Revathi

28th Annual Report
2004 - 05

REVATHI EQUIPMENT LIMITED

Acquisition Criteria

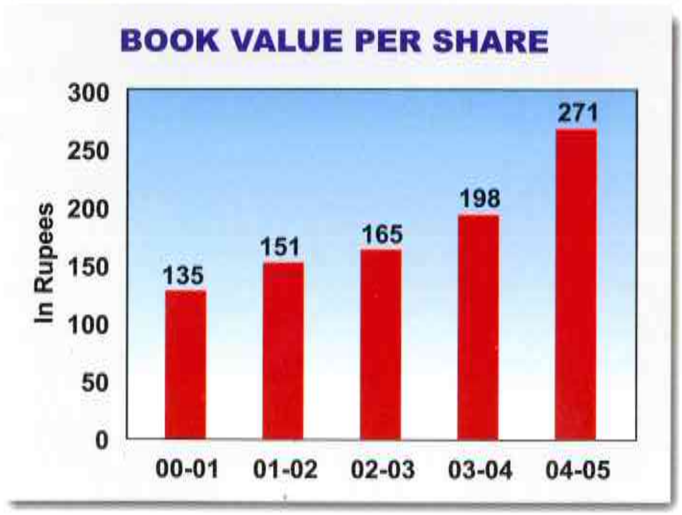
We use this space to communicate with potential sellers and their representatives, what we look for in a potential acquisition. If you the reader have no personal connection with a business that might be of interest to us but have a friend who does, perhaps you could pass this message on to him.

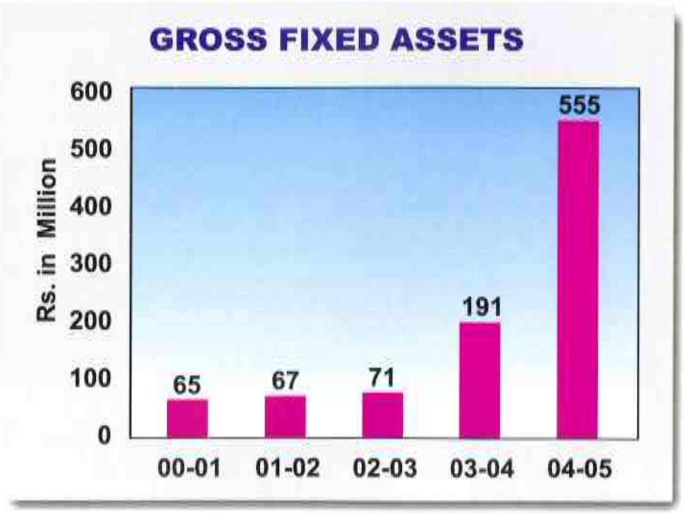
Here's the sort of business we are looking for :

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

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

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





Revathi Equipment Limited

CORPORATE DATA

BOARD OF DIRECTORS

ABHISHEK DALMIA
Executive Chairman

P.M. RAJANARAYANAN
Managing Director

CHAITANYA DALMIA

RAVINDER KUMAR GILANI

S.C. KATYAL

V.S. RAJAN

SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

POLLACHI ROAD,
MALUMACHAMPATTI POST,
COIMBATORE - 641 021.

COMPANY SECRETARY

M.N. SRINIVASAN

BANKERS

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

AUDITORS

LODHA & Co.,
KOLKATA

MANAGEMENT TEAM

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

S. HARIHARAN
Vice - President (Finance)

A. RAJALINGAM
General Manager (Engineering)

S. RAMAKRISHNAN
General Manager (Marketing)

Revathi's corporate performance vs. the Nifty

Year	Annual percentage change in		Relative results
	Per share book value of Revathi (1)	Nifty 50 with dividend included (2)	(1) - (2)
2002-03	15.6%	-11.7%	27.3%
2003-04	19.9%	86.3%	-66.4%
2004-05	38.4%	17.3%	21.1%
Average Annual Gain (FY03 - FY05)	23.3%	24.5%	-1.2%
Overall gain (FY 03 - FY 05)	72%	92.8%	-20.8%

Notes :

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

CHAIRMAN'S LETTER

Our gain in net worth during FY05 was Rs.236 million, which increased the per share book value by 37%. Over the last two years (that is, since the present owners took over) per share book value, has grown from Rs.151 to Rs.271, which, after factoring in dividend paid during this period, works out to a rate of 23.3% compounded annually.

Some of you might have wondered why I compare rate of change of book value with market indices. After all stock prices are way more unpredictable in the short run as compared to changes in book value. It is our belief that over longer time durations, a rupee of retained earnings should produce at least a rupee in market capitalization. Hence, if the management works diligently and if the investor stays invested for a reasonable length of time, then the rate of gain in stock price should reflect the rate of gain in book value. Unless we outperform the market index, our effort would be tantamount to the *kolhu ka bail* (the ox that grinds oil) that, though industrious, ends up where he started, every evening.

Just as last year's comparison was an aberration, this year's is too. Try as hard as we might, we are not going to have many years where a potential competitor pays us a fee for entering into competition with us. While the fee received was fully justified on economic considerations, it was a one-off event, unlikely to be repeated again. There were a few other factors which significantly boosted this year's performance, which I will discuss elsewhere in this communiqué.

