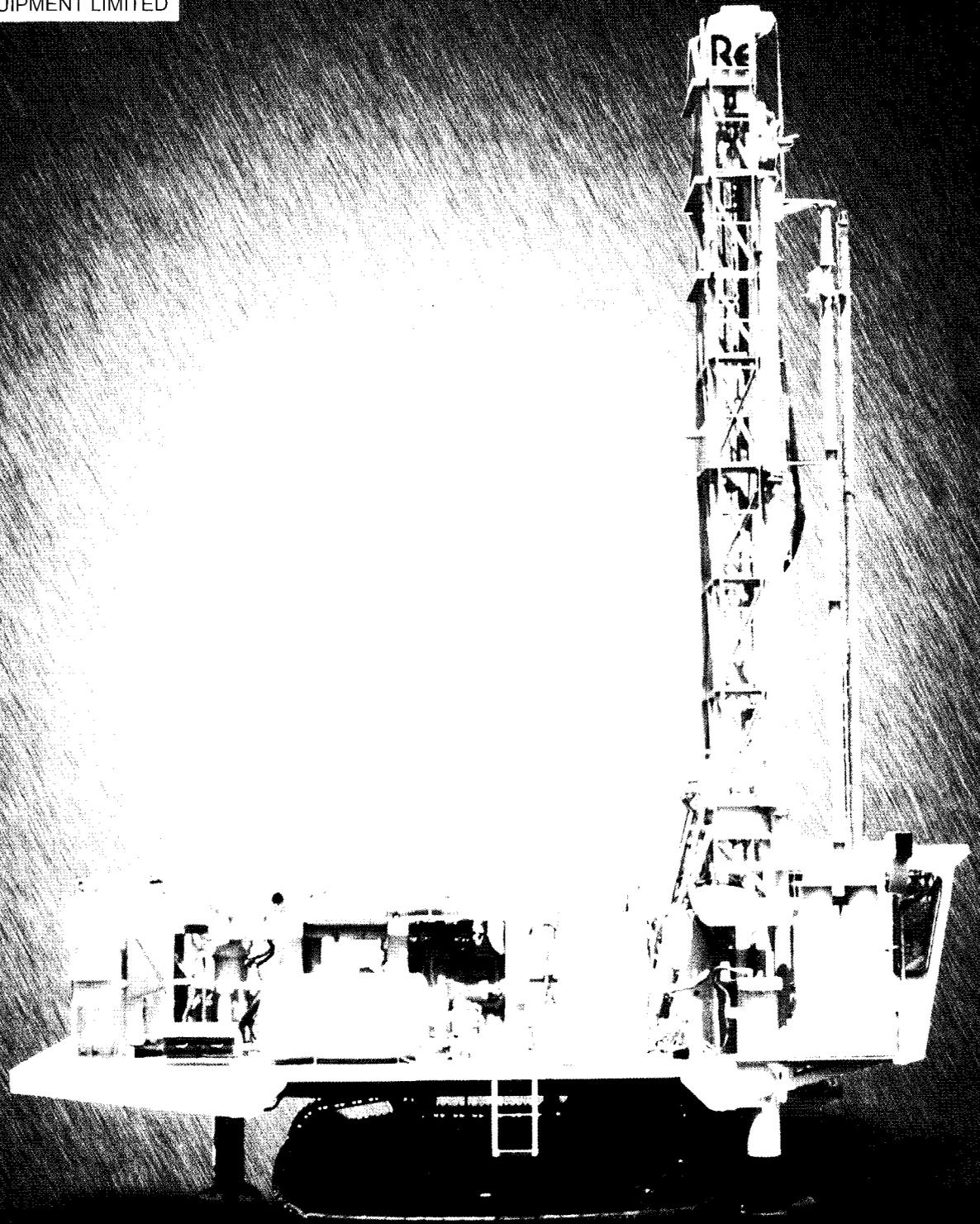




REVATHI EQUIPMENT LIMITED



35th Annual Report
2011-12

Acquisition Criteria

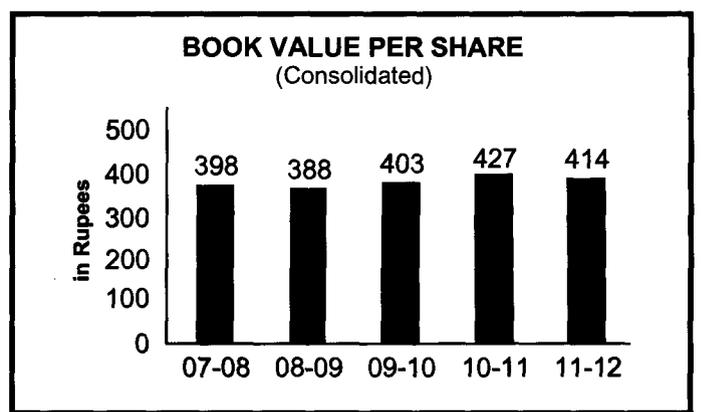
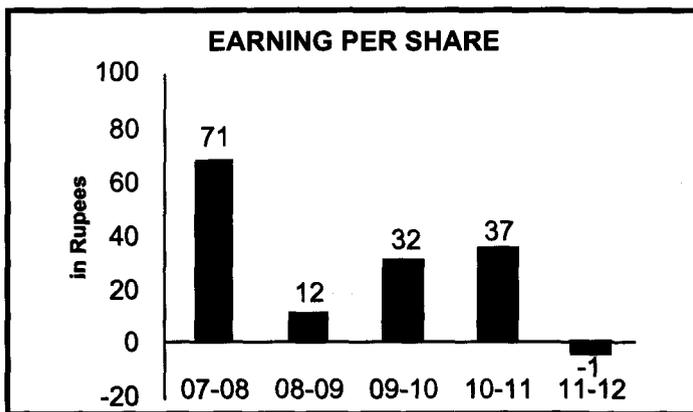
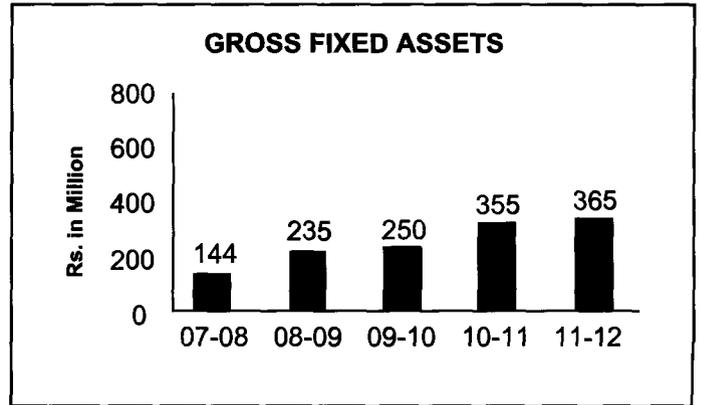
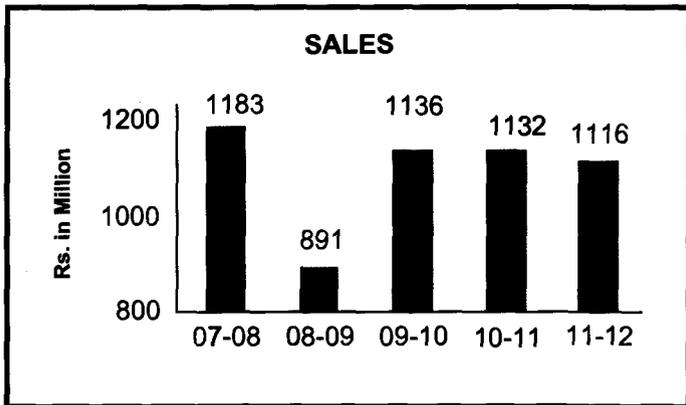
We use this space to communicate with potential sellers and their representatives, what we look for in a potential acquisition. If you, the reader, have no personal connection with a business that might be of interest to us but have a friend who does, perhaps you could pass this message on to him.

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 (upto July 11, 2012)

S. HARIHARAN

Wholtime Director (From August 01, 2012)

CHAITANYA DALMIA

S.C. KATYAL

B.D. NARANG

B.V. RAMANAN

P.M. RAJANARAYANAN (From May 08, 2012)

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

AUDITORS

LODHA & Co.,
KOLKATA

MANAGEMENT TEAM

L.S. SHASHI PRAKASHA

Vice - President

Business Unit Head - Drilling Equipment Division

T. MANOHAR

Vice - President

Business Unit Head - Construction Equipment Division

Revathi's Corporate performance vs the Nifty

Year	Annual percentage change in		Relative results (1) - (2)
	Per share book value of Revathi (1)	Nifty 50 with dividend included (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%
2011-2012	-2.9%	-8.2%	5.3%
Average Annual Gain (FY03 - FY12)	11.3%	18.6%	-7.3%
Overall gain (FY 03 - FY 12)	191.3%	447.5%	-256.2%

Notes :

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

The reduction in consolidated net worth during FY12 was `38 million (`20 million ignoring goodwill write-off as explained in my letter last year), which decreased the per share book value by 2.9% (1.3%). Over the last ten years (that is, since the present owners took over) per share book value, has grown from `151 to `414 (`498), which, after factoring in dividend paid during this period, works out to a rate of 11.3% (13.1%) compounded annually.

Many years ago, when I was still in college, I was having a chat with one of my uncles about business prospects in a tough economy. He quite matter-of-factly said a difficult environment hurts almost all businesses. Some more, some less. The experience of the last few years has been a grim reminder of the truth of those words.

It is true that quality of management can make a difference to the fortunes of a business, which brings me to the next element that has had an important influence on our results. Some of our older shareholders will remember that our previous management team retired in FY10 and we brought in new people to run two of our businesses. Though they are both pedigreed, they produced their best results when the macro economic environment was much more supportive. With all the headwinds in both our businesses, perfectly decent people have been made to look inept. Some of the pain, of course, was self-inflicted. More on that later.

The Drilling Solutions business saw two important developments during the year.

The older an organization, the greater the chances that a fresh set of eyes will find areas where significant improvement is possible. This is especially true for organisations that have been lulled into complacency due to their success. Success usually leads people to believe they can do no wrong and that is the starting point of things going awry.

Many years ago, we used to initiate action to manufacture a machine after we got an order. In those days, capital was a constraint and necessity led us to postpone procurement action until the last possible moment. Gradually, as the business prospered, enough capital was retained in the business. In company after company I have found that for better or for worse, the operating team finds good reason to put that capital to work. Our team was no different and in our wisdom, we deemed it fit that we should plan ahead of time and build machines in anticipation of orders. The logic was sound - that having been in the business for long, we should be able to forecast what orders we might get and so plan in advance in order to deliver quickly after we get an order. So far, so good.

However, what happens when the environment changes? For instance, as a result of a major scam in some other industry, there are changes in the overall environment, which lead to a breakdown in the typical procurement program, et al. Initially you assume, this is a temporary blip and we will soon be back to business as usual. But after enduring prolonged pain you realize that the change is systemic and that the old methods need to be reviewed with fresh eyes. This is what led us to appoint an execution consultant to study our order fulfillment process and propose a new approach. They worked with our team for about nine months. Their mandate was to help us implement a reactive order fulfillment process which would help reduce cycle time by sixty per cent, thereby enhancing our production capacity, as well as reducing inventory by about twenty five per cent.

Given that we have lived with a different approach for many years, it will take some time to realize the full benefits but I am confident that gradually we will get there. If any of you face tenuous issues in your own organisations, I would highly recommend you talk to Ganga at Levers for Change. They are one of the nicest people I have interacted with, not to mention highly competent at what they do. The fact that a significant part of their fee is linked to achieving pre-defined targets is the icing on the cake.

The other important development was on the Marketing side. After the arrangement with Bucyrus came to an end, we decided to go directly to target geographies with a view to expanding our customer base beyond India. Last year I had mentioned that we had taken the first steps in this journey. I am happy to note that the hard work put in by the team resulted in us bagging orders for four machines from a geography we had never done business in. Any new market brings with it certain challenges and learning curve. It is no different in this case. However, I am confident that the team will put their heads together and resolve whatever issues come up in these initial years.

We have also started work on a few other markets and hope to share some more positive news next year.

