 CBM Batching Plant with TWIN SHAFT MIXER and In Line BINS.
4. Expenditure on R&D :		
(a) Capital	:	Rs. NIL
(b) Recurring	:	Rs. 13.4 Million
(c) Total	:	Rs. 13.4 Million
(d) Total R & D expenditure as a percentage of total turnover	:	1.1 %

Technology absorption, adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation		Design changes to improve productivity and overall aesthetics- 6” and 10” drills
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	:	Import substitution and cost reduction. Improved drill performance & customer satisfaction.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.		
a) Technology imported	:	Technical know-how for manufacture of Batching Plant, Transit 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 therefor, and future plans of action	:	Not applicable

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2010-11

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 6 Directors including 2 Executive and 4 Non-Executive Directors, of which 3 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 24th April, 2010, 11th June, 2010, 24th July, 2010, 23rd August, 2010, 27th October, 2010, 28th January, 2011 and 31st March 2011.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 Boards	No. of Committee Positions held in other Companies $	
		Board meeting	Last AGM		Chairman	Member
Mr. Abhishek Dalmia	Executive Chairman- Not Independent	7	Absent	16	Nil	Nil
Mr. K. Sunil Kumar	Managing Director & CEO – Not Independent	5	Present	1	Nil	Nil
Mr.Chaitanya Dalmia	Non-Executive – Not Independent	3	Absent	11	Nil	Nil
Mr. S C Katyal	Non-Executive - Independent	5	Present	3	Nil	Nil
Mr. B D Narang	Non-Executive – Independent	4	Absent	15	Nil	Nil
Mr. B.V.Ramanan	Non-Executive- Independent	2	Absent	2	Nil	Nil

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

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

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.

Terms of reference:

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

Powers of Audit Committee

- The audit committee shall have powers, which should include the following:
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the audit committee shall include the following:

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

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

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

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 24th April 2010, 24th July 2010, 27 th October 2010 and 28th January 2011. 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. B.D. Narang	Member	4
Mr. B.V. Ramanan	Member	1

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 2010-11 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. B.D. Narang	Independent	Member
Mr. B.V. Ramanan	Independent	Member

During the year under review, the committee met on April 24, 2010

The remuneration paid/ payable to the Executive Directors of the Company for the year ended 31st March 2011, 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. K. Sunil Kumar (Managing Director & CEO)	50.62Lakhs	5 Years with effect from 01.04.2010

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 2011 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	40000	–	40000
Mr. S.C. Katyal	190000	133200	323200
Mr. B D Narang	188000	–	188000
Mr. B.V. Ramanan	80000	–	80000

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 31,2011:-

Name of the Director	No of Shares held. (as on 31.03.2011)
Mr. Chaitanya Dalmia	NIL
Mr. S.C. Katyal	10058
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. B.D. Narang	Independent-Non Executive	Member
Mr. B.V. Ramanan	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 2011, 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 2011 was one . There was no outstanding complaints as on 31st March 2011.

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
2009-10	Registered office, Pollachi Road, Malumachampatti (PO), Coimbatore.	29.09.2010 10 AM	Appoinment of Managing Director Payment of commission to Directors
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

No special resolution was passed through postal ballot in FY 2011

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 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

34th Annual General Meeting

Date and Time	:	August 29, 2011 – 3.00 p.m.
Venue	:	At the registered office of the Company Pollachi Road, Malumachampatti, Coimbatore 641 050

Financial Calendar

Financial Year: 2011-12:

Period of reporting	Proposed Board meeting dates
Qtr ending 30th June 2011	3rd week of July 2011
Qtr ending 30th September 2011	Third week of October 2011
Qtr ending 31st December 2011	Last week of January 2012
Year ending 31st March 2012	Last week of April 2012

Date of Book closure	From August 22, 2011 to August 29, 2011 (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 2011-12 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

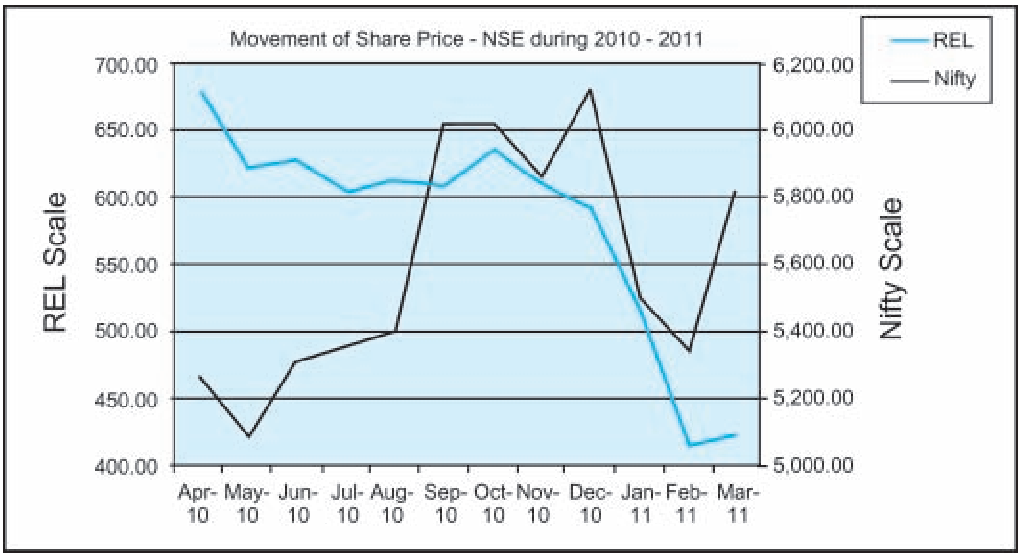
Stock Price Data : (Rs 10/- fully paid up)

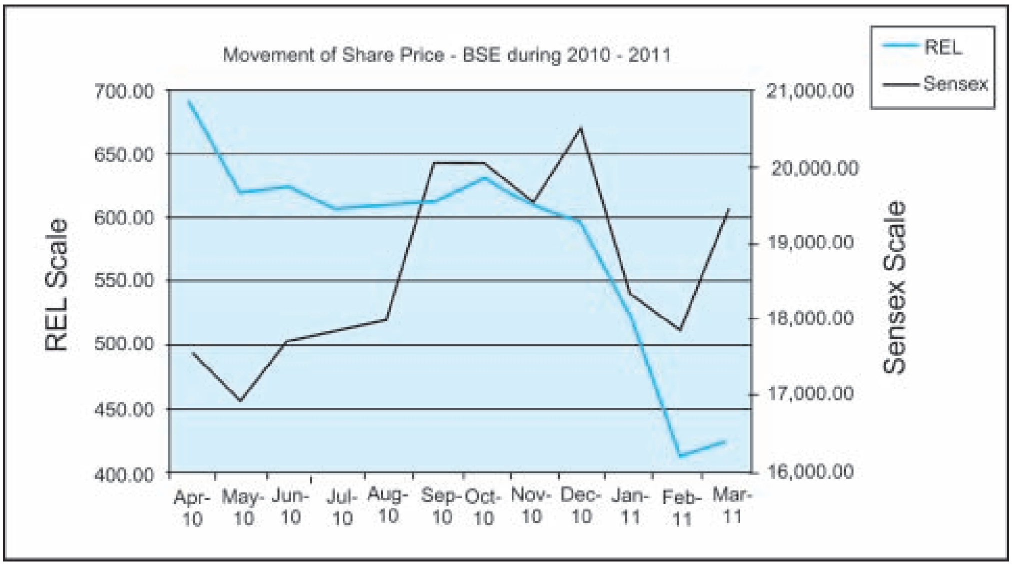
For the Period : April 2010 to March 2011

National Stock Exchange				Bombay Stock Exchange			
	Highest Rs.	Lowest Rs.	Volume Nos.		Highest Rs.	Lowest Rs.	Volume Nos.
April, 2010	709.00	626.40	18,433	April, 2010	707.00	618.00	20,620
May	719.00	599.00	13,974	May	710.00	600.00	18,224
June	655.00	575.05	7,913	June	655.00	590.00	36,389
July	685.00	600.00	25,605	July	685.00	595.00	34,778
August	705.50	531.15	97,908	August	703.40	600.00	114,279
September	705.50	531.15	132,474	September	639.00	598.00	48,526
October	656.00	590.30	16,218	October	684.00	592.00	24,110
November	688.00	600.00	43,023	November	680.00	596.65	52,868
December	640.00	550.65	6,042	December	642.00	580.00	10,284
January, 2011	626.65	511.05	17,915	January, 2011	632.00	508.00	28,846
February	524.75	380.25	8,483	February	525.00	395.00	13,729
March	457.95	400.25	13,964	March	468.50	391.60	11,040
Total			401,952	Total			413,693

% of volume traded to average number of shares outstanding 13.11

% of volume traded to average number of shares outstanding 13.49





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 – 641 050
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 2010-11 was 915 (previous year 88).