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FY05 saw inflation climbing to over 7% (before receding to more tolerable levels), oil prices breaching the psychological $50 barrier (with many commentators now forecasting a likely $70 a barrel and Goldman Sachs even suggesting a possible $105 by 2007), raging fiscal deficit fires and a slowing global economy. When such adverse macro economic winds are blowing, the prudent investor should evaluate how each of these factors is going to affect the investee company's performance-positively, negatively or no impact at all. Barring inflation (and its consequent impact on interest rates), the other factors have no impact on Revathi. Sometimes, there are benefits to being concentrated into one customer-Coal India. Coal is an important energy alternative to oil and coal producing economies like the USA and Australia have not signed the Kyoto protocol exactly because of this reason. A school of thought has started emerging in these countries, that diverting spending from securing global oil assets (especially in the Middle East) to finding ways to burning coal more cleanly, might go a long way in reducing dependence on oil. I think it is a matter of time (and economics) before this thought gets translated into action.

The most significant event of the year, as far as the shareholders are concerned, would have to be the near quadrupling of the stock price. Does that mean that intrinsically, the company was four times more valuable at the end of the year than at the beginning? Obviously not. But this demonstrates, in graphic detail, the way the market functions. Having chosen a strategic direction, good management tries to build incremental value every single day. However, it takes some kind of a trigger to have the markets take notice of all the work being done inside the company.

Charlie Munger, Vice Chairman of Berkshire Hathaway, advocates that a year in which you have not destroyed at least one of your most cherished ideas is a wasted year. I decided to heed his advice and destroyed my long cherished belief that a promoter should not interfere in the stock price discovery process. I still strongly believe that a majority owner should not participate in the markets to make money off his minority shareholders. But I have come to believe that it is good to talk up the stock price when the markets fail to take notice of the work being done by the company. While doing so, the intent must be to get a fair valuation so that any shareholder looking to get on or get off the bus should get a fair entry/exit price. With this objective, I think the management ought to talk up *or talk down* the stock price, when market price widely varies from management's perception of reality. To achieve this goal, I held my first ever analyst meet on October 14, 2004. It was well attended and despite the fact that we were given the last slot, late that evening, I tried to put my best foot forward. I am reminded by a comment made by someone in the insurance industry: if you offer a great price (when writing insurance), buyers will find you in the middle of the ocean, in the dead of the night. Touché!

Having come on to the radar of investors, big and small, it is natural to feel pressure to live up to their expectations. However, we feel no pressure to meet quarterly, or for that matter even annual numbers. For we have not, and will not, give what is popularly known as 'earnings guidance' to the investing community. We will try and take the most sensible decision every day, but if that does not translate to a secular growth in profits, on a year-to-year basis, then so be it. We think it is better to be candid about reality than to try to retrofit it to meet expectations of short-term investors. For those investors (and I hope there aren't many such, holding our stock) who constantly look for news flow from their investee company, I would like to remind them of Eddie Cantor's observation: "It takes twenty years to make an overnight success." All the great businesses of today, toiled hard for many, many years before they were able to produce the results we see today. Like most things in life, in running a business too, there are trade offs between the short-run and the long-run. You could produce whatever numbers you like in the short run, if you were planning to dress the bride to find a suitor. Indeed that's what some do while planning an IPO. But that's not the game we are playing. We plan to be here in the long run and are going to try to create long term value, without worrying ourselves sick about quarterly results.

On the subject of matrimonial bliss, Mr. Buffett once remarked, you don't want a beautiful wife, you want a wife with low expectations. Taking my cue from him, I would like to mention that this past year was a year with strong tailwinds, causing a surge in annual performance. This is not to take away from the hard work put in by the terrific team we have, but to caution investors about toning down their expectations several notches, going forward. I am going to tell it to you like it is. So prepare yourself...

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The stellar performance produced during FY05 was a function of two key factors. One, equipment orders picked up, after a rather lackluster FY04, and got back to historic levels. In other words, the small base effect on equipment sales combined with a par performance for the rest of the business produced the surge in topline. Two, our wind energy investments, in addition to improving the return profile on our treasury, also helped significantly in reducing our tax outgo. Once we effectively get back to the maximum marginal tax rate status, we would need to earn about twenty five percent more in profit before taxes just to maintain our post-tax profitability at current levels. Be sure that the policy of your company is going to be to try to maximize gains, not minimize taxes. Having said that, we will do our level best to create the maximum revenue for the country - at the lowest rates the rules will allow.

While discussing growth initiatives, I had mentioned about our being in the initial stages of pregnancy in last year's letter. I think the time is now appropriate to dwell upon some of the initiatives that have been put in place since we acquired control of the company in August 2002. But before that it would be worthwhile to give you a brief idea on where we were when control passed to us. Historically, the company had focused on manufacturing and marketing drilling rigs of a certain size. The annual market for those rigs was about Rs.125 crores, growing at 4-5% per annum. A huge majority of these drills were sold to the coal mining industry, which itself had grown at about 4% compounded, since 1961-2. Given the future plans of the Indian coal industry, it was quite clear that growth in that sector is not going to be much stronger than 7%-8% over the next decade. This was the backdrop two years ago. Clearly, staying within coal mining would not lead us to wealth creation nirvana. While focusing on the skills that we, as an organisation had, we had to find new engines of future growth.