Some additional overhead was built in anticipation of a better market than we had last year.

The Concreting Solutions business has remained tough due to a combination of high interest rates and all kinds of policy issues, which have deterred businesses from investing money into new projects. A slowdown in construction activity has



led to contraction in total demand for concreting equipment. Slowing demand in a fragmented industry has led to price wars that have led to a diminishing profit pool.

In a tough market, it is survival of the fittest. Either become the lowest cost producer or find a niche strategy. It is times like these that force businesses to become efficient. It is nature's way of forcing people to utilize its scarce resources well. People who become efficient, survive. Nature eliminates the rest. At Revathi, we reviewed our cost structure to optimize it for our current level of operation. Though the short term will remain tough, our expectation is that as mechanization of construction activity increases and as we progress on Bharat nirman, India will need a humongous amount of concreting equipment.

It is this anticipation that has brought some of the largest global players to India. We have the Germans: Schwing Stetter, Putzmeister, Liebherr; the Chinese: Sany and XCMG and of course the Indians: Greaves, Aquarius, etc. The good news is that the consolidation process has started with first Sany acquiring Putzmeister globally and then XCMG acquiring Schwing Stetter. As a result, we now have six major players vying for the `14 billion market.

At the moment, net margins are low in single digit, after you reach critical mass. Neither the industry size is such nor are the capital turns so high that such margins become worthwhile. Clearly this is not sustainable. Something's got to give. Sooner or later, there will have to be an improvement in price realisations to make this business worthwhile. It could happen through more industry consolidation or it could happen as a result of improved demand and resulting higher capacity utilization of the industry.

Potential Semac continues to be in the growth mode and the published results mask the underlying story. While the market is down, we continue to invest in the future. As part of our growth plans, we invested in new offices in Navi Mumbai and Chennai, which are still young and therefore need investment before they start producing a return. We also started project management consultancy (PMC) services, and Engineering Procurement Construction management (EPCm) contracts. Finally, we brought in senior leadership at some of our Middle East offices.

The new verticals we launched (PMC and EPCm) are in effect, forward integration of what we already do. These services will help us capture a bigger part of the value chain and also help us build deeper relationships with our clients. Since the job sizes are completely different as is the risk profile, these activities have been started in a hundred per cent subsidiary of Revathi, Renaissance Construction Technologies.

PMC provides owners with the management tools for a project. The project manager acts as the interface between the client and the main contractor. We were fortunate to win the prestigious Ford plant project in our very first year. We also won a project from IIM, Bangalore.

In EPC, the company provides engineering, procurement and construction services. Here the Owner has to manage the contractor to get the project executed on schedule. EPCm is an integrated approach that delivers design and construction services under one contract with a single point of responsibility. Owners select design-build to achieve best value while meeting schedule, cost and quality goals. The service provider acts as the Owner's in-house project team and takes on the responsibility for executing the project on time and on budget. The difference between PMC and EPCm is that PMC is more akin to consulting and EPCm is getting your hands dirty during project execution. We won a few EPCm jobs during the year.

After the FIFA World Cup 2022 was awarded to Qatar, there has been a flurry of activity in that country for building infrastructure, housing complexes, etc. To capitalize on that opportunity, we brought in a senior leader. Opening up Navi Mumbai and Chennai offices are aimed at winning business in those micro-markets. One might ask as to why open so many offices. Why not have an "offshore delivery model" like they have in IT. Based on my experience, offshoring is possible when the industry reaches a certain maturity. Until then, clients want to deal with a local service provider. That way, they feel more in control of their project. These are some examples of how we are investing in the business today in the expectation that when the economy turns, we will be ready to capitalize on it.

The other important reason why the results have dropped significantly from last year is that the economy got worse and project execution slowed to a crawl. As a result billing on existing projects got delayed. To add to our misery, new project wins also slowed down. In a people's business, a big part of your cost structure is people's cost. While it is completely variable in some sense, it is totally fixed if you want to send the right signals to your time. Fire them and the best talent figures that the company does not really care about them. Keep them and you have fixed costs, which are not necessarily linked to Revenues.

After years of hurtling from crisis to crisis, we believe the pressure on government to address the real issues in the economy are growing to a point where, like 1991, some action will need to be taken.



People familiar with Mumbai's real estate market would be aware that until 2011, the prevailing rules allowed the authorities a lot of leeway in sanctioning how much space could be built on a parcel of land. Though some rules existed, enough areas were left to the discretion of the sanctioning officer. Mr. Subodh Kumar, erstwhile Municipal Commissioner of Brihanmumbai Municipal Corporation was brought in January last year to clean up the rules and give the players in the Mumbai real estate industry a level playing field. The process of studying the issues involved and coming up with the new Development Control Rules took almost a year, during which time, no approvals were granted for any project. As a result, according to data compiled by Knight Frank, in 2011, a mere 19,470 residential units were launched in Mumbai, a drop of 65% compared to 2010.

We had acquired the slum land neighboring the land we had originally acquired. As a result, it had become a slum rehabilitation project, requiring fresh set of approvals. As a result, there was almost no progress to our project during the year. That's the bad news. The good news is that in real estate, if the location is decent, time delays are usually compensated by higher land values. So to some extent, delays affect cash flows but not profitability.

While we are all hopeful that the macro environment will get better, it is unlikely to happen in a hurry. Until then, we have to work hard and hope for the best.

Abhishek Dalmia

Chairman of the Board

REPORT OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

For the year ended 31st March 2012

Your Directors have pleasure in presenting the Thirty fifth Annual Report together with the audited accounts of your Company for the year ended March 31, 2012

Financial Results

Particulars	All figures in Rs. Million	
	FY 12	FY 11
Total Income	1283	1283
Total Expenditure	1285	1159
Profit before tax	(2)	124
Less: Tax expense	(2)	12
Profit / (Loss) after tax	(4)	112
Appropriation made as under:		
Transfer to General Reserve	-	-
Surplus / deficit carried to Balance Sheet	(4)	112

Dividend

No dividend has been declared in the financial year under review having regard to results of the year and need to conserve resources

Performance Review

Net sales of your company in FY 12 was at Rs 1262 million which was higher by Rs 129 Million (11%) over last year net sales of Rs. 1133 Million.

The company reported a net loss of Rs 2.4 Million against profit before tax of Rs 124 Million last year. The business environment was sluggish for infrastructure sector. While the drill division reported better operational performance, there was substantial shortfall in sales growth of construction equipments leading to losses which were offset by Drill Division results. While inflationary conditions prevailed in all sectors of the economy resulting in all round cost increases, the scope of offsetting the inflation effect through selling prices or resource compression was extremely limited. Higher working capital and consequential higher borrowings coupled with increase in interest rates, pushed up interest costs. Further, investments did not generate any positive cash flows.

Overview of the Economy

During FY 12, our country witnessed lowest GDP growth of 6.5% since FY 03. The slow down was mainly due to RBI's tight monetary policy and rising interest rates to contain inflation, weak global sentiments and environmental issues in mining sector. Government policies and governance issues have added to industry's woes.

While mining sector output turned negative in FY 12 against 5% growth in the previous year, heavy slow down was witnessed in construction and construction related sectors.

Business Environment & Prospects for FY 2012-13

Everyone in Government at the highest level as well the economic advisers recognize the immediate need to increase coal production to provide the much needed power to sustain growth. While not much has happened on the ground, we expect that things are now going to change for the better.

It is expected that the Prime Minister with Finance portfolio under his charge is going to initiate reforms to improve the business sentiment and take immediate steps to remove bottlenecks in power and hence coal and other infrastructure sectors are likely to grow better. We do expect the Company's performance to be better in the current year based on indications visible today and things are likely to happen in near future.

Subsidiary Companies

Potential Semac Consultants P.Ltd (P+S)

Potential Semac Consultants P.Ltd (P+S) is providing Engineering Design solutions for realty sector catering to industrial and commercial segments

Total revenue of P+S was at Rs 566 million in FY 12 as against Rs 637 million in FY 11 registering a decrease of 11%. The subsidiary incurred a loss of Rs. 16 million in FY 12 against the profit of Rs 121 million in FY 11. The general economy slowed down significantly during the year owing to a virtually stalled approval process and high cost of capital. This led to a significant slowdown in closure of new projects and stalling of projects under execution. This led to lower revenues and resultant margins particularly because of adverse impact of fixed costs.

Renaissance Construction Technologies India Ltd.

Renaissance Construction Technologies India Ltd., wholly owned subsidiary, has commenced its operations in FY 12 by undertaking design and build projects . Revenue from operations was Rs 56 Million and loss incurred was Rs 7.30 Million in FY 12.

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 company), Potential Semac Consultants P.Ltd. (subsidiary company) and Sateller Holdings Inc. USA under applicable accounting Standards of the Institute of Chartered Accountants of India.

On consolidation basis, the total revenue for FY 2012 was Rs 2023 Million (FY 2011 - Rs 2238 Million) and loss (before amortization of goodwill) was Rs 8.5 million (FY 2011 Rs 152.3 Million). Amortization of goodwill was Rs. 18.4 Million (FY 2011 Rs 75.7 Million). The reduction in total revenue in FY 12 was mainly due to sale of stake in Monarch Catalyst P.Ltd.(a 26% JV) at the end of FY 11 and lower sale revenue in a subsidiary.

Human Resources

Your company realizes that it has to re-orient its organization as dynamics of business are changing fast. The company is taking steps to retain its talent pool, enhance skill of existing people and recruit the most suited talent to spearhead its growth initiatives. Your company's business has been divisionalised and business unit heads are in place. Organizational development is our key priority.

Risks and Concerns

Lower than expected GDP growth in infrastructure sector, particularly in coal and construction segment may impact your company's prospects.

Inflation and rising interest costs continue to cause worry.

Cautionary Note

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

Internal Control

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

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

Board constitution

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

Mr.P.M.Rajanarayanan has been appointed as additional director on the board on 08.05.2012. The brief particulars relating to directors who are being appointed/reappointed have been annexed along with notice convening annual general meeting.

Managing Director and CEO Mr. K. Sunil Kumar resigned from the board and his resignation was accepted from 11.07.2012. Board wishes to place on record its appreciation for the contribution made by him during his tenure.

Mr. S. Hariharan has been heading finance function in the company over two decades. In recognition of his services rendered by him, he has been elevated to the Board and appointed him as Wholetime Director with effect from 01.08.2012. A proposal for his appointment as Wholetime Director is being placed before members at the ensuing Annual General Meeting.

Conservation of Energy

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



Technology Absorption

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

Foreign exchange earnings and outgo

The Company earned foreign exchange of Rs. 60.2 million and the foreign exchange outgo during the year amounts to Rs 120.7 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, the 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

Appreciation

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

For and on behalf of the Board of Directors

Place : Chennai
Date : July 31, 2012

Abhishek Dalmia
Executive Chairman

**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 new type of Blasthole drill, for domestic market.
 2. New type of Concrete Pump developed successfully.
2. Benefits derived as a result of the above R&D : New Product Development.
3. Future Plan of action : Continuous development of new type of drills and construction equipment products.
4. Expenditure on R&D :
 - (a) Capital : Rs. 1.16 Million
 - (b) Recurring : Rs. 13.66 Million
 - (c) Total : Rs. 14.82 Million
 - (d) Total R & D expenditure as a percentage of total turnover : 1.17 %

Technology absorption, adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Lot of efforts are being taken for technology absorption, adaptation and innovation
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.
 - Indigenisation of Imported items led to cost reduction.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.
 - a) Technology imported : Technical know-how for manufacture of Batching Plant, Transit Mixers, Concrete Pump and Boom Pump
 - b) Year of import : FY 2005-06/ FY 2006-07
 - c) Has Technology been fully absorbed? : Yes
 - d) if not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action : Not applicable

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12****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 five times during the financial year on 28th April 2011, 10th June 2011, 22nd July, 2011, 21st October, 2011, and 25th January, 2012. 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	4	Absent	18	Nil	2
Mr. K. Sunil Kumar	Managing Director & CEO – Not Independent	4	Present	1	Nil	Nil
Mr. Chaitanya Dalmia	Non-Executive – Not Independent	4	Absent	10	Nil	3
Mr. S C Katyal	Non-Executive - Independent	4	Present	3	Nil	Nil
Mr. B D Narang	Non-Executive – Independent	5	Absent	17	Nil	Nil
Mr. B.V.Ramanan	Non-Executive- Independent	4	Absent	3	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.