Categories of Shareholders as on 31st March 2011

Pattern of Shareholding as on 31st March 2011

Category	2010-11		
	No.of Share holders	Voting Strength %	No.of Shares held
Individuals	4,806	22.131	678,749
Bodies Corporate	193	76.180	2,336,394
Insurance Co's	–	–	–
Directors & Relatives	2	0.643	19,731
NRI	70	0.534	16,367
Banks	1	0.003	100
OCB	–	–	–
Mutual Fund	2	0.509	15,602
FII	–	–	–
Total	5,074	100.000	3,066,943

Distribution of Shareholding as on March 31, 2011

2010-11				
No.of Equity Shares held	No.of Share holders	% of Share holders	No.of Shares	% of Share holding
01 - 100	3,916	77.17	142,607	4.65
101 - 200	524	10.33	88,522	2.89
201 - 500	419	8.26	139,232	4.54
501 - 1000	122	2.40	91,482	2.98
1001 - 5000	73	1.44	145,651	4.75
5001 - 10000	8	0.16	58,428	1.90
10001 and above	12	0.24	2,401,021	78.29
Total	5,074	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 2010-11, 4271 (0.14%) shares were dematted. As on 31st March, 2011, total shares in demat form is 2,969,035 shares and 97,908 shares in physical form. This represents 96.81% shares of the company are in demat form and 3.19% 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**	**Construction Equipment Division**
		Revathi Equipment Limited Pollachi Road Malumachampatti Post Coimbatore – 641 050.	Revathi Equipment Limited D-12, SIPCOT Industrial Complex Gummidipoondi - 601 201.
Address for Correspondence	:	M.N. Srinivasan Company Secretary Revathi Equipment Ltd Pollachi Road, Malumachampatti P O Coimbatore – 641 050 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, 2011.

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 2011, as stipulated in Clause 49 of the 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.: 301051E

Place : Kolkata

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 2011 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. Attention is invited to note 24(b) to the financial statement regarding peyment of mauagerial remuneration amounting to Rs. 247(000s) which is subject to the approval of the central Government. The overall impact with respect to the same cannot be ascertained and commented upon by us.

3 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, the Profit and Loss account, the attached Balance Sheet and Cash Flow Statement of the Company as at 31st March, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2011 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 account subject to our remarks as given in para 2 and above 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, 2011;

      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.: 301051E

H.S. Jha
Partner
Membership No.: 055854

Kolkata
April 28, 2011

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 was Rs. 6,000 thousand, and there was no year end balance of such loans.

(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 have been fully repaid as at the year end.

(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.

(e) The company has taken unsecured loans from a company in earlier years covered in the register maintained under section 301 of the Act. The maximum amount of such loans during the year and the year end balance was Rs. 9000 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 2011 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 in the previous year. 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.: 301051E

H.S. Jha
Partner
Membership No.: 055854

Kolkata
April 28, 2011

REVATHI EQUIPMENT LIMITED

BALANCE SHEET — MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	Notes	As at 31March 2011	As at 31 March 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	30,669	30,669
Reserves and surplus	3	1,396,834	1,284,704
		1,427,503	1,315,373
LOAN FUNDS			
Secured loan	4	629,259	788,373
Unsecured loans	5	9,000	9,000
		638,259	797,373
DEFRERED TAX LIABILITES (net)	8	597	–
Total		2,066,359	2,112,746
APPLICATION OF FUNDS			
FIXED ASSETS	1(b) & 6		
Gross Block		354,529	249,549
Less: Depreciation		(119,827)	(111,618)
Net Block		234,702	137,931
Add: Capital Work-in-Progress		175,615	300,246
		410,317	438,177
INVESTMENTS	1(d) &7	912,861	904,933
DEFERRED TAX ASSETS (net)	8	–	5,051
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(e) & 9	515,488	467,911
Sundry debtors	10	347,340	501,081
Cash and bank balances	11	60,282	75,822
Loans and advances	12	123,062	84,066
		1,046,172	1,128,880
Less : CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	13	295,620	351,753
Provisions	14	7,371	12,542
		302,991	364,295
Net current assets		743,181	764,585
Total		2,066,359	2,112,746

The accompanying notes are an integral part of this balance sheet 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** Senior Vice President (Finance)
Kolkata April 28, 2011	Chennai April 28, 2011	

REVATHI EQUIPMENT LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	Notes	2010-11	2009-10
INCOME			
Gross Sales (include Service Income)	1(f)&15	1,200,217	1,192,122
Less:Excise Duty / Service Tax Recovered		(68,203)	(55,885)
Net Sales	1(f)&15	1,132,014	1,136,237
Other income	16	151,316	69,976
		1,283,330	1,206,213
EXPENDITURE			
Cost of materials	17	(768,384)	(717,185)
Employee costs	18	(104,917)	(93,533)
Manufacturing and other expenses	19	(184,186)	(151,482)
Interest and financial charges	20	(78,615)	(91,410)
Depreciation	1(b)&6	(23,397)	(17,609)
Less:Transferred from Revaluation Reserve		99	99
		(1,159,400)	(1,071,120)
Profit before taxes		123,930	135,093
Provision for taxes	21	(11,701)	(36,455)
Profit after taxes		112,229	98,638
PROFIT AND LOSS ACCOUNT, beginning of year		833,554	734,916
Profit available for appropriation		945,783	833,554
Proposed Dividend		–	–
Provision for Dividend Distribution Tax		–	–
Transfer to General Reserve		–	–
PROFIT AND LOSS ACCOUNT, end of year		945,783	833,554
Net profit available to equity shareholders		112,229	98,638
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)		36.59	32.16

The accompanying notes are an integral part of this statement as per our report of even date

For Lodha & Co
Chartered Accountants

H.S. Jha
Partner
Membership No:055854

Kolkata
April 28, 2011

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Chennai
April 28, 2011

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

REVATHI EQUIPMENT LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	2010-11	2009-10
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	123,930	135,093
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	23,298	17,510
Bad Debts and advance written - off	716	5,742
Interest and dividend income	(1,938)	(6,117)
(Profit)/Loss on sale of investments	(144,898)	(27,834)
Provision for diminution in current investments written back	-	(2,572)
Write-down in the value of current investments	-	-
Interest on borrowings	69,576	82,285
(Profit) / Loss on sale of fixed assets	(1,168)	(256)
	69,516	203,851
Changes in current assets and liabilities:		
(Increase) / Decrease in inventories	(47,577)	207,749
(Increase) / decrease in trade and other receivables	125,116	(243,509)
(Decrease) / increase in current liabilities and provisions	(57,640)	48,262
Cash generated from Operations	89,415	216,353
Direct taxes paid (Net of Refund)	(13,477)	(39,098)
Net cash provided by / (used in) operating activities	75,938	177,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	1,968	371
Purchase of fixed assets	(3,664)	(54,399)
Sale/redemption of investments	229,462	196,217
Purchase of investments	(92,492)	(66,432)
Interest and dividend received	1,938	7,717
Net cash provided by / (used in) investing activities	137,212	83,474
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(75,080)	(101,685)
Proceeds from / (repayment) of short term borrowings	(84,034)	(106,140)
Buyback of shares including share premium	–	–
Interest paid	(69,576)	(96,286)
Dividend paid	–	–
Tax on dividends paid	–	–
Net cash provided by / (used in) financing activities	(228,690)	(304,111)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(15,540)	(43,382)
CASH AND CASH EQUIVALENTS		
Beginning of the year	75,822	119,204
End of the year	60,282	75,822

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. 77,499) which are under lien or are not freely available.
3. Previous year's figures have been rearranged, where necessary.

As per our report of even date

For Lodha & Co
Chartered Accountants

H.S. Jha
Partner
Membership No:055854

Kolkata
April 28, 2011

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Chennai
April 28, 2011

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(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 2011	As at 31 March 2010
Authorised		
3,500,000 (2010 - 3,500,000) equity shares of Rs.10/- each	35,000	35,000
Issued, subscribed and paid-up		
3,066,943 (2010 - 3,066,943) equity shares of Rs. 10/- each fully paid up	30,669,	30,669

(i) 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.

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

(iii) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.

3. RESERVES AND SURPLUS

	2010-11	2009-10
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	1,839	1,938
Transfer to profit and loss account	(99)	(99)
Balance, end of year	1,740	1,839
General reserve		
Balance, beginning of year	446,051	446,051
Transfer from profit and loss account	–	–
Balance, end of year	446,051	446,051
Surplus in Profit and loss account	945,783	833,554
	1,396,834	1,284,704

4. SECURED LOAN

Long Term Rupee Loan from Banks	142,193	215,789
Cash Credit	481,570	565,604
Vehicle Loan	5,496	6,980
	629,259	788,373

Notes on Secured loans :

(i) Long term loan of Rs. 62,193 (2010: Rs. 95,789/-) 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. Amount repayable within one year Rs 33,596 (2010-Rs 33,596)

(ii) Long term loan of Rs 80,000 (2010 - Rs 120,000/-) 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. Amount repayable within one year Rs. 40,000 (2010 - Rs. 40,000)

(iii) Cash credit Loan of Rs.481,570 (2010 - Rs 565,604/-) 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. 5,496 (2010 - Rs. 6,980) is secured by hypothecation of Vehicles.