Challenging as it was, the team rose to the occasion. They knew we can't change the environment in which we operate, but we can choose an attitude to work as victors, not victims. With this attitude, the team prepared a strategic plan within the first six months of our takeover It focused on two simple concepts. Find new markets for existing products and expand the product range to address existing market needs. Solutions to most problems, howsoever complex, sound simple and intuitive, *in retrospect*.

It would have been easy for us (as the new, savvy owners) to have the team prepare detailed business plans to justify each such idea. Instead, we relied on old fashioned trust. If we trusted the management enough to buy a controlling stake in the company, we might as well trust their judgment on possible growth opportunities too. In my experience, business plans are normally prepared to justify decisions, which have already been taken by the decision-maker. I think most business decisions are judgment calls, which cannot be justified, to any degree of precision, on paper. Anything can be *made* to look good (or ugly) on paper. Very few decisions which are so justified are even vetted against the original projections, once the project gets funded. Why waste precious time in reverse engineering numbers to support a decision? To some of you, this might sound absurd, even scary. You would be justified in your reaction. But if computers could crunch numbers to reach decisions, who would need to hire expensive executives to run businesses?

This is not to say that we do not evaluate the plan at all. We do, but after the initial thinking put in by the team, our evaluation process consists of nodding our head, on cue from our team. Generally, as people move towards the top of an organisation, they tend to develop a tongue and lose their ears. We have found that our interests are better served if we practice the Ganeshji model - have two big ears with a smallish mouth. We do not believe in second guessing competent people, who understand their business like the back of their hand. In business, as in investing, we try to take the easy decisions. We attempt avoiding dragons, instead of trying to slay them. If the decision sounds intuitively correct and has a worthwhile upside-downside ratio, we just go for it. My friend, Mohnish Pabrai calls it the "heads I win, tails I don't lose much" approach. To the doubters of this approach, I have only this to say: There is a very fine line between a maverick and a genius. It's called success. And only time will tell which category we belong to.

Taking the discussion on the new initiatives forward, we have developed three new categories of drills, two smaller and one larger than our historic range (of two drills). The two smaller size drills will allow us to tap into the limestone and iron ore mining segments, which together add to up a market, which is about as big as the open cast coal mining business. One of them will also help us address the water well drilling segment, which, I must mention, is a market dependent on a failed monsoon. These smaller drills are proposed to be marketed by forging alliances with companies that have a strong presence in these markets. The bigger drill weighs 120 tons, almost twice its next largest cousin, which indicates the complexity of this new monster. The caveat here is that while it is an expensive machine, its demand occurs only once every other year. All these drills have been fully developed in-house. This reinforces our original belief that we have a competent team, which has not needed any exogenous support after the initial technology input from Chicago Pneumatic in the late 1970s.

On the new markets side, we have set in motion a concrete plan to get into one of the largest mining markets in the world. During FY05, we received our first order from this market, which we expect to execute in the early part of FY06. New market development is a laborious, time consuming process. Competing with multinationals, who have established a strong presence, and for whom this would be a strategic market, makes the bid for market share even more difficult. However, with perseverance and customer sensitivity, we hope to make our presence felt in times to come. As with most of our initiatives, this one too will take a few years at least, to start showing up in the results of the company. No, there are no short cuts to success and no, we are not clear about how big the success could be or over what period of time. Importantly, this entire episode throws light on the confidence level of the team in their product and capability to service customer needs, in one of the toughest markets in the world. I am keeping my fingers crossed, and if you plan to stick around (which I sure hope you do), you should too.

The third iron we put in the coal is construction equipment. India's leaders realize that if India has to give China a run for its money in manufacturing, India will have to do something quickly to build infrastructure. With time, this activity should only accelerate (tipping point anyone?) owing to the investment drought of the past decade. This combined with cheap housing credit and growing per capita incomes leads us to believe that housing and infrastructure creation should lead to a surge in construction activity. The stock prices of housing finance companies, construction companies and cement and steel companies too reflect this optimism. A question arises about intensity of competition in this sector of construction equipment. While in any open economy, no sector is free from competition, we believe given the size of the opportunity, there is enough space for everyone.

Since this is not strictly core to what we have been doing over the last three decades, a question arises about technology. While the technology is not the same as drilling technology, our team understands it intuitively. Gaps in our understanding have been filled by acquiring technology from leading global players at a cost, which I consider bargain basement (which is also the reason I do not intend making a mention of it in this letter). In some cases, the technology has been acquired outright and in others, we need to pay a royalty for a five year period. We intend to start with launching three types of equipment, all of which are under development or testing stages. If all goes well, we should be launching all three during FY06.

That completes the list of initiatives, which are on the ground, on the operations side and brings me to the treasury side, for which, your promoters are responsible. We have taken three key initiatives here. Given our exposure to coal, two of these initiatives pertain to diversifying our energy basket away from coal. We have now made significant investments in wind energy assets, the extent of which can be discerned from the Fixed Assets schedule. We have also enhanced our investment in the natural gas based captive power project, which started supplying power to its offtaker on schedule, in the second week of November. Lastly, we finally ventured into secondary market investments in equities. Given the core competence of your promoters, it was suboptimal to not profit from it just because the analyst community frowns upon the practice. While we do not intend making money by timing the markets, for what its worth, we made our first investment right after the market tanked on May 17th in reaction to the surprise general election results.