Criteria for independence of a director

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

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

- 2% of the Profit before tax excluding extra - ordinary items

or

1% of the Net Invoiced Sales of the Company which ever is higher in a financial year.

- He is not related to promoters or management at the board level or at one level below the board;
- He has not been an executive of the company in the immediately preceding three financial years;
- He is not a partner or an executive or was not a partner or an executive during the preceding three years from December 31, 2005 of any of the following:

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

2% of the Profit before tax excluding extra - ordinary items

or

1% of the Net Invoiced Sales of the Company which ever is higher in a financial year.

- He is not a material supplier, service provider or customer or lessor or lessee of the company whose financial transaction(s) value with the company shall not be more than the following:

2% of the Profit before tax excluding extra - ordinary items

or

1% of the Net Invoiced Sales of the Company which ever is higher in a financial year.

- He is not a substantial shareholder of the company, i.e. owning two percent or more in the paid up share capital of the company.

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

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



Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

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 28th April 2011, 22nd July 2011, 21st October 2011 and 25th January 2012. 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	3
Mr. B.D. Narang	Member	4
Mr. B.V. Ramanan	Member	4

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 2011-12 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 28, 2011 and June 10, 2011.

The remuneration paid/ payable to the Executive Directors of the Company for the year ended March 31, 2012, are as under:-

Name of Directors	Gross Remuneration paid / payable in FY' 12	Service Contract
Mr. Abhishek Dalmia (Executive Chairman)	45.39 Lakhs	3 Years with effect from 01.04.2011
Mr. K. Sunil Kumar (Managing Director & CEO)	55.08 Lakhs	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 ending 31st March 2012 to the non-executive directors are as under :

Name of the Director	Sitting Fees (in Rupees)
Mr. Chaitanya Dalmia	80000
Mr. S.C. Katyal	240000
Mr. B D Narang	300000
Mr. B.V. Ramanan	260000

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 31,2012:-

Name of the Director	No of Shares held. (as on 31.03.2012)
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 March 31, 2012, nine meetings of the Committee were held.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on March 31, 2012 were nil. There was no outstanding complaints as on March 31, 2012.

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
2010-11	Registered office, Pollachi Road, Malumachampatti (PO), Coimbatore.	29.08.2011 10 AM	Appointment of Executive Chairman Consent for payment of excess remuneration and special allowance to Managing Director.
2009-10	Registered office, Pollachi Road, Malumachampatti (PO), Coimbatore.	29.09.2010 10 AM	Appointment 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

Whether any Special resolution was passed through postal ballot in FY 12 : Nil

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**35th Annual General Meeting**

Date and Time : To be decided later

Venue : At the registered office of the Company
Pollachi Road, Malumachampatti, Coimbatore 641 050

Financial Calendar**Financial Year: 2012-13:**

Period of reporting	Proposed Board meeting dates
Qtr ending 30 th June 2012	Last week of July 2012
Qtr ending 30 th September 2012	Third week of October 2012
Qtr ending 31 st December 2012	Last week of January 2013
Year ending 31 st March 2013	Last week of April 2013

Date of Book closure	To be decided later
Dividend payment date	Not applicable as no dividend has been declared

**Listing of shares on Stock Exchanges**

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalai 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 2012-13 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

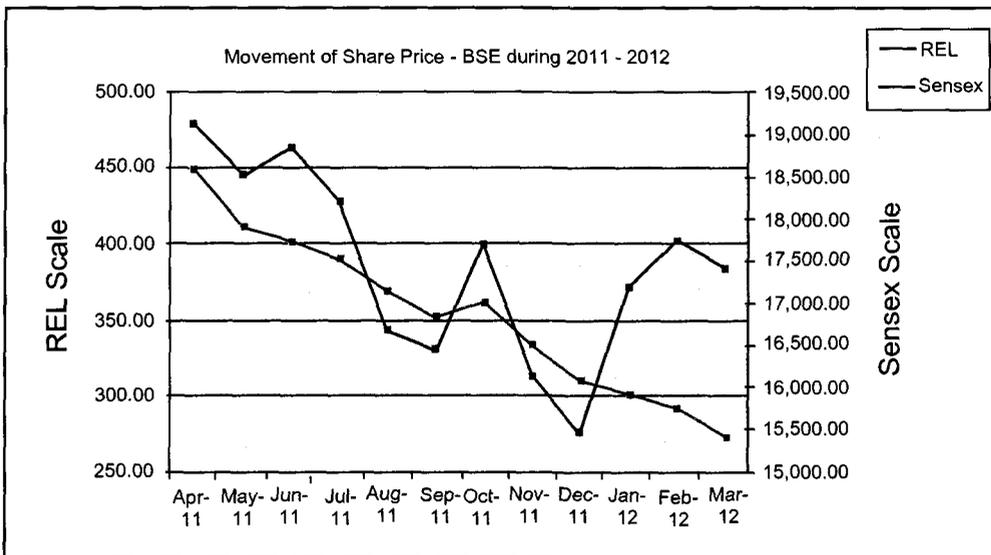
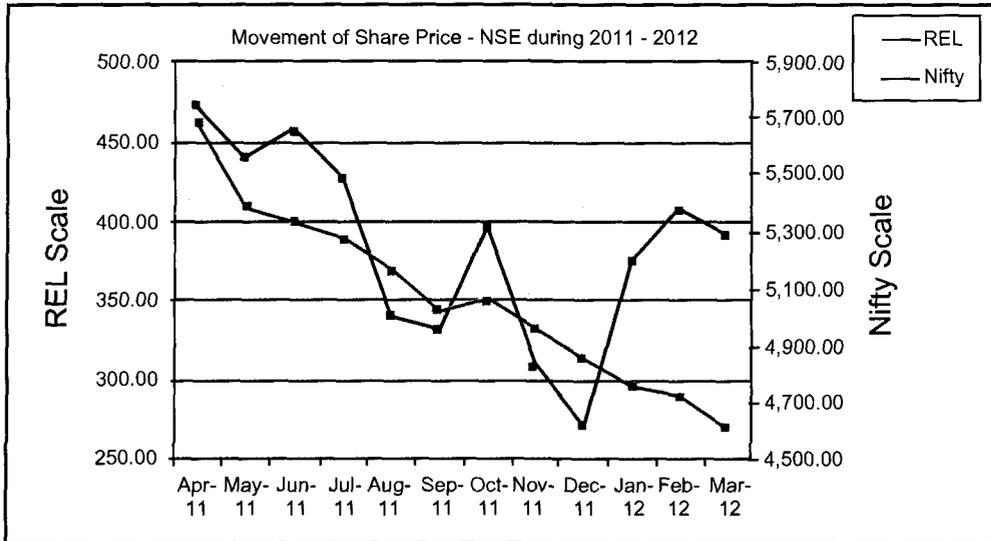
Stock Price Data : (Rs 10/- fully paid up)

For the Period : April 2011 to March 2012

	National Stock Exchange			Bombay Stock Exchange			
	Highest Rs.	Lowest Rs.	Volume Nos.	Highest Rs.	Lowest Rs.	Volume Nos.	
April, 2011	492.60	420.05	10,992	April, 2011	497.10	417.50	9,410
May	469.95	400.00	8,268	May	497.00	403.55	5,739
June	420.00	380.40	2,855	June	422.00	393.60	7,556
July	416.00	386.70	11,620	July	430.00	387.05	22,330
August	391.00	350.00	4,790	August	412.00	346.20	13,438
September	400.00	333.30	6,358	September	401.85	335.00	9,703
October	377.70	336.05	2,343	October	394.90	330.00	3,966
November	395.00	327.00	156,173	November	379.90	323.50	133,831
December	355.00	302.10	2,793	December	359.95	304.45	4,376
January, 2012	360.00	292.20	9,758	January, 2012	345.00	295.00	7,624
February	325.00	260.00	14,117	February	325.00	276.55	17,807
March 2012	305.00	263.00	6,365	March 2012	307.95	270.10	7,424
Total			236,432	Total			243,204

% of volume traded to average number of shares
outstanding 7.71

% of volume traded to average number of shares
outstanding 7.93



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 2011-12 was 1340 (previous year 915).

Categories of Shareholders as on March 31, 2012

Category	2011-12		
	No.of Share holders	Voting Strength %	No.of Shares held
Individuals	4,854	22.470	689,157
Bodies Corporate	186	76.308	2,340,280
Insurance Co's	—	—	—
Directors & Relatives	2	0.643	19,731
NRI	72	0.576	17,675
Banks	1	0.003	100
OCB	—	—	—
Mutual Fund	—	—	—
FII	—	—	—
Total	5,115	100.000	3,066,943

Distribution of Shareholding as on March 31, 2012

2011-12				
No.of Equity Shares held	No.of Share holders	% of Share holders	No.of Shares	% of Share holding
01 - 100	3927	76.76	145,395	4.74
101 - 200	540	10.56	91,022	2.97
201 - 500	429	8.39	143,373	4.67
501 - 1000	122	2.39	90,300	2.94
1001 - 5000	81	1.58	160,833	5.24
5001 - 10000	8	0.16	65,496	2.14
10001 and above	8	0.16	2,370,524	77.30
Total	5,115	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 2011-12, 3854 (0.10%) shares were dematted. As on 31st March, 2012, total shares in demat form is 2,972,879 shares and 94064 shares in physical form. This represents 96.93% shares of the company are in demat form and 3.07% 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**
Pollachi Road D-12, SIPCOT Industrial Complex
Malumachampatti Post Gummidipoondi - 601 201.
Coimbatore – 641 050.

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 company and senior management personnel have affirmed compliance with the said code of conduct for the year ended March 31, 2012.

Place : Chennai
Date : May 30, 2012

K. SUNIL KUMAR
Managing Director & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Revathi Equipment Limited:

1. We have examined the compliance of the conditions of Corporate Governance by Revathi Equipment Limited, for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further report 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
Date : May 30, 2012

H.S. Jha
Partner
Membership No.: 055854

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 2012 and the Profit and Loss Account for the year ended on that date, annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003(as amended), by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government in exercise of the powers conferred by section 227(4A) of the Companies Act, 1956("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to the above, we report that;
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and cash flow statement referred to in this report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss account, the attached Balance Sheet and Cash Flow Statement of the Company as at 31st March, 2012, comply with the Accounting Standards referred to in Section 211(3C) of the Act;
 - e. On the basis of written representations received from the directors, as on 31 March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2012 from being appointed as a director of the Company in terms of Sec. 274 (1) (g) of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, the state of affairs of the Company as at 31st March, 2012;
 - ii) in case of the Profit and Loss Account, the loss 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

Place : Kolkata
Date : May 30, 2012

H.S. Jha
Partner
Membership No.: 055854

**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 not granted any loans, secured and unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, Para 4(iii) (b), 4(iii) (c) and 4(iii)(d) of the Order are not applicable.
- (b) 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.9, 000 thousand.
- (c) The above loan is interest free and hence is prima facie not prejudicial to the interest of the company.
- (d) The above loans have not been recalled.
- (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 is adequate in respect of the area covered during the year.
- (viii) On the basis of the records produced, we are of the opinion that prima facie the cost records and accounts prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 have been maintained. However, we have not carried out any detailed examination of such records with a view to determine whether they are accurate or complete.
- (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 and as per the records of the Company examined by us as at 31st March, 2012, there are no amount outstanding in respect of sales tax, wealth tax, service tax, custom duty, excise

duty and cess which have not been deposited on account of any dispute other than income tax dues, in respect of which amount involved and forum at which dispute is pending are as follows:

Statute	Nature of Tax	Forum where dispute is pending	Amount (Rs. in ('000))	Period to which amount relates
The Income Tax Act, 1961	Income Tax	CIT (Appeals)	28,754	Assessment year 2004-05

- (x) The Company has no accumulated losses as on 31st March 2012 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) The Company is not dealing / trading in securities.
- (xv) According to information and explanations given to us, the Company had given guarantees for loan taken by a subsidiary company from banks. Considering the long term involvement in the said company, such guarantee is not prima facie prejudicial to the interest of the Company
- (xvi) According to information and explanations given to us, no fresh term loan has been taken during the year.
- (xvii) According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the company has not used the funds raised on short-term basis for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, the provision of clause 4(xix) of the order is not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year. Accordingly, provision of clause 4(xx) of the Order is not applicable to the company.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.