5. UNSECURED LOAN

	2010-11	2009-10
Loan from a Subsidiary	9,000	9,000
	9,000	9,000

6. FIXED ASSETS

	Balance, beginning of year	Additions / charge	Deletions	Balance, end of year
Gross Block				
Tangible Assets				
Freehold/Leasehold land	62,852	8,600	-	71,452
Buildings	38,152	83,205	-	121,357
Plant and machinery*	58,978	25,149	5,828	78,299
Production tooling	14,675	130	2,852	11,953
Data processing equipment	13,594	2,606	-	16,200
Furniture and fittings	5,113	321	-	5,434
Office equipment	10,686	690	-	11,376
Vehicles	14,987	-	-	14,987
Intangible Assets				
Technical knowhow	17,590	-	7,308	10,282
Computer software	12,922	266	-	13,188
	249,549	120,967	15,988	354,528
Previous year	235,187	17,177	2,815	249,549
Accumulated depreciation				
Tangible Assets				
Freehold /Leasehold land	1,673	956	-	2,629
Buildings	15,753	4,081 **	-	19,834
Plant and machinery	33,549	6,725	5,009	35,265
Production tooling	12,880	1,013	2,852	11,041
Data processing equipment	10,808	1,970	-	12,778
Furniture and fittings	2,628	647	-	3,275
Office equipment	3,739	1,588	-	5,327
Vehicles	6,046	2,245	19	8,272
Intangible Assets				
Technical knowhow	16,180	1,243	7,308	10,115
Computer software	8,362	2,929	-	11,291
	111,618	23,397	15,18	119,827
Previous year	96,708	17,609	2,699	111,618
Net Block				
Tangible Assets				
Freehold /Leasehold land	61,179			68,823
Buildings	22,399			101,523
Plant and machinery	25,429			43,034
Production tooling	1,795			912
Data processing equipment	2,786			3,422
Furniture and fittings	2,485			2,159
Office equipment	6,947			6,049
Vehicles	8,941			6,715
Intangible Assets				
Technical knowhow	1,410			167
Computer software	4,560			1,897
	137,931			234,701
Previous year				137,931
Capital Work-in-progress	300,246			175,615

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

1. ** Includes depreciation of Rs. 99 (2010 - Rs. 99) 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 Rs. 174,000 (2010 - Rs. 170,000) paid towards joint development of property with another Corporate body.

7. INVESTMENTS (non-trade)

	As at 2010-11	As at 2009-10
Long term		
Unquoted - Shares		
Shares in Jointly Controlled Entity:		
Nil (2010-1,50,800) Equity Shares of Rs.100/-each in Monarch Catalyst Pvt.ltd	–	62,400
Shares in Subsidiary Companies:		
10,00,000. (2010-10,00,000) Equity Shares of Rs.10/-each in Renaissasnce Construction Technolgies India Ltd (Formerly Revathi Drilling & Mining Ltd)	10,000	10,000
1,271,025 (2010-1,198,853)Equity Shares of Rs.10/-each in Potential SEMAC Consultants Pvt Ltd *	848,182	804,440
8,896,797 (2010-Nil) Prefered stock in Satellier holdings Inc., USA	48,750	-
	906,932	876,840
Quoted		
Shares		
4,34,080 (2010-4,34,080) Equity shares of Rs. 10 /- each in Ashiana Housing Ltd	–	22,164
Current		
Mutual Funds		
5,40,008 (2010 - 5,40,008) units of Rs 10/- each in Franklin India Smaller Companies Fund	5,450	5,450
2,854 (2010 -2,854) Units of Rs.100/-each in ICICI Prudential Flexible Income Plan Growth	479	479
	5,929	28,093
	912,861	904,933
Book value of quoted Investments	–	22,164
Book value of Unquoted Investments	906,932	876,840
Book value of Investments in Mutual Funds(Quoted)	5,929	5,929
	912,861	904,933
Aggregate market value of quoted Investments	–	41,515
Aggregate NAV of investments in Mutual Fund	7,628	7,122

*The Company held 194848 and 469569 equity shares in Semac Ltd and Potential Service consultants Pvt. Ltd respectively. These companies have amalgamated with effect from 1st April, 2009 as per the Court order dated 8th July 2010.

8. DEFERRED TAX ASSETS / (LIABILITIES) - NET

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

	Opening balance as on 01.04.2010	Charge / (credit) during the year	Closing balance as on 31.03.2011
Deferred Tax Assets:			
Provision for Leave Encashment and Gratuity	–	–	–
Provision for Employee Welfare Fund (Fidility)	–	–	–
Deferred Tax Liabilities:			
Depreciation Difference	**5,050**	(5,647)	(597)
Net Deferred Tax Assets / (Liabilities)	**5,050**	**(5,647)**	(597)

	As at March 2011	As at March 2010
9. INVENTORIES		
Raw material and components, including goods-in-transit	288,142	**209,939**
Work-in-progress	163,635	**166,758**
Finished Goods	-	**8,757**
Merchanting goods, including goods-in-transit	63,711	**82,457**
	515, 488	**467,911**

		As at 31.03.2011	As at 31.03.2010
10.	**SUNDRY DEBTORS** (unsecured)		
	Considered good unless stated otherwise		
	Outstanding for more than six months		
	Considered good	47,614	62,994
	Considered doubtful	-	-
		47,614	62,994
	Others		
	Considered good	299,726	438,087
		347,340	501,081
11.	**CASH AND BANK BALANCES**		
	Cash in hand	812	771
	Cheques on hand	-	10,044
	Balances with scheduled banks		
	- in Cash Credit	21,989	5,025
	- in Current accounts	6,340	31,609
	- Dividend accounts (restricted)	128	128
	- Margin money (under lien)	31,013	28,245
		60,282	75,822
12.	**LOANS AND ADVANCES**		
	Advances recoverable in cash or in kind or for value to be received	52,977	22,677
	Deposits	6,945	8,530
	Loan to a subsidiary	-	6,000
	Balances with Govenment authorities	30,765	21,900
	Other receivables (Receivable from subsidairy Rs. 491(2010-Rs. 280)	977	983
	MAT Credit Entitlement	12,476	-
	Advance Payment of Tax (net of provision)	18,922	23,976
		123,062	84,066

Disclosure under clause 32 of the Listing Agreement:

Loans and Advances to Employees	Max.Amt.outstanding during 2010-11	Outstanding at the end of the year	Max.Amt.outstanding during 2009-10	Outstanding at the end of the year
Housing Loan to employees (Interest @ 5%)	1,644	1,157	1,644	1644
Other loans and advances (Interest free)	1,651	660	445	445

13.	**CURRENT LIABILITIES**	As at 31.03.2011	As at 31.03.2010
	Acceptances	347	8,885
	Sundry creditors		
	- Due of Micro, small and Medium Enterprises (Refer Note 29)	8,420	-
	- Others	215,169	218,284
	Unclaimed dividends and fixed deposits*	128	128
	Advances from customers	12,732	53,482
	Accrued expenses and other liabilities	58,824	70,974
		295,620	351,753

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

14.	**PROVISIONS**		
	Proposed dividend	-	–
	Dividend distribution tax	-	–
	Provision for warranty claims (Refer note 28)	7,371	12,542
		7,371	12,542

	2010-11	2009-10
15. REVENUES		
Sale of drills/Construction Equipments	697,444	731,022
Sale of spares	386,144	375,932
Gross Sales	1,083,588	1,106,954
Less:Excise Duty Recovered	(64,967)	(53,850)
Net Sales	1,018,621	1,053,104
Service income	116,629	85,168
Less: Service Tax Recovered	(3,236)	(2,035)
Net Service Income	113,393	83,133
	1,132,014	1,136,237
16. OTHER INCOME		
Dividend from mutual funds and other investments from		
– Long term	177	1,319
– Current	-	1,143
Profit on sale of investments (net)		
– Long term	144,898	27,834
– Current	-	-
Interest on investments and deposits (gross of tax deducted at source of Rs.281 (2010-Rs. 1,568)	1,761	3,655
Exchange gain (net)	-	11,702
Provision for diminution in current investments written back	-	2,572
Profit on sale of fixed assets	1,168	256
Lease Rental Income	849	1,851
Others	2,463	19,644
	151,316	69,976
17. COST OF MATERIALS		
Raw material and components consumed *		
Opening stock	209,939	300,030
Add: Purchases	602,345	329,058
Less: Closing stock, including raw material and components in-transit	(288,142)	(209,939)
	524,142	419,149
Purchase of merchanting components	178,013	159,497
Processing charges and purchase of materials through sub-contractors	35,603	20,881
Decrease/(increase) in work-in-progress , merchanting components and finished goods	30,626	117,658
	768,384	717,185

*Net of Rs.Nil (2010-Rs. 4,277) for self generated fixed assets and Rs. 8,292 (2010-Rs. 8,757) for sales returns.