Here I would like to share a recent experience. I heard an investment manager say that Revathi investing in stocks would not be looked at favourably by the investing community, since the results therefrom are unpredictable. Imagine an investment professional telling another that you should not invest in equities because it produces lumpy returns! I do take his point, as the big bulk of equity returns are compressed in 10%-15% of the holding period, thereby bunching up many years of returns into a relatively short time period. Anyone who remembers last five years' stock market performance will understand what I am talking about. It might initially create problems for investors in assigning a price-earnings multiple, but I think over time, as a track record is created (good, bad or ugly), they will know what treatment to give to the 'Treasury Division' of Revathi, in assigning a valuation.

The jury is still out on the quality of our execution and the results we derive therefrom. The test of a good management is how many bad surprises you get. We have now spent two productive years sowing multiple seeds for future growth, each of which is in various stages of evolution. Importantly, we continue to sow new seeds, even as we anxiously await the results of the past seeds. For I believe, business resembles society if it fails to renew itself, it is a matter of time before decline will set in.

Before I end this section, I would like to share this interesting statistic with you. Until the end of FY05, FIIs had invested about $34 billion into Indian equities, cumulatively. While no official statistics are available, a rough calculation suggests that would have got them ownership of about 4% of the Indian equity markets. This implies that the worth of the entire listed universe is only US$850 billion, which is 8% of the Fortune 500 market capitalisation. So much for feeling euphoric when FII limits are raised on a particular stock.

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While I started the previous section with the objective of toning down expectations several notches, I get a queasy feeling that I have not been very good at my stated endeavor. Before I run out of time (and pages), I better make another attempt! Here are the dark clouds as I see them. I do not intend to comment on exogenous factors such as a global slowdown (due to slowdown in Chinese demand, implosion of the US economy or for any other reason), an oil shock, etc. No point worrying about things you cannot control. I think we would be better served by adjusting the sails of our boat to make the best of a given wind situation, rather than agonize about unknowable wind patterns.

The biggest drag on our performance in the near term (in terms of post tax profit) is probably going to come from a sunset clause in the Tax Code. This means that there is a high probability that we will be contributing more to the exchequer than we have in the recent past. It is a mixed feeling, if you know what I mean. I am caught between being a proud Indian and a wealth maximizing junkie!

The second threat to our year-to-year performance is going to be the pace at which we are able to roll out and scale some of the initiatives I mentioned in the previous section. The direction is right but I am unsure about the pace at which we are going to start seeing results. Trust me when I say I am impatient, but I am acutely aware of the fine line between positive stress and negative stress. I consciously try to generate positive stress but I must constantly gauge the mood to steer clear of negative stress.

The third threat is competition. While competition is a way of life in any open economy, the entry of new competition changes the industry dynamics for a while, as participants fine tune their competitive strategy. Once new players get settled and a new industry dynamic gets established, all participants are able to take that as a given and adjust their competitive strategy accordingly. Until that happens, there will be some degree of flux, which could be as much a threat as an opportunity.

Finally, I would like to comment on an exogenous risk. While our stated goal in allocating surplus capital of Revathi was to acquire other businesses, we have been unable to find any such opportunity so far. We did find a couple of opportunities to take strategic stakes though. We passed up on the first opportunity, despite the fact that mostly everything was right. Despite that, I did not get a good feeling in my gut and Revathi shareholders have paid the price of my rather whimsical approach to investing. The stock of the company has since climbed 100% (in other words, doubled) in the short space of eight months. We did conclude the second opportunity but the investment was routed through your holding company. Until the promoters have two investment vehicles, there will continue to be a conflict of interest inasmuch as choice of investment vehicle is concerned. The best I can do at this point is to disclose this 'conflict of interest'.

I would also like to briefly comment on the settlement reached by us during the year with Atlas Copco. In August 2002, Revathi had paid a non-compete/non-solicitation fee of Rs.100 million to Atlas Copco as consideration to enter into two agreements restraining Atlas from hurting Revathi's economic interests after transferring control to Utkal Investments Ltd. Subsequently, in 2004, when Atlas decided to acquire Ingersoll Rand's drilling solutions business in India, Revathi filed a writ in the Honorable High Court of Mumbai to enforce its rights under the agreements it had executed with Atlas in 2002. To conclude the acquisition of Ingersoll Rand's business, Atlas sought the termination of the non-competition agreements by paying a consideration of Rs.150 million to Revathi, which is being reflected under extraordinary income.

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Given the small equity base and the 'huge' reserves, I have heard 'views' about how the company is a ripe candidate for a bonus or a stock split. At this time, I would like to point our shareholders to the section 'Stock splits and stock activity' in Mr. Buffett's 1983 letter to his shareholders. The treatise is a bit long and for those of you who want to avoid the joy of reading the whole thing, here is the crux: the key to a rational stock price is rational shareholders, both current and prospective, not floating stock. And the way to achieve rational shareholders is for the management to give them enough information about the business through its communications to allow them to make an informed judgement about its intrinsic value. The other benefit about having a 'low floating stock' is that it keeps the hot-money types away, which in my view helps (rather than hinders) in maintaining a rational stock price. For those of you who would like to read the definitive work on the subject, you can find the letter at http://www.berkshirehathaway.com.