For LODHA & CO
Chartered Accountants
Firm ICAI Registration No.: 301051E

Place : Kolkata
Date : May 30, 2012

H.S. Jha
Partner
Membership No.: 055854

REVATHI EQUIPMENT LIMITED

Balance Sheet as at 31st March, 2012
(All amounts in thousands of Indian Rupees)

Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	30,669	30,669
(b) Reserves and surplus	3	1,392,424	1,396,834
Non-current liabilities			
(a) Long-term borrowings	4	2,365	74,273
(b) Deferred tax liabilities (Net)	5	2,475	597
(c) Long-term provisions	5A	6,543	5,092
Current liabilities			
(a) Short-term borrowings	6	848,459	490,570
(b) Trade payables	7	304,509	223,936
(c) Other current liabilities	8	137,309	138,511
(d) Short term provisions	9	17,424	8,869
TOTAL		2,742,177	2,369,350
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	224,021	231,589
(ii) Intangible assets	10	2,574	3,113
(b) Non-current investments	11	920,162	906,932
(c) Long-term loans and advances	12	255,696	182,681
Current assets			
(a) Current investments	13	5,929	5,929
(b) Inventories	14	547,259	515,488
(c) Trade receivables	15	588,381	347,340
(d) Cash and bank balances	16	63,068	60,282
(e) Short-term loans and advances	17	135,087	115,996
TOTAL		2,742,177	2,369,350
Significant Accounting Policies	1		

See accompanying notes to the financial statements

This is the Balance Sheet referred to in 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)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012

REVATHI EQUIPMENT LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012
(All amounts in thousands of Indian Rupees)

Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
Revenue from operations	18	1,262,019	1,133,941
Other Income	19	20,670	149,389
Total Revenue		1,282,689	1,283,330
Expenses			
Cost of Materials Consumed	20	635,579	524,142
Purchases of Stock in Trade	20 A	198,275	178,013
Processing charges and purchase of materials through sub-contractors		51,434	35,603
Changes in inventories of finished goods, work in progress and Stock-in- trade	21	(58,596)	30,626
Employee benefits expense	22	115,323	104,917
Finance Costs	23	96,388	69,576
Depreciation and amortization expense	10	21,104	23,298
Other expenses	24	225,615	193,225
Total Expenses		1,285,122	1,159,400
Profit / (Loss) before tax		(2,433)	123,930
Tax expense	25	1,878	11,701
Profit / (Loss) for the year		(4,311)	112,229
Earnings per equity share:			
(1) Basic		(1.41)	36.59
(2) Diluted		(1.41)	36.59
Significant Accounting Policies	1		

See accompanying notes to the financial statements.

This is the Statement of Profit & Loss Account referred to in 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)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012

REVATHI EQUIPMENT LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in thousands of Indian Rupees)

	2011-12	2010-11
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	(2,433)	123,930
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	21,104	23,298
Bad Debts and advance written - off	5,274	716
Interest and dividend income	(8,058)	(1,938)
(Profit)/Loss on sale of investments		(144,898)
Provisions/Liabilities no longer required written back	(1,433)	-
Interest on borrowings	96,388	69,576
(Profit) / Loss on sale of fixed assets	(401)	(1,168)
	<u>110,441</u>	<u>69,516</u>
Changes in current assets and liabilities:		
(Increase)/Decrease in inventories	(31,771)	(47,577)
(Increase)/decrease in trade and other receivables	(290,214)	125,116
(Decrease)/increase in current liabilities and provisions	92,313	(57,640)
Cash generated from Operations	(119,231)	89,415
Direct taxes paid(Net of Refund)	(20,756)	(13,477)
Net cash provided by/(used in) operating activities	(139,987)	75,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	419	1,968
Purchase of fixed assets	(38,106)	(3,664)
Purchase of investments	(13,230)	(92,492)
Sale / Redemption of investments	-	229,462
Interest and dividend received	5,597	1,938
Net cash provided by / (used in) investing activities	(45,320)	137,212
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of long term borrowings	(71,930)	(75,080)
Proceeds from / (repayment) of short term borrowings	356,411	(84,034)
Interest paid	(96,388)	(69,576)
Net cash provided by / (used in) financing activities	188,093	(228,690)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,786	(15,540)
CASH AND CASH EQUIVALENTS		
Beginning of the year	60,282	75,822
End of the year	63,068	60,282

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 33,137 (previous year Rs 31,013) 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

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012

REVATHI EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
(All amounts in thousands of Indian Rupees)

SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect 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. Differences between the actual results and the estimates are recognised in the year in which the results become known/materialise.

(c) Fixed Assets and Depreciation

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

Depreciation is provided using the straight line method, pro rata to the period of use of the assets, at the annual depreciation rates stipulated in Schedule XIV to the Companies Act, 1956, or based on the estimated useful lives of the assets, whichever is high, 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 statement of profit and loss.

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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 accounted on accrual basis.

(h) Product warranty costs

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

(i) 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.

(j) Employee benefits

- (i) Short Term employee benefits are recognised as an expenses at the undiscounted amount in the statement of profit and loss 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 statement of profit and loss.

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 statement of profit and loss.

(k) 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 recognised using the tax rates and tax laws that have been enacted/substantively enacted on the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is sufficient assurance that future taxable income will be available against which such deferred tax assets can be realised.

(l) Provision, Contingent Liabilities and Contingent Assets

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

(m) Borrowing Cost

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



	As at 31 March 2012	As at 31 March 2011
2) SHARE CAPITAL		
AUTHORISED :		
3,500,000 Equity Shares of Rs. 10/- each (Previous year 3,500,000 Equity Shares of Rs. 10/- each)	35,000	35,000
ISSUED, SUBSCRIBED AND PAID UP		
3,066,943 Equity Shares of Rs. 10/- each (Previous year 3,066,943 Equity Shares of Rs. 10/- each)	30,669	30,669
	<u>30,669</u>	<u>30,669</u>
a) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.		
b) Shareholders holding more than 5% shares	No. of Shares	No. of Shares
Avalokiteshvar Valinv Ltd (AVL) (Formerly known as Utkal Investments Ltd) (Holding Company)	1,428,860	1,428,860
Renaissance Stock Ltd (Wholly owned subsidiary of AVL)	457,000	457,000
Renaissance Asset Management Company P.Ltd (Associate of AVL)	340,093	188,155
3) RESERVES AND SURPLUS		
Capital reserve	149	149
Capital redemption reserve	3,111	3,111
Revaluation reserve		
Opening Balance	1,740	1,839
Less: Transfer to Statement of Profit & Loss	(99)	(99)
Balance at the end of the year	1,641	1,740
General reserve	446,051	446,051
Surplus		
Opening Balance	945,783	833,554
Add: Profit/ (Loss) for the year transferred from Statement of Profit & Loss	(4,311)	112,229
Balance at the end of the year	941,472	945,783
	<u>1,392,424</u>	<u>1,396,834</u>
4) LONG TERM BORROWINGS (SECURED)		
Term Loan from Bank	-	70,263
Vehicle Loan	2,365	4,010
	<u>2,365</u>	<u>74,273</u>
a) Total long term loan of Rs. 30,263 (2011: Rs 62,193/-) 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.		
b) Total long term loan of Rs 40,000 (2011: Rs 80,000/-) 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.		
c) Vehicle Loan is secured by hypothecation of vehicles		
5) DEFERRED TAX LIABILITITES (NET)		
Deferred Tax Liabilities :		
Depreciation Difference	4,330	1,882
Deferred Tax Assets :		
Provision for Leave Encashment & Gratuity	(1,855)	(1,285)
	<u>2,475</u>	<u>597</u>

	As at 31 March 2012	As at 31 March 2011
5A) LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Priviledge Leave Encashment	4,523	3,246
Provision for Sick Leave	2,020	1,846
	6,543	5,092
6) SHORT TERM BORROWINGS		
Cash Credit (Secured)	839,459	481,570
Loan from Subsidiary (Unsecured)	9,000	9,000
	848,459	490,570
a) Cash credit Loan 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.		
7) TRADE PAYABLES		
-Due to Micro, Small and Medium Enterprises	7,167	8,420
-Others	279,250	215,169
-Acceptances	18,092	347
	304,509	223,936
a) 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 the "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:		
	2011-12	2010-11
a) Principal amount outstanding at the end of the year	7,167	8,420
b) Interest amount due at the end of the year	Nil	Nil
c) Interest paid to suppliers	Nil	Nil
8) OTHER CURRENT LIABILITIES		
Current maturities of Term Loan from Bank	70,263	71,930
Current maturities of Vehicle Loan	1,651	1,487
Unclaimed dividends and fixed deposits*	119	128
Advances from customers	12,746	12,732
Employee Related Dues	12,689	23,204
Statutory Liabilities	10,791	5,948
Accrued Expenses & Other Liabilities	29,050	23,082
	137,309	138,511
*These amounts are not yet due to be credited to "Investors Education & Protection Fund"		
9) SHORT TERM PROVISIONS		
Provision for Warranties Claims	15,707	7,371
Provision for Employee Benefits		
Provision for Priviledge Leave Encashment	1,195	913
Provision for Sick Leave	522	552
Provision for Gratuity	-	33
	17,424	8,869
a) Disclosures as required in terms of Accounting Standard 29 " Provisions, Contingent Liabilities and Contingent Assets"		
	2011-12	2010-11
Opening Balance	7,371	12,542
Provided during the year (*)	13,768	8,781
Amounts used during the year	(5,432)	(13,952)
Closing Balance	15,707	7,371
(*) remains adjusted with cost of material		

10. FIXED ASSETS

	Balance, beginning of year	Additions / charge	Deletions	Balance, end of year
Gross Block				
Tangible Assets				
Freehold/Leasehold land	71,453	-	-	71,453
Buildings	121,357	441	-	121,798
Plant and machinery*	78,299	5,455	-	83,754
Production tooling	11,953	1,604	-	13,557
Data processing equipment	15,149	2,327	117	17,359
Furniture and fittings	5,434	170	-	5,604
Office equipment	11,376	898	216	12,058
Vehicles	14,987	654	1,952	13,689
	<u>330,008</u>	<u>11,549</u>	<u>2,285</u>	<u>339,272</u>
Intangible Assets				
Technical knowhow	10,282	-	-	10,282
Computer software	14,237	1,567	-	15,804
	<u>24,519</u>	<u>1,567</u>	<u>-</u>	<u>26,086</u>
	<u>354,527</u>	<u>13,116</u>	<u>2,285</u>	<u>365,358</u>
Previous year	<u>249,549</u>	<u>120,967</u>	<u>15,988</u>	<u>354,528</u>
Accumulated depreciation				
Tangible Assets				
Freehold /Leasehold land	2,629	956	-	3,585
Buildings	19,834	4,082**	-	23,916
Plant and machinery	35,265	6,620	-	41,885
Production tooling	11,041	1,414	-	12,455
Data processing equipment	12,778	1,655	117	14,316
Furniture and fittings	3,275	595	-	3,870
Office equipment	5,327	1,587	198	6,716
Vehicles	8,272	2,188	1,952	8,508
	<u>98,421</u>	<u>19,097</u>	<u>2,267</u>	<u>115,251</u>
Intangible Assets				
Technical knowhow	10,115	166	-	10,281
Computer software	11,291	1,940	-	13,231
	<u>21,406</u>	<u>2,106</u>	<u>-</u>	<u>23,512</u>
	<u>119,827</u>	<u>21,203</u>	<u>2,267</u>	<u>138,763</u>
Previous year	<u>111,618</u>	<u>23,397</u>	<u>1,518</u>	<u>119,827</u>
Net Block				
Tangible Assets				
Freehold /Leasehold land	68,824			67,868
Buildings	101,523			97,882
Plant and machinery	43,034			41,869
Production tooling	912			1,102
Data processing equipment	2,371			3,043
Furniture and fittings	2,159			1,734
Office equipment	6,049			5,342
Vehicles	6,715			5,181
	<u>231,587</u>			<u>224,021</u>
Intangible Assets				
Technical knowhow	167			1
Computer software	2,946			2,573
	<u>3,113</u>			<u>2,574</u>
	<u>234,700</u>			<u>226,595</u>
Previous year				<u>234,701</u>

1. *Plant and machinery includes Rs. 141 given on lease

2. ** Includes depreciation of Rs. 99 (2011 - Rs. 99) transferred from revaluation reserve.