	2010-11	2009-10
18. EMPLOYEE COSTS		
Salaries, wages, allowances, bonus etc	81,867	68,816
Contribution to provident and other funds	11,547	10,042
Staff welfare expenses	11,503	14,675
	104,917	93,533

	2010-11	2009-10
19. MANUFACTURING AND OTHER EXPENSES		
Consumption of stores, spares, small tools, jigs and fixtures	13,160	8,343
Power and fuel	5,529	4,324
Rent	5,759	6,437
Repairs and maintenance		
Buildings	9,867	5,991
Plant and machinery	1,085	377
Others	6,805	3,312
Insurance	2,338	2,575
Rates and taxes	3,197	6,652
Travelling and conveyance	40,431	29,958
Freight, clearing and packing	23,985	18,302
Legal and professional charges	10,407	11,028
Directors' sitting fees	498	46
Selling commission	20,672	24,726
Exchange loss(net)	2,097	–
Bad debts and advances written-off (net of recoveries Rs.13 (2010 Rs.Nil)	716	5,742
Service Charges	15,276	7,718
Miscellaneous expenses	22,364	15,951
	184,186	151,482
20. INTEREST AND FINANCIAL CHARGES		
Interest		
Fixed loans	19,035	44,417
Cash credit	35,186	36,949
Others	14,519	919
Bill discounting charges	836	301
Bank charges, etc.,	9,039	8,824
	78,615	91,410
21. PROVISION FOR TAXES		
Current tax	25,000	38,000
MAT Credit entitlement	(12,476)	-
Provision for Tax of earlier years written back	(6,469)	-
Deffered Tax	5,646	(1,545)
	11,701	36,455
22. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debts		
Customer claims for damages	3,678	3,678
Corporate guarantee given on behalf of a subsidiary	55,000	55,000
	58,678	58,678
23. CAPITAL COMMITMENTS		
On account of tangible assets	1,191	2,625
	1,191	2,625

24. SUPPLEMENTARY DATA

a. Managerial remuneration

	2010-11	2009-10
Executive Chairman and Managing Director & CEO		
Salary	5,280	4,843
Commission	-	760
Contribution to provident and other funds	1,365	1,711
Perquisites and other benefits	2,957	2,391
Total Managerial remuneration	9,602	9,705

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

	2010-11	2009-10
Net profit before tax	123,930	135,093
Add: Managerial remuneration	9,602	9,705
Directors' sitting fees	498	46
Depreciation in the books of account	23,397	17,609
Loss on sale of Investments	12,675	12,902
	170,102	175,355
Less: Depreciation under section 350 of the Companies Act, 1956	23,397	17,609
Profit on sale of fixed assets	1,168	256
Profit on sale of Investment	157,573	43,308
Net profit under section 349 of the Companies Act, 1956	(12,036)	114,182
Maximum Managerial Remuneration payable at 10 percent	(1,204)	11,418

Inview of inadequacy of profit, excess remuneration of Rs.247 of Managing Director & CEO is subject to approval of the shareholders and Central Government under clause C of section II of part II of Schedule XIII of companies Act 1956.

c. Payments to auditors

(included in Miscellaneous expenses, excluding service tax)

	2010-11	2009-10
As auditors	275	230
Other services	365	310
Reimbursement of out-of-pocket expenses	275	281
	915	821

d. Value of imports on CIF basis

	2010-11	2009-10
Raw material, components and traded goods	114,998	172,353
	114,998	172,353

e. Expenditure in foreign currency

	2010-11	2009-10
Travel	2,287	1,407
Selling commission	933	1,060
Technical know-how	66	1,486
	3,286	3,953

f. Consumption of raw material and components

		2010-11		2009-10	
	Unit	Quantity	Value	Quantity	Value
Under carriage assemblies	Nos	*	43,080	*	38,369
Compressors and accessories	Nos	*	23,580	*	20,548
Electrical components		*	116,455	*	75,419
Hydraulic components		*	113,180	*	71,657
Pipes and valves		*	35,219	*	25,945
Gear/chain assemblies		*	50,252	*	43,070
Others (individually less than 10 per cent of total consumption)		*	142,376	*	144,141
			524,142		419,149

* 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**

	2010-11		2009-10	
	Value	Percent	Value	Percent
Consumption of raw material and components				
Imported	159,652	27.27	130,717	31.19
Indigenous	364,490	72.73	288,432	68.81
	524,142	100.00	419,149	100.00
Consumption of stores and spares				
Indigenous	13,160	100.00	8,343	100.00
	13,160	100.00	8,343	100.00

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

h. **Earnings in foreign exchange**

	2010-11	2009-10
FOB value of exports	112,946	167,624
	112,946	167,624

i. **Purchase of merchanting goods**

	2010-11		2009-10	
	Quantity	Value	Quantity	Value
Compressors	6	3,233	10	3,801
Others	*	174,780	*	155,696
		178,013		159,497

* 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**

		Opening stock		Sales		Closing stock	
	Unit	Quantity	Value	Quantity	Value	Quantity	Value
2011							
Waterwell rigs,blast hole rigs & Construction equipments	Nos	–	–	192	643,110	–	–
Merchanting goods	Nos	*	82,457	*	375,511	*	63,711
			82,457		1,018,621#		63,711
# Net of Sales returns amount to Rs.8,292/-							
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

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

net of sales returns amount to Rs.13,057/-

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

k. **Installed capacity and production**

		Installed capacity		Production quantity	
Class of goods	Unit	2010-11	2009-10	2010-11	2009-10
Waterwell and blast hole rigs,Cons.equipment	Nos	100*	100*	192	34
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.

25. Related Party Disclosure :

1. Enterprises where control exists:

   Renaissance Construction Technologies India Ltd (Formerly Revathi Drilling & Mining Ltd (Wholly owned subsidiary) Potential Semac Consultants Pvt. Ltd (Subsidiary)

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 (Brother of Mr. Abhishek Dalmia)
Mr. K. Sunil Kumar	Managing Director & CEO

   (ii) Director / Consultant

   Mr. S.C. Katyal

3. Associate
   Satellier Holdings Inc. USA

4. Disclosure of transactions between the related parties & the status of balances as on 31st March, 2011

(Rs. in 000's)

Particulars		Subsidiary	Jointly Controlled Entities Associate	Key Management Personnel & their relatives	Director/ Consultant
			2010-11		
Income:					
Interest Income		649	-		
Expenses:					
Remuneration to Key Management Personnel				9,602	
Rent expense			660	-	0
Directors sitting fees					
Consultancy Fee					133
Investment		43,741	48,750		
Loan Refunded		6,000			
Balances as on 31st March, 2011					
(a) Payable-remuneration/Consultancy Fee				-	
(b) Rental Deposit				-	-
(c) Investment		858,182	43,471		
(d) Loan taken		9,000	-		
(e) Loan given		-	-		
(f) Receivables		491			
			2009-10		
Income:					
Interest Income		339	-		
Remuneration to Key Management Personnel			9,705	–	
Rent expense	-		660	271	427
Directors sitting fees				10	20
Consultancy Fee					1,614
Investment		25,778	-		
Advance Given		28	-		
Loan Given	-	6,000	-	-	

Particulars	Subsidiary	Jointly Controlled Entities	Key Management Personnel & their relatives	Director/ Consultant
Balances as on 31st March, 2010				
(a) Payable-remuneration/Consultancy fee		760		
(b) Loan Given	6,000		-	-
(c) Investment	814,441	62,400		
(d) Loan payable	9,000	-		
(e) Interest payable -	-	-		
(f) Receivables	279			

26. DISCLOSURE UNDER ACCOUNTING STANDARD (15)

Employee Benefits

i) The disclosures required under AS-15 "Employee Benefits"

Defined Contribution Scheme:

Contribution to Defined Contribution Plan recognised for the year are as under Rs'(000)

Employer's Contribution to Provident Fund - 4,937 (2010-3,019)

Employer's Contribution to Superannuation Fund - 2,961 (2010-2,202)

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 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, 2011					
	Expenses recognised during the year ended March 31, 2011, (included in Schedule 18 of Profit and Loss Account)	**Gratuity (Funded)**	**Gratuity (Funded)**	**Leave Encashment (Non-Funded)**	**Leave Encashment (Non-Funded)**
		31.3.2011	**31.3.2010**	**31.3.2011**	**31.3.2010**
1	Current Service Cost	**1021**	1289	**426**	411
2	Interest Cost	**1428**	1426	**291**	207
3	Expected return on plan assets	**(1,702)**	(1,733)	**–**	–
4	Actuarial Losses / (Gains)	**2027**	1537	**14**	1330
	Total Expenses	**2774**	2,519	**731**	1,948
	Change in the obligation during the year ended March 31, 2011				
1	**Present value of Defined Benefit Obligation at the beginning of the year**	**22,624**	19,777	**4,330**	3,136
2	Current Service Cost	**1,021**	1289	**426**	411
3	Interest Cost	**1,428**	1426	**291**	207
4	Benefit Paid	**(7,179)**	(1,535)	**(902)**	(754)
5	Actuarial (Gains) / Losses	**325**	1,667	**14**	1,330
	Present value of Defined Benefit Obligation at the end of the year	**18,219**	22,624	**4,159**	4,330
	Change in Assets during the year ended March 31, 2011				
1	**Plan Assets at the beginning of the year**	**24,363**	20,836	**–**	–
2	Contribution by Employer	**1,001**	3,198	**902**	754
3	Expected return on plan assets	**1,702**	1,733	**–**	–
4	Benefit Paid	**(7,179)**	(1,535)	**(902)**	(754)
5	Actuarial Gains / (Losses)	**(1,702)**	131	**–**	–
	Plan Assets at the end of the year	**18,185**	24,363	**–**	–

Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2011					
1	**Net Asset / (Liability) at beginning of the year**	**1,739**	1,059	**(4,330)**	(3,136)
2	Employer Expenses	**(2,774)**	(2,518)	**(731)**	(1,948)
3	Employer Contributions	**1,001**	3,198	**902**	754
4	**Net Asset / (Liability) at the end of the year**	**(34)**	1,738	**(4,159)**	(4,330)
	Actuarial Assumptions				
1	Discount Rate	**8.0%**	7.5%	**8.0%**	7.5%
2	Expected Rate of Return on Plan Assets	**8.0%**	8.0%	-	-

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)			
	2010-2011	2009-2010	2008-2009	2007-2008
Present Value of Defined Benefit Obligation	18,218	22,624	19,777	17,822
Fair Value of Plan Assets	18,185	24,363	20,836	18,842
Surplus / (Defecit)	(34)	1,739	1,059	1,020
Experience Adjustments on Plan Liabilities - (Loss) / Gain	(169)	279	(1,643)	(3,174)
Experience Adjustments on Plan Assets - (Loss) / Gain	(1,702)	131	(86)	330

27 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)

2010-11

	Revenue	**Asset**	**Liabilities**	**Capital Expenditure**
Within India	1,038,178	2,348,667	274,511	120,967
Outside India	93,836	20,683	28,480	

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	–

28. WARRANTIES

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

	2010-11	**2009-10**
Opening Balance as on 1/4/2010	**12,542**	6,002
Provided during the year (*)	**8,781**	9,290
Amounts used during the year	**13,952**	2,750
Closing Balance as on 31/3/2011	**7,371**	12,542

(*) remains adjusted with cost of material

29. 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:

	2010-11	2009-10
a) Principal amount outstanding at the end of the year	8,420	Nil
b) Interest amount due at the end of the year	Nil	Nil
c) Interest paid to suppliers	Nil	Nil

30. INFORMATION ABOUT JOINT VENTURES

The company held 26% shares of Monarch Catalyst Pvt. Ltd, a jointly controlled entity. During the year the management has decided to dispose off these investments as per an independant valuation. Accordingly, there are no informations required to be furnishsed in this repect.

31. PREVIOUS YEAR COMPARATIVES

Previous year figures 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, 2011

(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	:	2,066,359
Total assets	:	2,066,359
Sources of funds		
Paid-up capital	:	30,669
Reserves and surplus	:	1,396,834
Secured loans	:	629,259
Unsecured loans	:	9,000
Application of funds		
Net fixed assets	:	410,317
Investments	:	912,861
Net current assets	:	743,181
Deferred Tax Assets	:	-

(d) Performance of the Company

Turnover	:	1,132,014
Other income	:	151,316
Total expenditure	:	(1,159,400)
Profit before tax	:	123,930
Profit after tax	:	112,229
Earning per share (in Rs)	:	36.59
Dividend rate (%)	:	0%

(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

Disclosure of information relating to subsidiary companies

The Company has two subsidiaries namely Potential Semac Consultants P.Ltd. and Renaissance Construction Technologies India Ltd.

There has been no material change in the nature of the business of the subsidiaries. A statement containing brief financial details of the subsidiaries as also the statement under Section 212 of the Companies Act,1956 are included in the Annual Report.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 (“Act”).

Pursuant to the provision of Section 212(B) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 are given below. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company / its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company / its subsidiaries at the registered office of the Company. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

Indian Ruppes 000s

Sl No.	Particulars	Renaissance Construction Technologies India Ltd	Potential Semac Consultants P Ltd
1	Share Capital	10,000	18,208
2	Reserves & Surplus	nil	332,815
3	Total Assets	10,000	384,732
4	Total Liabilities	10,000	384,732
5	Details of Investments	nil	76.63*
7	Turnover	nil	616,187
8	Profit before taxation	nil	121,493
9	Provision for taxation	nil	23,340
10	Proposed dividend	nil	98,153

*Excluding investment in subsidiary

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

M.N. Srinivasan
Company Secretary

S. Hariharan
Senior Vice President (Finance)

Chennai
April 28, 2011

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

Name of the Subsidiary Company		**Potential Semac Consultants Private Ltd.**
Financial year ending of the subsidiary		**March 31, 2011**
Extent of holding company's interest in the subsidiary at the end of the financial year (Number of shares held and percentage)		**Holding 1,271,025 equity shares of Rs 10 each. Percentage of holdings – 69.8%**
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.68,511,099**
	For the previous financial year of the Subsidiary	**Rs.(36,744,998)**
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt within the holding Company's accounts	For the current financial year of the Subsidiary	**NIL**
	For the previous financial year of the Subsidiary	**NIL**

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

M.N. Srinivasan
Company Secretary

S. Hariharan
Senior Vice President (Finance)

Chennai
April 28, 2011

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

Name of the Subsidiary Company		**Renaissance Construction Technologies India Ltd.**
Financial year ending of the subsidiary		**March 31, 2011**
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, 2011 was not prepared and hence the dealing of subsidiary profit/(loss) does not arise.**
	For the previous financial year of the Subsidiary	**As above**
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, 2011 was not prepared and hence the dealing of subsidiary profit/(loss) does not arise.**
	For the previous financial year of the Subsidiary	**As above**

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

M.N. Srinivasan
Company Secretary

S. Hariharan
Senior Vice President (Finance)

Chennai
April 28, 2011

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.

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 2011 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.60,771 and total revenues of Rs. 109,725 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 also did not audit the financial statements of Satellier an associate Company, which reflect the Group's share of net profit of Rs.25 thousand in the consolidated profit and loss account for the year. The financial results of the said associate in absence of audited financial statements as given in Note 1(e)of Schedule 19 have been considered based on unaudited financial results as prepared and submitted to us by the management. Impact of any variations with respect to audited accounts is accounted for, in the year of ascertainment and therefore, the same cannot be commented upon by us.
4. As given in Note 2, 8-8.3 and 8-8.6 of Schedule 19 material impact, 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 11)

   (b) Non –ascertainment and non-provision of stamp duty payable on amalgamation as per the scheme in various states (Note 14)

   (c) non reconciliation of balances outstanding to/from the subsidiary company and joint venture, adjustments whereof and resultant impacts thereof are presently not ascertainable. (Note 6)
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", Accounting Standard 23 "Accounting for Investments in Associates in the 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 2011;

   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
H S Jha
Partner
Membership No: 055854

Place: Kolkata
Dated: April 28, 2011

REVATHI EQUIPMENT LIMITED

CONSOLIDATED BALANCE SHEET — MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	30,669	30,669
Reserves and surplus	2	1,279,285	1,205,023
		1,309,954	1,235,692
Minority Interest		127,887	113,296
LOAN FUNDS			
Secured loan	3A	662,967	914,115
Unsecured loans	3B	-	10,342
		662,967	924,457
TOTAL		2,100,808	2,273,445
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		1,237,542	1,244,103
Less: Depreciation		(471,134)	(399,409)
Net Block		766,408	844,694
Add: Capital Work-in-Progress		175,615	300,602
		942,023	1,145,296
INVESTMENTS	5	62,368	36,606
DEFERRED TAX ASSETS (net) (Note 20 of Schedule 19)		12,686	5,621
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	515,488	487,517
Sundry debtors	7	613,013	790,177
Cash and bank balances	8	100,674	129,426
Loans and advances	9	272,699	171,088
		1,501,874	1,578,208
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	10	408,473	478,329
Provisions	11	9,670	14,825
		418,143	493,154
NET CURRENT ASSETS		1,083,731	1,085,056
Miscellaneous Expenditure to the extent not written off Preliminary Expenses (includes share of Joint Ventures Rs. Nil, Previous year Rs.438)		-	865
TOTAL		2,100,808	2,273,445
Significant Accounting Policies and Notes on Accounts	19		

The Schedules referred to above form part of the Balance Sheet

As per our report of even date.