John Major, the ex-British Prime Minister recently commented on the prevailing mood in India thus: "India is in the midst of an explosion of ambition." I echo similar thoughts about the team at Revathi. The thing that differentiates a strong company from the weak is the ability to execute its ambition. Remember the story of the three little pigs - the pig that took time and spent effort in building a brick and mortar house survived the wolf, while the others perished. We at Revathi are looking to build a similar fortress, brick by brick. It is going to take time and to be sure, a lot of effort, but at least we would be able to sleep better as compared to those who build homes with hay much faster but much less secure. The story of the three little pigs has another important lesson, for wannabe investors. No other book comes close in stressing the importance of margin of safety. If my "house" can survive the wolf, everything else is a breeze.

This report would be incomplete without a special mention of our team, who have only one speed: fast-forward. With our team of X-Men, each of whom have special abilities in their own areas of work, they quite resemble 'The Incredibles' family. FY06 is going to be a year of new product introductions and testing our acceptability in new markets. It should be year of consolidation after a 'leap' year, which should provide us with a strong foundation with which to enter FY07.

Abhishek Dalmia
Chairman of the Board

DIRECTORS REPORT

For the year ended March 31, 2005

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the audited accounts of your Company for the year ended March 31, 2005.

Financial Results

All figures in Rs. Million

Particulars	FY 05	FY 04
Total Income	704	480
Total Expenditure	497	316
Profit before tax and before exceptional income	207	164
Exceptional income	150	-
Profit before tax	357	165
Less: Current tax	30	35
Less: Deferred tax	64	15
Profit after tax	263	115
Appropriation made as under		
Transfer to General Reserve	26	12
Dividend including tax thereon	27	9
Surplus carried to Balance Sheet	210	167

Business Operations

The sales during the year at Rs 656 million were the highest ever recorded, contributed by higher sale of equipments including the sale of a new large drill. PBT before exceptional income was Rs 207 million against Rs 164 million during the previous year. Profits did not grow in line with growth in sales due to product mix and higher product and market development charges. The benefits of such development expenses are expected to accrue after a time lag. Significant contributors to our profits this year were dividend income and profit on investments in equities.

The company received an extraordinary income of Rs 150 million. Your company had paid Rs 100 million to Atlas Copco India Ltd in 2002 for entering into non-compete/non- solicitation agreements for specified periods with Atlas Copco India Ltd and Chicago Pneumatic Tool Company, USA. Atlas Copco India Ltd. has paid this year a sum of Rs 150 million towards cancellation of non-compete/non-solicitation agreements as they wanted to acquire the drilling solutions business of Ingersoll Rand India Ltd as part of global sale/purchase between Ingersoll Rand, U.S.A and Atlas Copco, Sweden.

The installed capacity of wind power has now increased to 9.9 MW with additional investments of Rs 351.6 million made during the year.

Dividend

Your Directors propose a dividend of Rs.7.50 per share including special dividend of Rs.5.00 per share absorbing Rs 24 million which will be tax free in the hands of shareholders. The company will bear the dividend distribution tax of Rs.3.4 million.

Management Discussion and Analysis

Business environment

Industry Overview, Risks and Concerns

External environment

Revathi is engaged in manufacture and sale of Blast Hole Rigs and Water Well Rigs which are used in the Mining, Construction and Water Well Sectors. The Oil prices have scaled new heights and are presently around $ 50 a barrel with chances of it going further up. This opens up opportunity for coal sector as coal is an important alternative source of energy. The government has placed renewed emphasis on increasing coal production which is now targeted to grow at 7 to 8% as against around 4% experienced over the past four decades. It is expected that demand for coal from power and steel sector will continue to outpace supplies. This will entail higher investment in coal sector and benefit should accrue to your company in due course.

Internal environment

Your company has been working on various growth initiatives. These include expanding the range of drills so as to cater to construction and mining sector more effectively and finding a global market for our products. The company is also taking steps to participate in the infrastructure sector and plans to introduce some categories of concrete equipments in FY06. Effective steps have been taken to manufacture these concrete equipments by acquiring technology from reputed global manufacturers. The benefit of these growth initiatives should accrue in future years.

We have invested Rs 351.6 million in Wind mills and additional investment of Rs.20 million in Gas based power project. These investments are expected to yield good rate of return and are made on the principle of effective allocation of capital.

Outlook for the year 2005-06

During the year, the primary focus would be to successfully introduce new range of drills and concrete equipments in the market and our existing products in select overseas markets. This should help your company develop a platform for future growth. The business prospects for current range of products seem to be reasonably good.

Barring unforeseen circumstances, the company expects to record improvements both in revenues and profits.

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.

Board constitution

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

Conservation of Energy

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

Technology Absorption

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

Foreign exchange earnings and outgo

The Company earned foreign exchange of Rs.11.65 million and the foreign exchange outgo during the year amounts to Rs.81.76 million.