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

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

As at 31 March 2012

As at 31 March 2011

4. Capital commitments

On account of Tangible assets

1,961

1,191

1,961

1,191

11) NON CURRENT INVESTMENTS (NON TRADE)

Investment in Equity Instruments (unquoted)

(a) Shares in Subsidiary Companies:

10,00,000 (2011-10,00,000) Equity Shares of Rs.10/-each in Renaissance Construction Technologies India Ltd (Formerly Revathi Drilling & Mining Ltd)

10,000

10,000

1,291,483.(2011-1,271,025)Equity Shares of Rs.10/-each in Potential Semac Consultants Pvt.Ltd

861,412

848,182

(b) Shares in Associates:

8,896,797(2011-8,896,797) Preferred Stock in Satellier Holdings Inc.,USA

48,750

48,750

920,162

906,932

12) LONG TERM LOANS AND ADVANCES

(Unsecured -considered good unless otherwise stated)

Capital Advance

200,605

175,615

Loan Given

45,600

-

Loan to Employees

668

798

Deposits

6,046

6,268

Other receivables

2,777

-

255,696

182,681

The company has paid advance of Rs.200,000 (Capital Advance) and loan of Rs.67,200 (including Rs.21,600 included under Note 17) towards joint development of property with another corporate entity. Various permissions are being obtained from the appropriate authorities, pending which no construction activities have commenced. Considering the location of the property and projected revenue there against, in view of the management no provision is considered necessary.

13) CURRENT INVESTMENT (NON TRADE)

Investment in Mutual Funds (Quoted)

5,40,008 (2011 - 5,40,008) units of Rs 10/- each in Franklin India Smaller Companies Fund

5450

5450

2,854 (2011-2854) Units of Rs.100/-each in ICICI Prudential Flexible Income Plan Growth

479

479

5929

5929

Aggregate NAV of investments in Mutual Fund

7,406

7,628

14) INVENTORIES

(Inventories are stated at the lower of cost and net realisable value)

Raw Materials (including goods-in-transit)

261,317

288,142

Work in Progress

169,143

163,635

Merchanting goods (including goods-in-transit)

116,799

63,711

547,259

515,488

15) TRADE RECEIVABLES

(Unsecured -considered good unless otherwise stated)

Outstanding for exceeding six months

- Considered good

70,020

32,067

Other debts

- Considered good

518,361

315,273

588,381

347,340

As at 31 March 2012

As at 31 March 2011

16) CASH AND BANK BALANCES

Cash on hand	708	812
Balances with Banks:		
– Cash Credit	4,432	21,989
– Current Accounts	18,089	6,340
– Dividend Accounts (Restricted)	119	128
– Term Deposit	6,583	–
– Margin Money Deposit (Under Lien)	33,137	31,013
	<u>63,068</u>	<u>60,282</u>

17) SHORT TERM LOANS AND ADVANCES

(Unsecured -considered good unless otherwise stated)

Balances with Government authorities	27,444	30,765
Loan Given	21,600	–
Advance to Suppliers	23,797	35,812
Recoverable from employees	4,985	4,398
Other Loans and advances	4,253	12,455
Deposits	182	677
Receivables from subsidiary	672	491
MAT Credit Entitlement	12,476	12,476
Advance Payment of Tax (net of provision)	39,678	18,922
	<u>135,087</u>	<u>115,996</u>

a) Capital Advance includes Rs 200,000 (2011-Rs.174,000) paid towards joint development of property with another Corporate body.

b) Disclosure under clause 32 of the Listing Agreement

Loans and Advances to Employees	Max.Amt.outstanding during 2011-12	Max.Amt.outstanding during 2010-11	Outstanding at the end of the current year	Outstanding at the end of the previous year
Housing Loan to employees (Interest @ 5%)	1813	1644	945	1157
Other loans and advances (Interest free)	1400	1651	612	660

**For the year ended
31st March 2012**

**For the year ended
31st March 2011**

18) REVENUE FROM OPERATIONS

Sale of product	1,234,968	1,083,588
Less : Excise Duty	(91,599)	(64,967)
	<u>1,143,369</u>	<u>1,018,621</u>
Sale of Services	115,609	116,629
Less: Service tax	(3,927)	(3,236)
	<u>111,682</u>	<u>113,393</u>
Other Operating Revenue	6,968	1,927
Net Sales	<u>1,262,019</u>	<u>1,133,941</u>

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.

a) Earnings in foreign exchange

FOB value of exports	<u>60,247</u>	<u>112,946</u>
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For the year ended
31st March 2012

For the year ended
31st March 2011

19) OTHER INCOME

Dividend from mutual funds and other investments from		
– Long term	–	177
Profit on sale of investments (net)		
– Long term	–	144,898
Interest on investments and deposits	5,001	1,761
Provision/Liabilities no longer required written back	1,433	–
Other Interest income	3,057	–
Profit on sale of fixed assets	401	1,168
Lease Rental Income (Net of service tax- Rs. 927 (2011-Nil))	9,000	849
Non operating Income	1,778	536
	20,670	149,389

20) COST OF MATERIAL CONSUMED

Raw Material and components consumed*		
Opening Stock of Raw Material	288,142	209,939
Add: Purchases	608,754	602,345
Less: Closing Stock	(261,317)	(288,142)
	635,579	524,142

*Net of Rs.50,646 (2011-Rs. 6386) for sales returns and Rs. 18794 (2011-Rs.11,983) for Warranty supplies

a) RAW MATERIAL CONSUMED

Items		
Under Carriage assemblies	30,348	43,080
Compressors and accessories	18,405	23,580
Electrical components	113,752	116,455
Hydraulic components	82,452	113,180
Pipes and valves	37,016	35,219
Gear/chain assemblies	33,499	50,252
Others (individually less than 10 per cent of total consumption)	320,107	142,376
	635,579	524,142

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

b) CONSUMPTION OF RAW MATERIAL, STORES & SPARES AND COMPONENTS

Consumption of raw material and components	For the Year ended		For the Year ended	
	31st March, 2012		31st March, 2011	
Imported	86,875	14%	159,652	27.27%
Indigenous	548,704	86%	364,490	72.73%
	635,579	100%	524,142	100%
Consumption of stores and spares				
Indigenous	12,385	100%	13,160	100%
	12,385	100%	13,160	100%

c) C.I.F. VALUE OF IMPORTS

Raw Materials, components and traded goods	111,205	114,998
	111,205	114,998

	For the year ended 31st March 2012			For the year ended 31st March 2011		
20A PURCHASES OF STOCK IN TRADE						
Purchase of Merchanting Components	<u>198,275</u>			<u>178,013</u>		
a) PURCHASE OF MERCHANTING GOODS						
Items						
Compressors	6,756			3,233		
Others	<u>191,519</u>			<u>174,780</u>		
	<u>198,275</u>			<u>178,013</u>		
21) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE						
Opening Stock						
Work in Progress	163,635			166,758		
Finished Goods	-			8,757		
Merchanting Goods	63,711			82,457		
Closing Stock						
Work in Progress	169,143			163,635		
Finished Goods	-			-		
Merchanting Goods	<u>116,799</u>			<u>63,711</u>		
	<u>(58,596)</u>			<u>30,626</u>		
a) Inventories and sales						
	For the Year ended 31st March, 2012			For the Year ended 31st March, 2011		
	Sales	Cl. stock	Op. Stock	Sales	Cl. stock	Op. Stock
Manufactured Goods						
Waterwell rigs, blast hole rigs & Construction equipments	802,669	-	-	643,110	-	8,757
Traded Goods						
Merchanting goods	<u>340,700</u>	<u>116,799</u>	<u>63,711</u>	<u>375,511</u>	<u>63,711</u>	<u>82,457</u>
	<u>1,143,369</u>	<u>116,799</u>	<u>63,711</u>	<u>1,018,621</u>	<u>63,711</u>	<u>91,214</u>
Net of Rs.56,012 (2011-Rs.8,292) for sales returns						
b) WIP - BREAKUP						
	Closing Stock			Closing Stock		
Water well rigs, blast hole rigs of construction equipments	156,024			148,701		
Sub Assembly / Others	13,119			14,934		
	<u>169,143</u>			<u>163,635</u>		
22) EMPLOYEE BENEFIT EXPENSE						
Salaries & wages	92,272			81,867		
Contribution to Provident and other Funds	10,034			11,547		
Staff Welfare expense	13,017			11,503		
	<u>115,323</u>			<u>104,917</u>		
23) FINANCE COSTS						
Interest Expense	93,752			68,740		
Other borrowing costs	2,636			836		
	<u>96,388</u>			<u>69,576</u>		

	For the year ended 31st March 2012	For the year ended 31st March 2011
24) OTHER EXPENSES		
Consumption of stores, spares, small tools, jigs and fixtures	12,385	13,160
Power and fuel	6,609	5,529
Rent	5,480	5,759
Repairs and maintenance		
Buildings	7,594	9,867
Plant and machinery	910	1,085
Others	9,308	6,805
Insurance	2,722	2,338
Rates and taxes	3,068	3,197
Travelling and conveyance	48,014	40,431
Freight, clearing and packing	21,092	23,985
Legal and professional charges	14,300	10,407
Directors' sitting fees	880	498
Selling commission	26,197	20,672
Exchange loss(net)	1,141	2,097
Bad debts and advances written-off (net of recoveries Rs.Nil (2011- Rs.13)	5,274	716
Bank Charges	8,784	9,039
Service Charges	24,175	15,276
Miscellaneous expenses	27,682	22,364
	225,615	193,225
a) Payment to auditors (included in Legal & Professional charges) as:		
Auditor	275	275
For other services	370	365
For reimbursement of expenses	339	275
	984	915
b) Expenditure in foreign currency		
Technical know-how	1,246	66
Selling commission	1,915	933
Travel	4,918	2,287
Others/Legal Fees	1,460	-
	9,539	3,286
25) PROVISION FOR TAXES		
Current tax	-	25,000
MAT Credit Entitlement	-	(12,476)
Deferred tax	1,878	5,646
Income tax relating to earlier years	-	(6,469)
	1,878	11,701
26) CONTINGENT LIABILITIES AND COMMITMENTS		
Customer claims for damages	3,678	3,678
Claim from Income Tax Dept	28,754	-
Corporate guarantee given on behalf of a subsidiary	45,000	55,000
	77,432	58,678



Particulars	Holdings	Subsidiary	Associates	Key Management Personnel & their relatives	Director/ Consultant
Balances as on 31st March, 2011					
(a) Payable-remuneration/Consultancy fee					
(b) Loan given					
(c) Investment		858,182	48,750	-	
(d) Loan taken		9,000		-	
(e) Interest payable					
(f) Receivables		491			

Note : i) In respect of the above parties, there is no provision for doubtful debts as on 31.3.2012 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.