For 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	Senior Vice President (Finance)
Kolkata	Chennai	
April 28, 2011	April 28, 2011	

REVATHI EQUIPMENT LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales (including Service Income)		2,304,789	2,002,279
Less:Excise Duty / Service Tax Recovered		(125,622)	(98,328)
Net Sales	12	2,179,166	1,903,951
Other income	13	59,276	81,802
		2,238,442	1,985,753
EXPENDITURE			
Cost of materials	14	(1,029,623)	(880,391)
Employee costs	15	(447,887)	(401,323)
Manufacturing and other expenses	16	(469,331)	(438,902)
Interest and financial charges	17	(93,894)	(106,399)
Depreciation	4	(121,176)	(113,866)
Less:Transferred from Revaluation Reserve		99	99
		(2,161,812)	(1,940,782)
Profit / (Loss) before taxes		76,630	44,971
Prior period items		–	(796)
Provision for taxes	18	(40,162)	(41,801)
Profit after taxes and before adjustment for share of profit in associates and minority interest		36,468	2,374
Less : Miniority Interest		(32,159)	(316)
Add : Share of profit in associates (refer note 1 (e) of schedule 19)		25	-
Add : Profit on sale of Joint venture (refer note 1 (d) of schedule 19)		72,046	-
Profit after taxes and adjustment for share of profit in associates and Minority Interest		76,381	2,058
PROFIT AND LOSS ACCOUNT, beginning of year		651,598	671,928
Profit available for appropriation		727,978	673,986
Transfer to General Reserve		–	–
Transfer to Legal Reserve		(710)	(1,581)
Adjustment due to Amalgamation (net)		–	(20,807)
PROFIT AND LOSS ACCOUNT, end of year		727,268	651,598
Net Profit available to equity shareholders		76,381	2,058
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)		24.83	0.67
Significant Accounting Policies and Notes on Accounts	19		

The Schedules referred to above form part of Profit and Loss Account

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	**M.N. Srinivasan** Company Secretary	**S. Hariharan** Senior Vice President (Finance)
Kolkata April 28, 2011	Chennai April 28, 2011	

REVATHI EQUIPMENT LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(All amounts in thousands of Indian Rupees)

	2010-11	2009-10
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax but after prior period items	76,630	44,176
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	121,077	113,767
Bad debt and advances written off	34,076	76,112
Provision for doubtful debts	6,004	2,256
Provision for doubtful debts no longer required written back	(1,888)	(1,338)
Provision for diminution in value of investments written back	-	(2,633)
Sundry credit balances written back	(3,594)	(604)
Earlier year provision no longer required written back	(3,415)	–
Interest income	(2,777)	(4,798)
Dividend income	(514)	(2,704)
(Profit)/Loss on sale of investments	(35,399)	(27,834)
(Profit)/Loss on sale of fixed assets	(1,092)	(543)
Unrealised foreign exchange (gain) loss, net	2,286	(11,920)
Interest on borrowings	106,399	106,399
Operating cash flow before working capital changes	298,339	290,336
Changes in working Capital:		
(Increase)/Decrease in inventories	(47,577)	201,897
(Increase)/Decrease in trade and other receivables	84,001	(265,851)
(Decrease)/Increase in current liabilities and provisions	(6,807)	3,965
Cash generated from Operations	29,617	(59,989)
Direct taxes paid (Net of Refund)	(126,682)	(31,687)
Net cash provided by/(used in) operating activities (A)	200,730	198,661
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	2,882	9,094
Purchase of fixed assets	(7,751)	(90,542)
Sale / (Purchase) of investments	(25,736)	129,785
Profit on Sale of Joint venture	72,046	-
Interest and dividend received	6,146	6,398
Net cash provided by/(used in) investing activities (B)	47,587	54,735
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(166,121)	(11,848)
Proceeds from / (repayment) of short term borrowings	(710)	(169,930)
Interest paid	(106,399)	(120,400)
Net cash provided by/(used in) financing activities (C)	(273,230)	(302,178)
(D) NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	24,913	(48,784)
(E) CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	129,426	175,281
(F) ADJUSTMENT DUE TO AMALAGAMATION	-	2,929
(G) ADJUSTMENT DUE TO SALE OF JOINT VENTURE	(3,839)	-
(G) CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	100,674	**129,426**

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 31,013 (previous year Rs 32,745) which are under lien or are not freely available.
3) Previous year's figures have been rearranged, where necessary.

For Lodha & Co
Chartered Accountants

H.S. Jha
Partner

Kolkata
April 28, 2011

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Chennai
April 28, 2011

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

1. Share Capital

	As at 31 March 2011 (Rs. in '000)	As at 31 March 2010 (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 (Previous year - 3,066,943) equity shares of Rs. 10/- each fully paid up	30,669	30,669

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

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

iii) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.

2. Reserves and surplus

	31 March 2011	31 March 2010
Capital reserve	149	149
Capital redemption reserve	3,111	3,111
Revaluation reserve		
Balance, beginning of year	1,838	1,938
Transfer to profit and loss account	(99)	(99)
Balance end of Year	1,739	1,839
General reserve		
Balance beginning of year	524,336	439,859
Transfer from Profit and loss account	–	–
Adjustment due to amalgamation	–	84,477
Adjustment due to sale of joint venture (refer note 1(d) of schudle 19)	16,141	–
Balance, end of year	540,477	524,336
Legal reserve		
Balance, beginning of year	4,526	2,945
Transfer from profit and loss account	710	1,581
Balance, end of year	5,236	4,526
Foreign Currency translation reserve		
Balance, begining of year	(2,505)	1,086
Adjustment during the year	(2,018)	(3,591)
Balance, end of year	(4,523)	(2,505)
Consolidation adjustment reserve	5,828	5,828
Profit and loss account	727,268	651,598
Total	1,279,285	1,188,881
Group's proportionate share in reserves (other than balance in P&L Account) of Joint Ventures Balance, beginning of year	16,141	32,719
Adjustment due to amalgamation	–	(16,578)
Transferred to General reserve due to sale of joint venture (Refer note 1 (d) of schedule 19)	(16,141)	–
Balance, end of year	–	16,141
	1,279,285	1,205,023

3A. Secured loan

	31 March 2011	31 March 2010
Long Term Loan from Banks	145,467	309,902
Cash Credit	511,986	592,513
Overdraft against Fixed Deposit	–	4,500
Vehicle Loan	55,14	7,200
Grand Total	662,967	914,115

3B. Unsecured loan

	31 March 2011	31 March 2010
Loan from Bodies Corporate	–	6,000
Share of Joint Ventures- Note 1(c) of schedule 19	–	4,342
Grand Total	–	10,342

4. Fixed assets

Gross Block	Balances beginning of the year		Additions/ Charge	Deletions	FCTR	Adjustment due to sale of joint venture	Balance End of the year
Tangible Assets							
Freehold/Leasehold land	62,852		8,600	-	-	-	71,452
Buildings	55,223		83,724	-	-	-	138,948
Plant and machinery (*)	62,148		25,149	5,828	-	-	81,469
Production tooling	14,675		130	2,852	-	-	11,953
Data processing equipment	60,222		4,427	-	-	-	64,649
Furniture and fittings	20,945		630	-	59	-	21,634
Leasehold Improvements	4,580		-	-	-	-	4,580
Office equipment	37,881		2,462	392	22	-	39,973
Vehicles	40,670		5,640	3,728	43	-	42,625
Intangible Assets							
Technical knowhow	17,590		-	7,308	-	-	10,282
Computer software	33,968		1,976	-	7	-	35,951
Goodwill	701,797		31,805	-	-	20,592	713,011
Total	**1,112,552**		**164,543**	**20,108**	**131**	**-**	**1,236,526**
Share in joint venture	131,552		131	-	-	130,666	1,016
Total	**1,244,103**		**164,674**	**20,108**	**131**	**-**	**1,237,542**
Previous year	**1,185,835**	***	**81,580**	**18,824**	**(4,487)**	**-**	**1,244,103**

Accumulated depreciation	Balances beginning of the year		Additions/ Charge	Deletions	FCTR	Adjustment due to sale of joint venture	Balance End of the year
Tangible Assets							
Freehold /Leasehold land	1,673		956	-	-	-	2,629
Buildings (*)	18,493		4,819	-	-	-	23,312
Plant and machinery	35,895		6,793	5,009	-	-	37,679
Production tooling	12,880		1,013	2,852	-	-	11,041
Data processing equipment	49,770		5,361	-	-	-	55,131
Furniture and fittings	12,860		1,681	-	55	-	14,596
Leasehold Improvements	1,334		587	-	-	-	1,921
Office equipment	17,280		4,198	201	4	-	21,280
Vehicles	23,661		6,031	1,664	35	-	28,063
Intangible Assets							
Technical knowhow	16,180		1,243	7,308	-	-	10,115
Computer software	19,587		7,024	-	-	-	26,611
Goodwill	168,790		75,741	-	-	6,166	238,365
Total	**378,403**		**115,447**	**17,034**	**94**	**6,166**	**470,744**
Share in joint venture	21,006		5,729	-	-	26,345	390
Total	**399,409**		**121,176**	**17,034**	**94**	**32,511**	**471,134**
Previous year	**298,732**	***	**113,866**	**10,273**	**(2,915)**	**-**	**399,409**

Net Block	Balances beginning of the year	Balance End of the year
Tangible Assets		
Freehold /Leasehold land	61,179	68,823
Buildings	36,730	115,635
Plant and machinery	26,253	43,790
Production tooling	1,795	912
Data processing equipment	10,452	9,518
Furniture and fittings	8,085	7,038
Leasehold Improvements	3,246	2,658
Office equipment	20,601	18,693
Vehicles	17,009	14,562
Intangible Assets		
Technical knowhow	1,410	167
Computer software	14,381	9,340
Goodwill	533,007	474,646
Total	**734,149**	**765,781**
Share in joint venture	110,546	626
Total	**844,695**	**766,408**
Previous year		**844,695**
Capital Work-in-progress (includes share in joint venture Rs. Nil Previous year Rs. 280)	**300,602**	**175,615**