Personnel/Industrial relations

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

Directors' responsibility statement

The Board of Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period ;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

Appreciation

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,

Abhishek Dalmia
Executive Chairman

COIMBATORE
April 28, 2005

ANNEXURE - A

Form for disclosure of particulars with respect to Absorption

Research and Development (R&D)

1. Specific areas in which R&D carried out by the company	: 1. Development of 311 mm Electric blast hole drill. : 2. Development of Light hydraulic Trac drill. : 3. Development of DTH water well drill. : 4. Development of concrete pump. : 5. Development of Trac drill with on-board compressor.
2. Benefits derived as a result of the above R&D	: New Product Development.
3. Future Plan of action	: Development of 1. Blast hole drill for steep gradients. 2. Transit mixer 3. Batching plant
4. Expenditure on R&D :	
(a) Capital	: Rs.8.2 Million
(b) Recurring	: Rs.13.7 million
(c) Total	: Rs.21.9 million
(d) Total R&D expenditure as a percentage of total turnover	: 3.3%

Technology absorption, adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	: Development of Trac drill, drifter and Dust collector for Trac drill.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	: Product improvement
3. In case of Imported technology (Imported during the last 5 years reckoned from the beginning of the Financial Year), following information may be furnished :	
a. Technology imported	: technical know-how for manufacture of Trac drill and drifter
b. Year of Import	: FY 2004 - 05
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	:

ANNEXURE - B

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2 A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2005.

NAME	AGE	DESIGNATION / NATURE OF EMPLOYMENT	REMUNERATION IN Rs.	QUALIFICATION / EXPERIENCE	DATE OF EMPLOYMENT	PREVIOUS EMPLOYMENT DESIGNATION / NAME OF EMPLOYER
Mr. Abhishek Dalmia.	36	Executive Chairman Contractual	4,539,725	FCA, AICWA, B.COM.(H) 13 Years	01.04.2003	Managing Director / Utkal Investments Ltd.
Mr. Rajanarayanan P.M.	56	Managing Director Contractual	3,730,485	B.E. (Mech.) 33 Years	20.10.1982	Area Sales Manager / Greaves Cotton & Co.Ltd.

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

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2004-05

1. Company's philosophy on corporate governance:

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

2. Board of Directors:

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

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

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

During the year, eight Board Meetings were held on April 14, 2004, May 19,2004, June 29, 2004, July 08, 2004, August 11, 2004, October 26,2004, December 17,2004 and January 24, 2005. Composition of the Board, attendance at the Board Meetings, Committee Meetings and Annual General Meeting in 2004-2005 along with their membership on other Boards/Committees are given below:

Name of Director	Attendance		Number of Directorship in other boards	Number of membership in other board/ committees **
	Board meetings	AGM		
Mr Abhishek Dalmia	5	1	5	-
Mr P M Rajanarayanan	8	1	-	-
Mr Chaitanya Dalmia	3	1	5	2
Mr S C Katyal	6	-	-	-
Mr Ravinder Kumar Gilani	4	1	1	-
Mr V S Rajan	8	-	-	-

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

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

3. Audit Committee:

Terms of reference:

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

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

Composition:

The Audit Committee was formed on March 19, 2001. Audit committee meetings were held on April 14, 2004, July 08,2004, October 26, 2004 and January 24, 2005 in 2004-05 and the attendance of the members are given below:

Name of member	No of meetings attended
Mr S C Katyal (Chairman)	4
Mr Ravinder Kumar Gilani	3
Mr V S Rajan	4

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

5. Remuneration to Directors:

Directors' remuneration for 2004-05.

Particulars	Mr.Abhishek Dalmia Rupees in lakhs.	Mr P M Rajanarayanan Rupees in lakhs.
Salary	25.80	10.96
Commission	-	15.02*
Perquisites	10.48	7.47
Contribution to PF & Other funds	9.12	3.86
Total	45.40	37.31

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

Remuneration Policy

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

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

Particulars	Amount in Rupees
Sitting fees	Rs.64,000
Professional charges	Rs.20,00,000*
Non - Executive Directors' Commission	Rs.4,00,000

*Figures are exclusive of service tax.

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

Remuneration Committee meeting was held on April 14, 2004 in 2004-05 and all directors were present.

Terms of reference for Remuneration Committee:

i to determine and recommend to the Board of Directors the remuneration package of the Managing Director and Wholetime Directors including periodical revisions therein.

ii) to approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.

Shareholders' Grievance Committee:

Shareholders' Grievance Committee consists of the following directors:

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

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

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

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

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

5. General Body Meetings:

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

Meeting	**25th AGM**	**26th AGM**	**27th AGM**
Date	**October 19, 2002**	**July 11, 2003**	**July 09, 2004**
Time	**10 A.M.**	**10 A.M.**	**10 A.M.**
Venue	**Indian Chamber of Commerce, Coimbatore**	**Indian Chamber of Commerce, Coimbatore**	**Indian Chamber of Commerce, Coimbatore**