28. 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

Employer's Contribution to Provident Fund - 5,805 (2011-4,937)

Employer's Contribution to Superannuation Fund - 3,065 (2011-2,961)

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 actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build 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, 2012				
Expenses recognised during the year ended March 31, 2012, (included in Note 22 of Profit and Loss Account)	Gratuity (Funded)	Leave Encashment (Non-Funded)	Gratuity (Funded)	Leave Encashment (Non-Funded)
	31.3.2012	31.3.2012	31.3.2011	31.3.2011
1. Current Service Cost	1,620	603	1,021	426
2. Interest Cost	1,476	298	1,428	291
3. Expected return on plan assets	(1,447)	-	(1,702)	-
4. Actuarial Losses / (Gains)	(1,416)	1,518	2,027	14
Total Expenses	233	2,419	2,774	731
Change in the obligation during the year ended March 31, 2012				
1. Present value of Defined Benefit Obligation at the beginning of the year	18,219	4,159	22,624	4,330
2. Current Service Cost	1,620	603	1,021	426
3. Interest Cost	1,476	298	1,428	291
4. Benefit Paid	(1,302)	(860)	(7,179)	(902)
5. Actuarial (Gains) / Losses	(1,370)	1,518	325	14
Present value of Defined Benefit Obligation at the end of the year	18,643	5,718	18,219	4,159
Change in Assets during the year ended March 31, 2012				
1. Plan Assets at the beginning of the year	18,185	-	24,363	-
2. Contribution by Employer	1,114	860	1,001	902
3. Expected return on plan assets	1,447	-	1,702	-
4. Benefit Paid	(1,302)	(860)	(7,179)	(902)
5. Actuarial Gains / (Losses)	46	-	(1,702)	-
Plan Assets at the end of the year	19,490	-	18,185	-

Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2012				
1. Net Asset / (Liability) at beginning of the year	(34)	(4,159)	1,739	(4,330)
2. Employer Expenses	(233)	(2,419)	(2,774)	(731)
3. Employer Contributions	1,114	860	1,001	902
4. Net Asset / (Liability) at the end of the year	847	(5,718)	(34)	(4,159)
Actuarial Assumptions				
1. Discount Rate	8.40%	8.40%	8.0%	8.0%
2. Expected Rate of Return on Plan Assets	9.00%	-	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)			
	2011-2012	2010-2011	2009-2010	2008-2009
Present Value of Defined Benefit Obligation	18,644	18,218	22,624	19,777
Fair Value of Plan Assets	19,490	18,185	24,363	20,836
Surplus / (Defecit)	847	(34)	1,739	1,059
Experience Adjustments on Plan Liabilities - (Loss) / Gain	(616)	(169)	279	(1,643)
Experience Adjustments on Plan Assets - (Loss) / Gain	46	(1,702)	131	(86)

29 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)

	2011-12			
	Revenue	Asset	Liabilities	Capital Expenditure
Within India (*)	1,083,122	2,727,134	274,511	13,116
Outside India	60,247	15,043	28,480	-
	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	-

(*) includes investment in a company situated in USA.

30. EARNINGS PER SHARE

	Year ended 31.3.2012	Year ended 31.3.2011
Net Profit/(Loss) attributable to equity shareholders (Rs.)	(4,311)	112,229
Weighted average number of equity shares issued	3,066,943	3,066,943
Basic and diluted earnings per share (Rs.) (Face value Rs 10 per share)	(1.41)	36.59

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



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, 2012 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	(7909)	316,893
3	Total Assets	31941	548,518
4	Total Liabilities	31941	548,518
5	Details of Investments	NIL	705*
7	Turnover	56726	555,210
8	Loss	7364	16,798
9	Provision for taxation	NIL	875
10	Proposed dividend	NIL	NIL

*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)

Place : Chennai
Date : May 30, 2012

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, 2012
Extent of holding company's interest in the subsidiary at the end of the financial year (Number of shares held and percentage)		Holding 1,291,483 equity shares of Rs 10 each. Percentage of holdings – 70.9%
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.(11,288,950)
	For the previous financial year of the Subsidiary	Rs.68,511,099
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)

Place : Chennai
Date : May 30, 2012

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, 2012
Extent of holding company's interest in the subsidiary at the end of the financial year (Number of shares held and percentage)		Holders of entire issued equity share capital of 1,000,000 equity shares of Rs.10 each.
Net aggregate amount of Profit/ (Loss) of the Subsidiary not dealt within the Holding Company's accounts	For the current financial year of the Subsidiary	Rs (7364)
	For the previous 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.
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	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.

Abhishek Dalmia
Executive Chairman

K. Sunil Kumar
Managing Director & CEO

M.N. Srinivasan
Company Secretary

S. Hariharan
Senior Vice President (Finance)

Place : Chennai
Date : May 30, 2012

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

1. Avalokiteshvar Valinv Ltd. (Formerly known as 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.

**Auditors' Report on Consolidated Financial Statements
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 2012 and the Consolidated statement of Profit and Loss 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.98,601 thousand and total revenues of Rs. 142,168 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, however the report of joint venture has not been furnished to us 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 loss of Rs.2,799 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(A)(IV) 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 1(B) and G (1.3) material impact, if any, of the varying accounting policies with respect to employee benefits, and depreciation followed by the foreign branch, subsidiary companies and 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 regarding:
 - a) non ascertainment and provision of certain employee related benefits in a subsidiary(Note 1(G)(1.7))
 - b) payment of managerial remuneration amounting to Rs. 51,60,000 which is subject to approval of the shareholder and the Central Government. (Note 23 (b)) and
 - c) non-provision of claims raised by a customer which is presently under arbitration (Note 28);
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 loss 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 2012;
 - 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: May 30, 2012

REVATHI EQUIPMENT LIMITED

CONSOLIDATED BALANCE SHEET — MARCH 31, 2012

(All amounts in thousands of Indian Rupees)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	30,669	30,669
(b) Reserves and surplus	3	1,241,059	1,279,285
Minority Interest		129,386	127,887
Non-current liabilities			
(a) Long-term borrowings	4	5,308	76,980
(b) Long-term provisions	5	48,624	37,343
Current liabilities			
(a) Short-term borrowings	6	865,362	511,986
(b) Trade payables	7	320,068	236,145
(c) Other current liabilities	8	240,704	199,267
(d) Short term provisions	9	24,459	19,388
TOTAL		2,905,639	2,518,950
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	271,183	282,255
(ii) Intangible assets	10	480,862	484,153
(iii) Capital work in progress		3,480	-
(b) Non-current investments	11	46,682	49,480
(c) Deferred tax assets (net)	12	14,470	12,686
(d) Long-term loans and advances	13	268,805	195,664
Current assets			
(a) Current investments	14	5,929	12,887
(b) Inventories	15	547,259	515,488
(c) Trade receivables	16	837,284	613,013
(d) Cash and Bank balances	17	115,550	100,674
(e) Short-term loans and advances	18	314,136	252,650
TOTAL		2,905,639	2,518,950
Significant Accounting Policies	1		

See accompanying notes to the financial statements.

This is the Balance sheet referred to in 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)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012



REVATHI EQUIPMENT LIMITED

35th Annual Report

2011 - 12

REVATHI EQUIPMENT LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012
(All amounts in thousands of Indian Rupees)

Particulars	Note No.	2011-12	2010-11
Revenue from operations	19	1,988,790	2,181,094
Other Income	20	35,133	57,349
Total Revenue		2,023,923	2,238,443
Expenses			
Cost of Materials Consumed	21	635,579	785,381
Purchases of Stock in Trade		198,275	178,014
Processing charges and purchase of materials through sub-contractors		51,434	35,603
Changes in inventories of finished goods, work in progress and Stock-in- trade	22	(58,596)	30,626
Employee benefits expense	23	558,494	447,888
Finance Costs	23	101,520	84,567
Depreciation and amortization expense	10	58,674	121,176
Less: Transferred from Revaluation Reserve		(99)	(99)
Other expenses	25	505,620	478,657
Total Expenses		2,050,902	2,161,813
Profit / Loss before tax		(26,979)	76,630
Tax expense:	26	3,202	40,162
Profit/(Loss) for the year before Share of Profit / (Loss) of associates and Minority Interest		(30,180)	36,468
Share of Profit / (Loss) of associates		(2,799)	25
Minority Interest		(5,386)	(32,158)
Profit on Sale of Joint Venture		-	72,046
Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates		(38,365)	76,381
Earnings per equity share:	29		
- Basic and Diluted		(12.51)	24.90
Significant Accounting Policies	1		

See accompanying notes to the financial statements.

This is the statement of profit and loss referred to in our Report of even date.

For Lodha & Co
Chartered Accountants

H.S. Jha
Partner

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

K. Sunil Kumar
Managing Director & CEO

S. Hariharan
Senior Vice President (Finance)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012



REVATHI EQUIPMENT LIMITED

REVATHI EQUIPMENT LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

(All amounts in thousands of Indian Rupees)

	2011-12	2010-11
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	(26,979)	76,630
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	58,575	121,077
Bad debt and advances written off	36,884	34,076
Provision for doubtful debts	7,250	6,004
Sundry Balance written off	525	-
Provision for doubtful debts no longer required written back	(5,348)	(5,302)
Sundry credit balances written back	-	(3,594)
Interest income	(6,149)	(2,777)
Dividend income	(1,730)	(514)
(Profit)/Loss on sale of investments	6	(35,399)
(Profit)/Loss on sale of fixed assets	(643)	(1,092)
Unrealised foreign exchange (gain) / loss, net	974	2,286
Interest on borrowings	111,010	93,895
Operating cash flow before working capital changes	174,375	285,290
Changes in working Capital:		
(Increase)/Decrease in inventories	(31,771)	(47,577)
(Increase)/decrease in trade and other receivables	(363,445)	84,002
(Decrease)/increase in current liabilities and provisions	148,099	(6,807)
Cash generated from Operations	(247,117)	29,618
Direct taxes paid (Net of Refund)	(58,611)	(126,682)
Net cash provided by/(used in) operating activities (A)	(131,353)	188,226
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	1,849	2,882
Purchase of fixed assets	(39,545)	(7,751)
Sale / (Purchase) of investments	6,964	(25,736)
Profit on Sale of Joint venture	-	72,046
Interest and dividend received	7,306	6,146
Net cash provided by/(used in) investing activities (B)	(23,426)	47,587
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment) of borrowings	280,665	(166,831)
Interest paid	(111,010)	(93,895)
Net cash provided by/(used in) financing activities (C)	169,655	(260,726)
(D) NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	14,876	(24,912)
(E) CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	100,674	129,426
(F) ADJUSTMENT DUE TO SALE OF JOINT VENTURE	-	(3,839)
(G) CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	115,550	100,674

- 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 33,137 (previous year Rs 31,013) which are under lien or are not freely available.
- 3) Previous year's figures have been rearranged, where necessary.

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)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012

1) SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

A. Principles of Consolidation

- I. The Consolidated Financial Statements of Revathi Equipment Limited ("the Company") and its Subsidiary Company and its 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 subsidiary are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with the Accounting Standard (AS-21) – "Consolidated Financial Statements"
 - Investments in joint venture 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 joint venture over the net assets at the time of acquisition of shares in the subsidiary and the joint venture 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 joint venture as on the reporting date immediately preceding the date on which the holding-subsidiary and joint venture 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.
- II. The Subsidiary which has been included in this Consolidated Financial Statements along with the Company's holdings therein are given below:

Name of Company	Country of Incorporation	% Voting Power	
		2011-12	2010-11
Renaissance Construction Technologies India Ltd (RCTIL)	India	100%	100%
Potential Semac Consultants Pvt Ltd	India	70.93%	69.80%
Semac & Partners LLC	Sultanate of Oman	65%	65%

- III. The interest in joint venture is given below:

Name of the Company	Country of Incorporation	% Voting Power	
		2011-12	2010-11
Semac Qatar W.L.L.	Qatar	49%	49%

- There are no contingent liabilities that the company has incurred in relation to its interest in joint venture and there are no contingent liabilities which have been incurred jointly with other venturers.
 - There are no contingent liabilities of the joint venture itself.
 - There are no capital commitments of Potential Semac Consultants Private Limited in relation to its interest in joint venture and there are no capital commitments that have been incurred jointly with other venturers.
 - There are no capital commitments of the joint venture itself.
- IV. 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, 2011 to 31st March, 2012 as submitted by the management of Satellier.
- V. The particulars of investments as required in terms of AS-23 are as follows:

Name of the Associate	Voting Power	Original Cost	Group Profit / Loss Up to 31st March 2012	Carrying Cost	Goodwill included in original cost
Statellier Holdings Inc., USA	20%	48,750	(2774)	45,976	25,298

- VI. 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.



- VII. 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.
- B. The Group has adopted Accounting Standard 15 (AS 15) (revised 2005) on 'Employee Benefits'. These consolidated financial statements include the obligations as per requirement of this standard except for the 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. In the opinion of the management, the impact of this deviation is not considered material.
- C. 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".
- D. 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.
- E. 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, 2012 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.

F. SIGNIFICANT ACCOUNTING POLICIES

1.1 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.

1.2 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.

1.3 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 statement of profit and loss.

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.

1.4 Impairment

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.

1.5 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.