1. *Plant and Machinary includes Rs 4,277 given on lease
2. ** Includes depriciation of Rs 99 (Previous Year - Rs. 99) transferred from revaluation reserve
3. *** Includes assets acquired due to acquisition and amalgamation and adjustment due to the desubsidiarisation
4. 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

5. Capital work in progress includes Rs. 174,000 (2008-Rs. 170,000) paid towards joint development of property with another Corporate

5. Investments (non-trade)

	As at 31 March 2011	As at 31 March 2010
Long term		
Quoted Shares		
In fully paid up equity shares	–	22,163
Unquoted		
In fully paid up equity shares		
In Associate (Refer Note 1(e) of schedule 19)	48,775	1,520
In others	706	–
Current		
Mutual Funds	12,887	12,822
Total	62,368	36,506
Share of Joint Ventures- Note 1(c) of schedule 19	–	101
Grand Total	62,368	36,606
Book value of quoted Investments	–	22,163

	Book value of Unquoted Investments	49,481	1,520
	Book value of Investments in Mutual Funds(Quoted) (includes share of joint ventures-Rs. Nil , Previous year Rs.101)	12,887	12,923
		62,368	36,606
	Aggregate market value of quoted Investments	-	41,515
	Aggregate NAV of investments in Mutual Fund	14,685	7,122
6.	**Inventories**		
	Raw material and components, including goods-in-transit	288,142	209,939
	Work-in-progress	163,635	166,758
	Finished Goods	-	8,757
	Merchanting goods, including goods-in-transit	63,711	82,457
	Total	515,488	467,911
	Share of Joint Ventures- Note 1(c) of schedule 19	-	19,606
	Grand Total	515,488	487,517
7.	**Sundry debtors (unsecured)**		
	Considered good unless stated otherwise		
	Outstanding for more than six months		
	Considered good	61,088	125,655
	Considered doubtful	6,401	2,351
		67,489	128,007
	Others		
	Considered good	550,454	612,520
	Total	617,942	740,526
	Less: provision for doubtful debts	6,401	2,351
	Total	611,542	738,175
	Share of Joint Ventures- Note 1(c) of schedule 19	1,471	52,002
	Grand Total	613,013	790,177
8.	**Cash and bank balances**		
	Cash in hand	1,344	942
	Cheques on hand	-	10,044
	Balances with scheduled banks		
	- in Cash Credit	21,989	5,025
	- in Current Accounts	26,274	74,523
	- Dividend Accounts (restricted)	128	128
	- Deposit accounts (Under Lien Rs. Nil (Previous Year - Rs 32,745)	10,159	32,745
	- Margin Money (Under Lien)	31,013	-
	Balances with non scheduled banks		
	- in Current Accounts	500	2,011
	- Deposit Accounts	9,223	-
	Total	100.630	125,419
	Share of Joint Ventures- Note 1(c) of schedule 19	44	4,008
	Grand Total	100,674	129,426
9.	**Loans and advances**		
	Unsecured, considered good		
	Advances recoverable in cash or in kind or for value to be received	62,605	37,596
	Deposits	27,083	21,676
	Balances with customs and excise authorities	30,765	21,900
	Other receivables	5,391	1,088
	MAT Credit Entitlement	12,476	-
	Advance Payment of Tax (net of provision)	134,172	57,867
	Total	272,493	140,126
	Share of Joint Ventures- Note 1(c) of schedule 19	206	30,962
	Grand Total	272,699	171,088

10. Current liabilities

	As at 31 March 2011	As at 31 March 2010
Acceptances	347	8,885
Sundry creditors (Refer Note 21 of Schedule 19)	235,391	231,353
Unclaimed dividends and fixed deposits*	128	128
Advances from customers	14,290	55,199
Accrued expenses and other liabilities	143,831	134,233
Total	393,987	429,798
Share of Joint Ventures- Note 1(c) of schedule 19	14,487	48,531
Grand Total	408,473	478,329

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

11. Provisions

	As at 31 March 2011	As at 31 March 2010
Provision for warranty claims	7,371	12,542
Provision for contingencies	2,299	2,283
Grand Total	9,670	14,825

12. Revenues

	2010-11	2009-10
Sale of drills/Construction Equipments	697,444	731,022
Sale of spares	386,144	375,932
Gross Sales	1,083,588	1,106,954
Less:Excise Duty Recovered	(64,967)	(53,850)
Net Sales	1,018,621	1,053,104
Service income	868,361	656,682
Less: Service Tax Recovered	(60,655)	(44,478)
Net Service Income	807,705	612,204
Total	1,826,326	1,665,308
Share of Joint Ventures- Note 1(c) of schedule 19	352,840	238,643
Grand Total	2,179,166	1,903,951

13. Other income

	2010-11	2009-10
Dividend from mutual funds and other investments from		
- Long term	177	1,319
- Current	337	1,385
Profit on sale of investments (net)		
- Long term	35,399	27,834
Interest on investments and deposits (gross of tax deducted at source of Rs.281 (Previous Year Rs. 1568)	2,777	4,798
Exchange gain-net	-	11,920
Provision for doubtful debts no longer required written back	1,888	1,338
Earlier year provision no longer required written back	3,415	–
Provision for diminution in current investments written back	-	2,633
Sundry credit balances written back	3,594	604
Profit on sale of fixed assets	1,092	543
Lease Rental Income	849	1,851
Others	8,289	26,247
Total	57,817	80,473
Share of Joint Ventures- Note 1(c) of schedule 19	1,459	1,329
Grand Total	59,276	81,802

	2010-11	2009-10
14. Cost of materials		
Raw material and components consumed *		
Opening stock	209,939	300,030
Add: Purchases	602,345	329,058
Less: Closing stock, including raw material and components in-transit	(288,142)	(209,939)
	524,142	419,149
Purchase of merchanting components	178,013	159,497
Processing charges and purchase of materials through sub-contractors	35,603	20,881
Decrease/(increase) in work-in-progress and merchanting components	30,626	117,658
Total	768,384	717,185
Share of Joint Ventures- Note 1(c) of schedule 19	261,239	163,206
Grand Total	1,029,623	880,391
* Net of Rs. Nil (Previous Year Rs. 4,277) for self generated fixed assets and Rs. 8292 (Previous year - Rs 8,757)for sales returns		
15. Employee costs		
Salaries, wages, allowances,bonus etc	371,154	326,820
Contribution to provident and other funds	32,954	29,309
Staff welfare expenses	25,266	25,543
Total	429,373	381,672
Share of Joint Ventures- Note 1(c) of schedule 19	18,514	19,652
Grand Total	447,887	401,323
16. Manufacturing and other expenses		
Consumption of stores, spares, small tools, jigs and fixtures	13,160	8,343
Power and fuel	10,739	9,280
Rent	31,246	27,033
Repairs and maintenance:		
Buildings	10,073	6,067
Plant and machinery	2,734	1,964
Others	15,655	11,272
Insurance	6,746	6,020
Rates and taxes	4,853	9,321
Travelling and conveyance	67,308	53,024
Freight, clearing and packing	23,985	18,302
Legal and professional charges	109,945	102,786
Directors' sitting fees	498	46
Selling commission	20,672	24,786
Bad debts and advances written-off (net of recoveries Rs. 373 (Previous Year Rs. 3,610)	34,076	76,112
Provision for doubtful debts	6,004	2,256
Exchange loss(net)	2,286	-
Preliminary expenses written off	429	-
Miscellaneous expenses	65,091	52,695
Total	425,499	409,307
Share of Joint Ventures- Note 1(c) of schedule 19	43,832	29,594
Grand Total	469,331	438,902
17. Interest and financial charges		
Interest		
Fixed loans	19,362	44,755
Cash credit	37,766	39,814
Others	16,059	1,862
Bank charges	9,328	9,271
Total	82,514	95,702
Share of Joint Ventures- Note 1(c) of schedule 19	11,380	10,697
Grand Total	93,894	106,399
18. Provision for taxes		
Current tax	52,545	40,647
MAT Credit Entitlement	(12,476)	-
Provision for Tax of earlier years return back	(6,469)	
Deferred Tax (Refer Note 20 of Schedule 19)	2,261	(1,181)
Fringe Benefit Tax of earlier years wtitten back	-	65
Total	35,861	39,530
Share of Joint Ventures- Note 1(c) of schedule 19	4,301	2,271
Grand Total	40,162	41,801

Schedule 19

Consolidated Notes on Financial Statements for the year ended March 31, 2011

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:

Sl.No.	Name of the Company	Country of Incorporation	% Voting Power 2010-11	% Voting Power 2009-10
1.	Renaissance Construction Technologies India Ltd (RCTIL) (Formerly Revathi Drilling & Mining Ltd)	India	100.00	100.00
2.	Potential Semac Consultants Pvt Ltd	India	69.80	65.84
3.	Semac & Partners LLC	Sultanate of Oman	65.00	65.00

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 2010-11	% Voting Power 2009-10
1.	Semac Qatar W.L.L. (Semac Qatar)	Jointl Venture	Qatar	49.00	49.00
2.	Monarch Catalyst Pvt. Ltd (Monarch)	Jointly Controlled Entity	India	-	26.00

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) The Company disposed its' holding in Monarch Catalyst Pvt Ltd on 29th March, 2011. Accordingly necessary adjustments in this respect has been carried out.

e) Investments in Satellier Holding Inc, (Satellier) an associate have been accounted for under equity method of accounting as per AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statement"(AS 23) for the purpose of these consolidated financial statements. In the absence of audited financial statements of Satellier, share of profit of the associate as disclosed in the consolidated financial statements, has been considered based on unaudited financial results for the period from 1st April, 2010 to 31st March, 2011 as submitted by the management of Satellier.

f) The prticulars of investments as required in terms of AS-23 are as follows :

Name of the Associate	Voting Power	Original Cost	Group Profit Up to 31st March 2011	Carrying Cost	Goodwill included in original cost
Statellier	20%	48,750	25	48,775	25,298

g) 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.

h) 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) 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 (ii) 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 impacts 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. 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.