Sl.No.	Resolutions Passed	Type	Resolutions Passed	Type	Resolutions Passed	Type
1	Adoption of Accounts	O	Adoption of Accounts	O	Adoption of Accounts	O
2	Declaration of Dividend	O	Re-appointment of Mr S.C.Katyal as Director	O	Declaration of Dividend	O
3	Appointment of Lodha & Co. as Statutory Auditors	O	Re-appointment of Mr V S Rajan as Director	O	Re-appointment of Mr. Chaitanya Dalmia as Director	O
4	Appointment of Mr Abhishek Dalmia as Director	O	Appointment of Lodha & Co. as Statutory Auditors	O	Re-appointment of Mr. Ravinder Kumar Gilani as Director	O
5	Appointment of Mr. V.S. Rajan as Director	O	Appointment of Mr Chaitanya Dalmia as Director	O	Appointment of Lodha & Co. as Statutory Auditors	O
6	Appointment of Mr. Ravinder Kumar Gilani as Director	O	Alteration of Memorandum of Association	S	Alteration of Memorandum of Association	S
7	Appointment of Mr. Ramesh Chandra Jain as Director	O	Commencement of New Business	S	Commencement of New Business	S
8	Alteration of Articles of Association consequent to the amendment in the Companies' Act, 1956	S	Remuneration to Executive Chairman	S		
9			Remuneration to Managing director	S		
10			Minimum remuneration to Ex-Managing Director	S		
11			Buy back of Shares	S		

O : ordinary resolution
S : special resolution

- The Special Resolution was passed through postal ballot for the year 2002-03 for alteration of Memorandum of Association. The postal ballot was conducted as per Sec. 192A of the Companies Act, 1956 read with Companies (Passing of the resolution by postal ballot) Rules and out of total of 248 members holding 19,76,303 shares, who had exercised the voting rights through postal ballot, 201 members holding 19,56,877 shares had voted for the Special Resolution which worked out to 99.25% of the total votes polled in favour of the Special Resolution. (Votes of 10 Members holding 4663 shares were invalid). Pursuant to Rule 5(b) of the Companies Rules 2001, the Board of Directors at their meeting held on April 14, 2003 have appointed Mr. M. D. Selvaraj as scrutinizer to conduct the postal ballot voting process in a fair & transact manner.

- The Special Resolution was passed through postal ballot for the year 2002-03 for buyback of shares. The postal ballot was conducted as per Sec. 192A of the Companies Act, 1956 read with Companies (Passing of the resolution by postal ballot) Rules and out of total of 243 members holding 19,76,112 shares, who had exercised the voting rights through postal ballot, 143 members holding 19,47,276 shares had voted for the Special Resolution which worked out to 98.77% of the total votes polled in favour of the Special Resolution. (Votes of 10 Members holding 4663 shares were invalid). Pursuant to Rule 5(b) of the Companies Rules 2001, the Board of Directors at their meeting held on April 14, 2003 have appointed Mr. M. D. Selvaraj as scrutinizer to conduct the postal ballot voting process in a fair & transact manner.

- The Special Resolution was passed through postal ballot for the year 2003-04 for alteration of Memorandum of Association. The postal ballot was conducted as per Sec. 192A of the Companies Act, 1956 read with Companies (Passing of the resolution by postal ballot) Rules and out of total of 179 members holding 19,78,138 shares, who had exercised the voting rights through postal ballot, 171 members holding 19,73,106 shares had voted for the Special Resolution which worked out to 98.98% of the total votes polled in favour of the Special Resolution. (Votes of 7 Members holding 4682 shares were invalid). Pursuant to Rule 5(b) of the Companies Rules 2001, the Board of Directors at their meeting held on April 14, 2004 have appointed Mr. M. D. Selvaraj as scrutinizer to conduct the postal ballot voting process in a fair & transact manner.

6. Disclosures:

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

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

7. Means of communication:

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

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

8. General shareholder information:

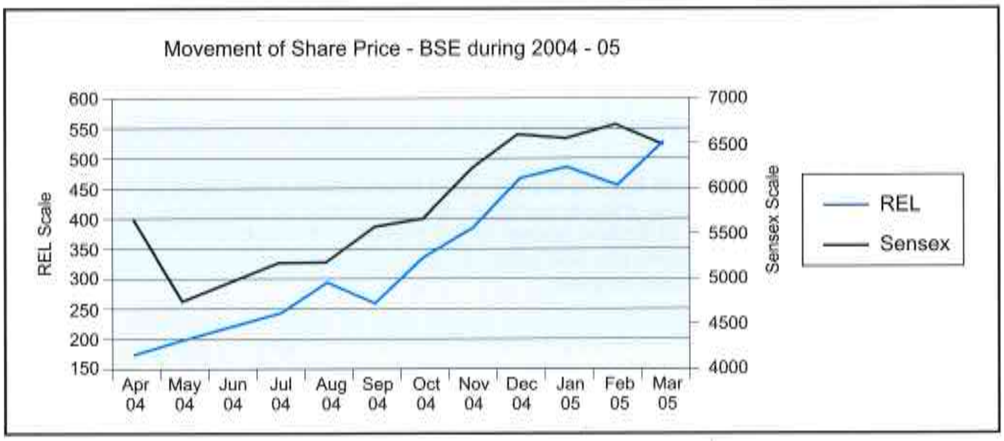
Date of Incorporation	May 30, 1977
Registered Office	Pollachi Road, Malumachampatti Post, Coimbatore 641 021
Plant Location (Drilling Equipment)	As above
Wind Turbine Plant Location	1.Gorera Village, Jaisalmer, Rajasthan State. 2.Melilandaikulam, Balabadraramapuram, Vadakkukavalkurichi, Tamilnadu
Date and time of Annual General Meeting	July 27, 2005, 10 A.M. at Coimbatore
Venue of Annual General Meeting	Indian Chamber of Commerce & Industry
Financial calendar	April 1, 2005 - March 31, 2006
Financial reporting for the first quarter ending June 30, 2005	During last week of July 2005
Financial reporting for the second quarter ending September 30, 2005	During the third week of October 2005
Financial reporting for the third quarter ending December 31, 2005	During the last week of January 2006
Financial results for the year ending March 31, 2006	During the last week of April 2006
Annual General Meeting for the year ending March 31, 2006	During the last week of Aug 2006
Date of book closure	From 20th July, 2005 to 27th July, 2005 (both days inclusive)
Listing on Stock Exchanges	Coimbatore, Madras and Mumbai.
Stock Code	505368
Dividend Payment Date	Within 30 days from the date of AGM.
Outstanding GDR/ADR/Warrants	NIL