1.6 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.

1.7 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

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 statement of profit and loss.

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 statement of profit and loss.

In respect of short term and long term benefits payable to the employees in RCTIL, no expenses have been recognized except in respect of salaries.

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.

1.8 Revenue recognition

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 accounted on accrual basis.

Services 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 issuance of invoices as per agreed terms with the customer and generally on the basis of confirmation of the work done by the customer. When there is uncertainty as to measurement or ultimate collectibility, revenue recognition is postponed until uncertainty is resolved.

1.9 Product warranty costs

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

1.10 Income Tax

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods, are recognised using tax rates and tax laws which have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is sufficient assurance for reversal of the same in future years.

1.11 Foreign currency transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities at the year end are transacted at the year end exchange rates. Non-monetary items other than fixed assets, which are carried in terms of historical cost denominated in 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 statement profit and loss under the respective heads of account.

In respect of the overseas branch, which is considered to be integral foreign operation, all transactions are translated at the 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 expenses 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.

1.12 Provisions, 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 not provided for but disclosed by way of Notes to the Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

1.13 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.

	As at 31st March, 2012	As at 31st March, 2011
2) SHARE CAPITAL		
AUTHORISED :		
3,500,000 Equity Shares of Rs. 10/- each (Previous year 3,500,000 Equity Shares of Rs. 10/- each)	35,000	35,000
ISSUED, SUBSCRIBED AND PAID UP		
3,066,943 Equity Shares of Rs. 10/- each (Previous year 3,066,943 Equity Shares of Rs. 10/- each)	30,669	30,669
	<u>30,669</u>	<u>30,669</u>
a) In the year 2006-07 and 2007-08, the Company bought back and extinguished 142,857 equity shares.		
b) Shareholders holding more than 5% shares	No. of Shares	
Avalokiteshvar Valinv Ltd (AVL) (Formerly known as Utkal Investments Ltd) (Holding Company)	1,428,860	1,428,860
Renaissance Stock Ltd (Wholly owned subsidiary of AVL)	457,000	457,000
Renaissance Asset Management Company P.Ltd (Associate of AVL)	340,093	188,155
3) RESERVES AND SURPLUS		
Capital reserve	149	149
Capital redemption reserve	3,111	3,111
Revaluation reserve		
Opening Balance	1,739	1,838
Less: Transfer to Statement of Profit & Loss	(99)	(99)
Balance at the end of the year	<u>1,640</u>	<u>1,739</u>
Consolidation Adjustment Reserve	5,828	5,828
General reserve		
Opening Balance	540,477	524,336
Adjustment due to sale of Joint Venture	-	16,141
	<u>540,477</u>	<u>540,477</u>

Foreign Currency Translation Reserve	(56)	(4,523)
Legal Reserve		
Opening Balance	5,236	4,526
Add: Profit/ (Loss) for the year transferred from Statement of Profit & Loss	1,280	710
Balance at the end of the year	6,516	5,236
Surplus		
Opening Balance	727,268	651,597
Add: Profit/ (Loss) for the year transferred from Consolidated Statement of Profit & Loss (including share of loss in Joint Venture- Rs. 3,846 (Previous Year Rs. 5,878))	(38,365)	76,381
Less: Transfer to Legal Reserve	1,280	710
Less: Dividend Paid	4,228	-
Balance at the end of the year (including share of Joint Venture- Rs.18,865,573 (Previous Year Rs. 15,019,387))	683,394	727,268
	<u>1,241,059</u>	<u>1,279,285</u>
4) LONG TERM BORROWINGS (SECURED)		
Term Loan from Bank	2,091	72,970
Vehicle Loan	3,216	4,010
	<u>5,308</u>	<u>76,980</u>
a) Total long term loan of Rs. 30,263 (2011: Rs 62,193/-) 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.		
b) Total long term loan of Rs 40,000 (2011: Rs 80,000/-) 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.		
c) Loan taken from ICICI Bank is secured by Mortgage of Building and is repayable in equated monthly instalments (EMI) of Rs. 38,569 each (starting from August 2005 for a period of 10 years) and Rs. 29,676 each (starting from November, 2005 for a period of 10 years).		
d) Vehicle Loan is secured by hypothecation of vehicles.		
5) LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Privilege Leave Encashment	4,523	3,246
Provision for Gratuity	41,110	31,726
Provision for Sick Leave	2,020	1,846
	<u>47,653</u>	<u>36,818</u>
Share of Joint Venture	971	525
	<u>48,624</u>	<u>37,343</u>
6) SHORT TERM BORROWINGS		
Cash Credit (Secured)	865,362	511,986
	<u>865,362</u>	<u>511,986</u>
a) Cash credit Loan 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.		
7) TRADE PAYABLES		
- Due to Micro, Small and Medium Enterprises	7,167	8,420
- Others	294,809	226,971
- Acceptances	18,092	347
	<u>320,068</u>	<u>235,738</u>
Share of Joint Venture	-	407
	<u>320,068</u>	<u>236,145</u>

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. 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.

	As at	As at
	31st March, 2012	31st March, 2011
8) OTHER CURRENT LIABILITIES		
Current maturities of Term Loan from Bank	70,879	72,497
Current maturities of Vehicle Loan	2,083	1,504
Unclaimed dividends and fixed deposits*	119	128
Advances from customers	24,941	14,290
Amount due to related parties	6,256	2,371
Employee Related Dues	37,665	36,826
Statutory Liabilities	32,237	27,134
Accrued Expenses & Other Liabilities	54,137	30,963
	228,318	185,712
Share of Joint Venture	12,386	13,555
	240,704	199,267
*These amounts are not yet due to be credited to "Investors Education & Protection Fund"		
9) SHORT TERM PROVISIONS		
Provision for Warranties Claims	15,707	7,371
Provision for Contingencies	2,611	2,299
Provision for Employee Benefits		
Provision for Privilege Leave Encashment	1,872	6,914
Provision for Sick Leave	522	552
Provision for Gratuity	2,837	2,252
	23,549	19,388
Share of Joint Venture	910	-
	24,459	19,388
a) Disclosures as required in terms of Accounting Standard 29 " Provisions, Contingent Liabilities and Contingent Assets".		
Opening Balance	7,371	12,542
Provided during the year (*)	13,768	8,781
Amounts used during the year	(5,432)	(13,952)
Closing Balance	15,707	7,371

(*) remains adjusted with cost of material

- b) 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 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. 2,299 has been carried as in the previous year as "provision for contingency".



10. Fixed assets

	Balance at the beginning of year	Additions/ Charge	Deletions	FCTR	Adjustment due to sale of joint Venture	Balance at the End of year
Gross Block						
Gross Block						
Tangible Assets						
Freehold/Leasehold land	71,452	—	—			71,452
Buildings	138,948	441	—			139,389
Plant and machinery (*)	81,469	5,455	—	(0)		86,924
Production tooling	11,953	1,604	—			13,557
Data processing equipment	64,649	3,734	351			68,032
Furniture and fittings	21,634	1,334	8	606		23,567
Leasehold Improvements	4,580	—	—			4,580
Office equipment	39,973	1,589	359	1,175		42,377
Vehicles	42,625	7,139	5,054	2,623		47,333
Share in joint venture	1,015	1,407	—	(538)		1,884
	478,298	22,703	5,773	3,866		499,094
Intangible Assets						
Technical knowhow	10,282	—	—	—		10,282
Computer software	35,951	13,361	—	202		49,514
Goodwill	713,011	9,097	—			722,108
	759,244	22,459	—	202		781,905
Total	1,237,542	45,162	5,773	4,068	—	1,280,999
Previous year	1,244,013	164,674	20,108	131	151,168	1,237,542
Accumulated depreciation						
Accumulated depreciation						
Tangible Assets						
Freehold/Leasehold land	2,629	956	—			3,585
Buildings	23,312	4,788	—			28,100
Plant and machinery (*)	37,679	6,662	—			44,341
Production tooling	11,041	1,414	—			12,455
Data processing equipment	55,131	4,446	325			59,252
Furniture and fittings	14,596	1,682	—	571		16,849
Leasehold Improvements	1,921	2,658	—			4,579
Office equipment	21,280	3,837	285	986		25,818
Vehicles	28,063	6,216	3,957	1,947		32,269
Share in joint venture	391	202	—	70		663
	196,043	32,861	4,567	3,574		227,911
Intangible Assets						
Technical knowhow	10,115	166	—			10,281
Computer software	26,611	7,224	—	139		33,974
Goodwill	238,365	18,423	—			256,788
	275,091	25,813	—	139	—	301,043
Total	471,134	58,674	4,567	3,713	—	528,954
Previous year	399,409	121,176	17,034	94	32,511	471,134

Net Block	Balance at the beginning of year	Balance at the End of year
Tangible Assets		
Freehold/Leasehold land	68,823	67,867
Buildings	115,636	111,289
Plant and machinery (*)	43,790	42,583
Production tooling	912	1,102
Data processing equipment	9,518	8,780
Furniture and fittings	7,038	6,718
Leasehold Improvements	2,659	1
Office equipment	18,693	16,559
Vehicles	14,562	15,064
Share in joint venture	624	1,221
	<u>282,255</u>	<u>271,183</u>
Intangible Assets		
Technical knowhow	167	1
Computer software	9,340	15,541
Goodwill	474,646	465,320
	<u>484,153</u>	<u>480,862</u>
Total	766,408	752,045

Previous year

- a. *Plant and machinery includes Rs. 141 given on lease
b. ** Includes depreciation of Rs. 99 (2011 - Rs. 99) transferred from revaluation reserve.
c. 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	<u>3,974</u>
	<u>4,239</u>

d. Capital Commitments	As at 31.3.2012	As at 31.3.2011
On account of Tangible assets	<u>1,961</u>	<u>1,191</u>
	<u>1,961</u>	<u>1,191</u>

	As at 31st March, 2012	As at 31st March, 2011
11) NON CURRENT INVESTMENTS (NON TRADE)		
Investment in Equity Instruments (unquoted)		
(a) Shares in Associates:		
8,896,797(2011-8,896,797) Preferred Stock in Satellier Holdings Inc.,USA	45,976	48,775
(b) Share in Other Bodies Corporate		
128 Fully Paid-Up Equity Shares of Rs. 25/- each in Shamrao Vittal Co-op. Bank Ltd.	3	3
3,600 Fully Paid up Equity Shares of Rs. 10/- each in Lakeland Hotels Ltd.	36	36
66,040 Fully Paid up Equity shares of Rs. 10/- each in AEC Infotech Pvt. Ltd.	666	666
	<u>46,682</u>	<u>49,480</u>
12) DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets :		
Provision for Leave Encashment & Gratuity	19,656	14,542
Deferred Tax Liabilities :		
Depreciation Difference	(5,186)	(1,856)
	<u>14,470</u>	<u>12,686</u>

	As at 31st March, 2012	As at 31st March, 2011
13) LONG TERM LOANS AND ADVANCES		
(Unsecured -considered good unless otherwise stated)		
Capital Advance	200,605	175,615
Loan Given	45,600	-
Loan to Employees	668	798
Deposits	19,006	19,172
Other receivables	2,835	-
	<u>268,714</u>	<u>195,585</u>
Share of Joint Venture	91	79
	<u>268,805</u>	<u>195,664</u>
<p>The company has paid advance of Rs.200,000 (Capital Advance) and loan of Rs.67,200 (including Rs.21,600 included under Note 17) towards joint development of property with another corporate entity. Various permissions are being obtained from the appropriate authorities, pending which no construction activities have commenced. Considering the location of the property and projected revenue there against, in view of the management, no provision is considered necessary.</p>		
14) CURRENT INVESTMENT (NON TRADE)		
Investment in Mutual Funds (Quoted)		
5,40,008 (2011 - 5,40,008) units of Rs. 10/- each in Franklin India Smaller Companies Fund	5,450	5,450
2,854 (2011-2854) Units of Rs.100/-each in ICICI Prudential Flexible Income Plan Growth	479	479
HDFC Cash Management Fund (Previous Year 683,641.386 units)	-	6,858
Standard Chartered Mutual Fund Units of Rs.10/- each (Previous Year 10,000 units)		100
	<u>5,929</u>	<u>12,887</u>
Aggregate NAV of investments in Mutual Fund	7,406	
15) INVENTORIES		
(Inventories are stated at the lower of cost and net realisable value)		
Raw Materials (including goods-in-transit)	261,317	288,142
Work in Progress	169,143	163,635
Merchanting goods (including goods-in-transit)	116,799	63,711
	<u>547,259</u>	<u>515,488</u>
16) TRADE RECEIVABLES		
(Unsecured - considered good unless otherwise stated)		
Outstanding for exceeding six months		
- Considered good	144,147	61,088
- Considered doubtful	14,152	6,401
Other debts		
- Considered good	689,834	550,454
Less: Provision for doubtful debts	(14,152)	(6,401)
	<u>833,982</u>	<u>611,542</u>
Share of Joint Venture	3,302	1,471
	<u>837,284</u>	<u>613,013</u>

- a) In case of subsidiaries, the company is constantly reviewing its Sundry debtors. However, certain debtors are overdue for payment. In view of the steps being taken to recover these amounts they have been considered to be good and recoverable excepting certain balances which have been written off as bad debts during the year.
- b) Amount receivable from customers is considered due on raising of invoice.