5. 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, 2011 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.

6. Balances outstanding to/from the subsidiary company and the joint venture were under reconciliation as at the year end. Difference of Rs 2,694,739 in this respect has been included under Loans & Advances in line with the balances as per the holding company. Necessary adjustments in this respect will be carried out as and when amounts thereof are reconciled and ascertained.

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. Actuarial 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 **Misecellaneous expenditure**

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

9. **Contingent Liability:**

Particulars	**2010-11**	**2009-10**
Claims against the Company not acknowledged as debts		
Customer claims for damages	3,678	3,678
Service Tax	3,879	3,879

10. **Capital commitments:**

Particulars	2010-11	2009-10
On account of tangible assets	1,191	2,625

11. In the previous year, Potential has received claims from a customer amounting to Rs. 17,000 in respect of services rendered to them earlier. The Company 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 the Company, the probable impact will be covered by professional indemnity insurance in this respect.

12. Potential has made necessary application for approval of excess managerial remuneration paid in the previous year. However, the amount in respect of one of the ex-directors' was not approved by the shareholders' and hence, the said amount of Rs. 18,83,871 has become recoverable. Interest on loan from the same ex-director paid for the period 23 Jan 2010 to 31 Aug 2010 to the extent of Rs.1,14,064 became recoverable. The Company had earlier received loan of Rs.20,00,000 from the same director and the same has been set off against the recoverable on remuneration and interest and the balance of Rs. 2,065 was paid back to the ex-director.

13. Semac Muscat, has created a provision for doubtful debts during the year equal to 2.5% on its gross invoices amounting to Rs. 1,964,227 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. 2,298,624 has been carried as in the previous year as "provision for contingency".

14. A scheme of amalgamation (the scheme) for amalgamation of Semac Limited with the Company with effect from 1st April 2009 (the appointed date) was 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. Necessary accounting entries were recognised in the previous year. However, no adjustment for stamp duty in this respect was ascertained and recognised during the year. Stamp duty of Rs. 1,23,266 in respect of the State of Karnataka was paid and recognised as rates and taxes. However no such determination or payment has been made for Andhra Pradesh and New Delhi. Necessary impact in this respect will be given effect to on determination of the same. A formal decree from the Honorable High Court is awaited confirming the correctness of the said amount.

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

16. Potential has taken office premises on operating lease and rent amounting to Rs 9,122 (Previous Year- Rs.7,536) and the same has been debited to Profit and Loss Account. The future minimum lease payments is as under:

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
Not Later than one year	19,675	10,863
Later than one year and not later than five years	4,822	12,548
Later than five years	667	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.

17. 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) (Upto 29th March 2011)

(c) Associates: Satellier Holding Inc, USA

(d) 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 (Brother of Mr. Abhishek Dalmia)
Mr. K. Sunil Kumar	Managing Director and CEO
Mr. Ramesh Pangasa	Managing Director

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

(e) Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2011.

Particulars	2010-11			2009-10		
	Jointly controlled entity/Joint venture	Key Management Personnel & their relatives	Director/ Consultant	Jointly controlled entity / Joint venture	Key Management Personnel & their relatives	Director/ Consultant
Rent expense	660	-	-	660	876	678
Directors sitting fees	-	-	-	-	10	20
Interest on unsecured loan	-	399	-	-	-	203
Unsecured loans and advances taken	-	-	-	-	2000	4,000
Unsecured loans and advances repaid	-	(2000)	(4,000)		-	
Unsecured loans and advances given	4,700	-	-	3,200	-	-
Remuneration to key management personnel	-	16,994	-	-	19,689	-
Sale of fixed assets	-	-	-	-	2,295	4,590
Consulting fee	-	-	133	-	-	5,723
Closing Balance						
a) Payable remuneration	-	-	2,191	-	1,517	279
b) Unsecured loan outstanding	-	-	-	-	2,000	4,000
c) Unsecured loans and advances given outstanding	7,900	-	-	3,200	-	-

Note :

(i) In respect of the above parties, there is no provision for doubtful debts as on 31.3.2011 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.

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

A. Primary Segment (Business Segment)

i) Segment Revenue:

Particulars	**2010-11**	**2009-10**
Construction & Mining	1,132,014	1,136,237
Specialty & Chemicals	346,041	234,428
Engineering Design Services	701,111	533,286
Net Sales / income from operation	**2,179,166**	**1,903,951**

ii) Segment Results

Particulars	**2010-11**	**2009-10**
Construction & Mining	198,282	282,757
Specialty & Chemicals	62,441	57,557
Engineering Design Services	220,431	218,815
Unallocable	(310,630)	(407,758)
Total	**170,524**	**151,371**
Less: Interest	(93,894)	(106,399)
Profit before tax	76,630	44,972
Prior period items	-	(796)
Provision for taxes	(40,162)	(41,801)
Profit after taxes and before adjustment for share of profit in associates and minority interest	**36,468**	**2,374**
Less: Minority Interest	(32,159)	(316)
Add : Share of Profit in Associates	25	
Add : Profit on sale of joint venture	72,046	
Profit after taxes and adjustment for share of profit in associates and minority interest	**76,381**	**2,058**

iii) **Segment Assets and Liabilities**

Particulars	2010-11 Assets	2010-11 Liabilities	2009-10 Assets	2009-10 Liabilities
Construction and Mining	1,273,145	302,991	1,407,169	271,766
Specialty and Chemicals	-	-	181,562	41,567
Engineering Design Services	322,732	115,098	301,252	77,897
	1,595,877	**418,089**	**1,889,983**	**391,230**
Unallocated Corporate assets and liability	923,074	663,021	876,615	1,026,380
Total	**2,518,951**	**1,081,110**	**2,766,598**	**1,417,610**

iv) **Capital Expenditure and Depreciation**

Particulars	2010-11 Capital Expenditure	2010-11 Depreciation	2009-10 Capital Expenditure	2009-10 Depreciation
Construction and Mining	120,967	23,397	17,177	17,609
Specialty and Chemicals	-	5,536	3,061	6,182
Engineering Design Services	11,901	16,502	20,166	18,866
	132,868	**45,435**	**40,405**	**42,657**
Unallocable	31,805	75,741	41,175	71,209
Total	**164,674**	**121,176**	**81,580**	**113,866**

B. Secondary Segment (Geographical Segment)

Particulars	2010-11 Revenue	Asset	Liabilities	Capiital Expenditure
Within India	2,034,881	2,437,497	1,019,356	158,191
Outside India	203,561	81,454	61,754	6,483

Particulars	2009-10 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

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’, “Specialty and Chemicals” and “Engineering Design Services” as the operating segments.

(c) Composition of business segment

Segment Name	Company	Description
Construction & Mining	Revathi Equipment Limited	
Specialty 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. RCTIL has not commenced operations.

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

	Opening as on 1st April, 2010	Charge (Credit) during the Year	Adjustment due to Sale of joint Venture	Closing as on 31st March, 2011
Deferred Tax Assets :				
Expenses Allowable on Payment Basis and Others	(16,895)	2,353	–	(14,542)
Sub total	**(16,895)**	**2,353**	**–**	**(14,542)**
Deferred Tax Liabilitties:				
Depreciation Difference	1,980	(124)	–	1,856
Share of Joint Venture	9,294	32	(9,326)	-
Sub - Total	**11,274**	**(92)**	**(9,326)**	**1,856**
Net Deferred Tax (Assets) / Liabilities	(5,621)	2,261	(9,326)	(12,686)

20. 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	**2010-11**	**2009-10**
a) Principal amount outstanding at the end of the year	8,420	NIL
b) Interest amount due at the end of the year	NIL	NIL
c) 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.

21. The figures have been given in Rs. / thousands and rounded off to the nearest hundreds. However, previous year's figures wherever necessary have been regrouped / rearranged/ reclassified.

As per our report of even date

For Lodha & Co
Chartered Accountants

H.S. Jha
Partner
Membership No:055854

Kolkata
April 28, 2011

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Chennai
April 28, 2011

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

REVATHI EQUIPMENT LIMITED

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