**17) CASH AND BANK BALANCES**

Cash on hand	1,358	1,344
Balances with Banks:		
– Cash Credit	4,432	21,989
– Current Accounts	47,024	26,774
– Dividend Accounts (Restricted)	119	128
– Deposit	29,396	19,382
– Margin Money Deposit (Under Lien)	33,137	31,013
	115,465	100,630
Share of Joint Venture	85	44
	115,550	100,674

18) SHORT TERM LOANS AND ADVANCES*(Unsecured -considered good unless otherwise stated)*

Balances with Government authorities	27,715	30,765
Loan Given	21,600	–
Advance to Suppliers	25,817	36,689
Recoverable from employees	4,985	4,398
Deposits	3,775	7,949
Loan and advance to related parties	10,515	7,272
MAT Credit Entitlement	12,476	12,476
Advance Payment of Tax (net of provision)	187,798	134,172
	294,681	233,721
Other Loans and advances	19,248	18,802
Less: Provision for other loans and advances	(600)	–
	18,648	18,802
Share of Joint Venture	806	127
	314,136	252,650

	For the Year ended	For the Year ended
	31st March, 2012	31st March, 2011

19) REVENUE FROM OPERATIONS

Sale of product	1,283,188	1,083,588
Less : Excise Duty	(91,599)	(64,967)
	1,191,589	1,018,621
Sale of Services	829,613	868,361
Less: Service tax	(53,305)	(60,655)
	776,308	807,706
Other Operating Revenue	6,968	1,927
Share of Joint Venture	13,925	352,840
Net Sales	1,988,790	2,181,094

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.

20) OTHER INCOME

Dividend Received	1,730	514
Profit on sale of Investments (net)	-	35,399
Interest on investments and deposits	6,149	2,777
Provision/Liabilities no longer required written back	5,348	5,303
Sundry Credit Balance written back	-	3,594
Other Interest income	5,861	
Profit on sale of fixed assets	696	1,092
Lease Rental Income (Net of service tax- Rs. 927 (2011-Nil))	9,000	849
Non operating Income	6,349	6,362
	<u>35,133</u>	<u>55,890</u>
Share of Joint Venture	-	1,459
	<u>35,133</u>	<u>57,349</u>

21) COST OF MATERIAL CONSUMED

Raw Material and components consumed*		
Opening Stock of Raw Material	288,142	209,939
Add: Purchases	608,754	602,345
Less: Closing Stock	(261,317)	(288,142)
	<u>635,579</u>	<u>524,142</u>
Share of Joint Venture	-	261,239
	<u>635,579</u>	<u>785,381</u>

*Net of Rs.50,646 (2011-Rs. 6386) for sales returns and Rs. 18794 (2011-Rs.11,983) for Warranty supplies

22) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Opening Stock		
Work in Progress	163,635	166,758
Finished Goods		8,757
Merchanting Goods	63,711	82,457
Closing Stock		
Work in Progress	169,143	163,635
Finished Goods		-
Merchanting Goods	116,799	63,711
	<u>(58,596)</u>	<u>30,626</u>

23) EMPLOYEE BENEFIT EXPENSE

Salaries & wages	487,029	371,154
Contribution to Provident and other Funds	36,576	32,954
Staff Welfare expense	23,192	25,266
	<u>546,797</u>	<u>429,374</u>
Share of Joint Venture	11,697	18,514
	<u>558,494</u>	<u>447,888</u>

- a) During the year, Potential subsidiary has changed its policy in respect of accumulation of leave. All employees are required to avail their leave within the year and at the year end unavailed leave stands cancelled automatically.
- b) The Company is in the process of making compliance of obtaining shareholders' and Central Government approval in respect of remuneration amounting to Rs. 5,160 paid to the Managing Director.

24) FINANCE COSTS

Interest Expense	98,552	57,128
Other borrowing costs	2,968	16,059
	<u>101,520</u>	<u>73,187</u>
Share of Joint Venture	-	11,380
	<u>101,520</u>	<u>84,567</u>

**25) OTHER EXPENSES**

Consumption of stores, spares, small tools, jigs and fixtures	12,385	13,160
Supply and Erection Charges	51,301	-
Purchase of Materials for site	1,726	-
Power and fuel	12,497	10,739
Rent	37,616	31,246
Repairs and maintenance		
Buildings	7,827	10,073
Plant and machinery	910	2,734
Others	20,538	15,655
Insurance	7,812	6,746
Rates and taxes	4,967	4,853
Travelling and conveyance	74,969	67,308
Freight, clearing and packing	21,092	23,985
Legal and professional charges	81,736	109,945
Directors' sitting fees	880	498
Selling expenses and commission	26,780	20,672
Exchange loss(net)	974	2,286
Bad debts and advances written-off	36,884	34,076
Provision for Bad Debts	7,250	6,004
Sundry balances written off	525	-
Bank Charges	9,490	9,328
Loss on sale of fixed assets	53	-
Loss / (Profit) on sale of Investments	6	-
Preliminary Expenses written off	-	429
Miscellaneous expenses	81,804	65,088
	<u>500,021</u>	<u>434,825</u>
Share of Joint Venture	5,600	43,832
	<u>505,620</u>	<u>478,657</u>

26) PROVISION FOR TAXES

Current tax	2,199	52,545
MAT Credit Entitlement	-	(12,476)
Deferred tax	(1,783)	2,261
Income tax relating to earlier years	2,786	(6,469)
	<u>3,202</u>	<u>35,861</u>
Share of Joint Venture	-	4,301
	<u>3,202</u>	<u>40,162</u>

27) CONTINGENT LIABILITIES AND COMMITMENTS

Customer claims for damages	3,678	3,678
Service Tax	3,879	3,879
Claim from Income Tax Dept	28,754	-
	<u>36,311</u>	<u>7,557</u>

- 28) In earlier years, 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.



29) Disclosure of Earnings per share under Accounting Standard 20 – Basic and Diluted Earnings per share:

Particulars	2011-12	2010-11
Net Profit attributable to share holders (Rs. in ' 000)	(38,365)	76,381
Weighted Average Number of Equity Shares issued	3066943	3066943
Basic and Diluted Earnings Per Share of Rs.10/- each (Rs.)	(12.51)	24.90

30) Potential has taken office premises on operating lease and rent amounting to Rs.25,937 (Previous Year Rs. 9,122) and the same has been debited to Profit and Loss Account. The future minimum lease payments is as under:

Particulars	2011-12	2010-11
Not later than one year	10,130,617	1,96,74,731
Later than one year and not later than five years	10,582,581	48,21,801
Later than five years	3,142,258	667,395

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.

31) RELATED PARTY DISCLOSURES

1. Enterprises where control exists:

Avalokiteshvar Vaiinv Ltd (AVL) (Formerly known as Utkal Investments Limited)- Holding Company

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
Mr. Ramesh Pangasa	Executive Director

(ii) Director/Consultant

Mr.S.C.Katyal

3. Joint Venture:

Semac Qatar W.L.L

4. Associate

Satellier Holdings Inc, USA

5. Disclosure of transactions between the related parties & the status of balances as on 31st March 2012

2011-2012				
Particulars	Holding	Joint Venture	Key Management personnel and their relatives	Director / Consultant
Remuneration to Key Management Personnel			17,008	
Rent expense	960		480	
Unsecured Loans and advances given		3,243		
Balances as on 31st March, 2012:				
(a) Payable-remuneration/Consultancy fee/Rent			6,256	
(b) Unsecured Loan given outstanding		10,515		
	2010-2011			
Remuneration			16,994	
Rent expense	660		480	
Interest on Unsecured Loan			399	
Unsecured Loans and advances repaid			2,000	4,000
Unsecured Loans and advances given		4,700		
Consultancy Fee				133
Balances as on 31st March, 2011:				
(a) Payable-remuneration/Consultancy fee/Rent			2,371	
(b) Unsecured Loan given outstanding		7,272		

Note:

- (i) In respect of the above parties, there is no provision for doubtful debts as on 31.3.2012 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.
- 32) The disclosure requirement under "Segment Reporting" as per Accounting Standard 17 is given below:

A. Primary Segment (Business Segment)

(i) Segment Revenue:

Particulars	2011-12	2010-11
Construction and Mining	1,318,676	1,133,942
Specialty and Chemicals	-	346,041
Engineering Design Services	670,114	701,111
	<u>1,988,790</u>	<u>2,181,094</u>

(ii) Segment Results

Particulars	2011-12	2010-11
Construction and Mining	262,106	198,282
Specialty and Chemicals	-	62,441
Engineering Design Services	89,122	220,431
Unallocable	(276,687)	(310,630)
	<u>74,541</u>	<u>170,524</u>
Less: Interest	(101,520)	(93,894)
Profit / (Loss) before tax	(26,979)	76,630
Provision for taxes	(3,202)	(40,162)
Profit / (Loss) after taxes and before adjustment for share of profit in associate and minority interest	(30,181)	36,468
Less: Minority Interest	(5,386)	(32,159)
Add: Share of Profit / (Loss) in Associates	(2,799)	25
Add: Profit on sale of joint venture	-	72,046
Profit / (Loss) after taxes and adjustment for share of profit in associate and minority interest	<u>(38,366)</u>	<u>76,380</u>

(iii) Segment Assets and Liabilities

Particulars	2011-12		2010-11	
	Assets	Liabilities	Assets	Liabilities
Construction and Mining	1,614,081	379,346	1,273,145	302,991
Engineering Design Services	568,142	131,951	322,732	115,098
Unallocable	723,417	993,228	923,074	663,021
	<u>2,905,639</u>	<u>1,504,525</u>	<u>2,518,951</u>	<u>1,081,110</u>

(iv) Capital Expenditure and Depreciation

Particulars	2011-12		2010-11	
	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
Construction and Mining	13,116	21,203	120,967	23,397
Engineering Design Services	22,873	19,038	11,901	16,502
Unallocable	9,173	18,335	31,805	81,277
	<u>45,162</u>	<u>58,575</u>	<u>164,673</u>	<u>121,176</u>

B. Secondary Segment (Geographical Segment)

Particulars	2011-12			
	Revenue	Assets	Liabilities	Capital Expenditure
Within India	1,821,508	2,799,525	1,430,066	38,584
Outside India	202,415	106,114	74,459	6,578
Particulars	2010-11			
	Revenue	Assets	Liabilities	Capital Expenditure
Within India	2,034,882	2,437,496	1,019,355	158,191
Outside India	203,561	81,454	61,754	6,483

C. Segment Information

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

(c) Compositions of Business Segment

Segment Name	Company	Description
Construction & Mining	Revathi Equipment Limited	
	Renaissance Construction Technologies India Ltd	Subsidiary
Engineering Design Services	Potential Semac Consultants (P) 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.

- 33) During the year, goodwill to the extent of Rs. 18,423 as only been charged off. In view of the management considering the long term business prospect of the subsidiary (Potential Semac Consultants Private Limited) the goodwill net-off the amount charged-off till date has a perpetual value. Accordingly, no further goodwill has been charged-off.
- 34) 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.

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)

Place : Kolkata
Date : May 30, 2012

Chennai
May 30, 2012



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