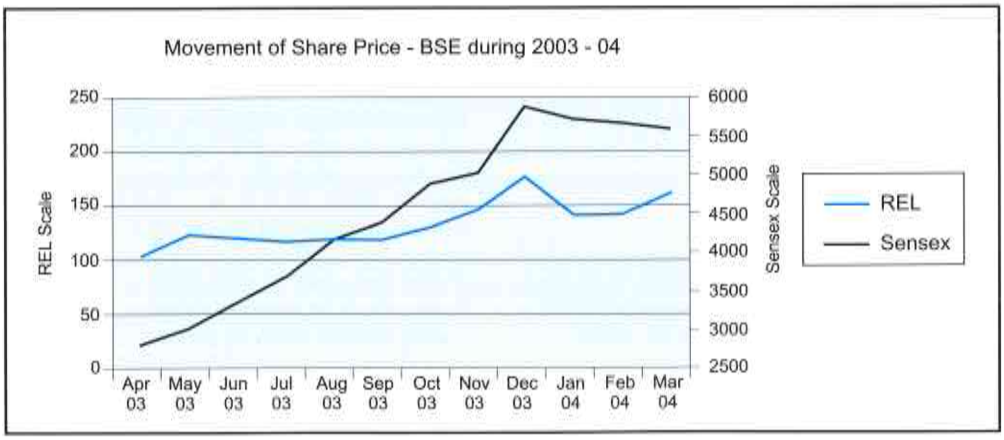
Market price data

Monthly high and low quotations as well as the volume of Shares traded at Bombay Stock Exchange.

2004 - 05				2003 - 04			
	Highest Rs.	Lowest Rs.	Volume Nos.		Highest Rs.	Lowest Rs.	Volume Nos.
April, 2004	195	162	185,141	April, 2003	125	96	53,419
May	217	150	146,485	May	137	105	153,263
June	255	192	410,759	June	142	111	143,619
July	287	211	169,486	July	151	115	209,207
August	308	253	170,132	August	136	121	63,604
September	301	225	67,190	September	133	113	53,210
October	355	261	254,424	October	160	122	107,408
November	404	335	199,504	November	151	132	62,160
December	484	370	139,831	December	198	149	146,125
January	530	415	106,838	January	194	145	89,467
February	495	431	81,713	February	150	121	38,985
March, 2005	699	451	233,682	March, 2004	164	130	30,128
Total			2,165,185	Total			1,150,595

% of volume traded to average number of shares outstanding	67.46	35.85





Registrars and Share Transfer Agents

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

Share Transfer System

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

The total number of shares transferred (phisically) during the year 2004-05 was 3995. (Previous year 627,327).

Number of pending share transfers as on March 31, 2005 : NIL

	2004 - 05				2003 - 04			
Transfer period in days	No. of Transferees (folios)		No. of Shares	%	No. of Transferees (folios)		No. of Shares	%
	New	Existing			New	Existing		
1 - 10	28	-	3,954	98.97	9	4	4,311	0.69
11 - 15	-	-	-	-	18	6	415,110	66.17
16 - 20	1	-	41	1.03	15	1	1,382	0.22
21 - 25	-	-	-	-	9	4	206,524	32.92
Total	29	-	3,995	100.00	51	15	627,327	100.00

% of volume transferred to average number of shares outstanding 0.12 19.54

Distribution of shareholding as on March 31, 2005

2004 - 05				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	2,722	65.07	150,909	4.70
101 - 200	655	15.66	114,461	3.57
201 - 500	505	12.07	172,381	5.37
501 - 1000	162	3.87	120,958	3.77
1001 - 5000	120	2.87	236,004	7.35
5001 - 10000	10	0.24	68,368	2.13
10001 and above	9	0.22	2,346,719	73.11
Total	4,183	100.00	3,209,800	100.00

Distribution of shareholding as on March 31, 2004

2003 - 04				
No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
01 - 100	2,461	62.99	153,975	4.80
101 - 200	677	17.33	118,618	3.70
201 - 500	501	12.82	168,259	5.24
501 - 1000	174	4.45	127,050	3.96
1001 - 5000	80	2.05	159,525	4.97
5001 - 10000	9	0.23	62,825	1.96
10001 and above	5	0.13	2,419,548	75.37
Total	3,907	100.00	3,209,800	100.00

Category of shareholding as on March 31, 2005

Category	2004 - 05		
	No. of Share holders	Voting Strength %	No. of Shares held
Individuals	3,940	25.412	815,675
Bodies Corporate	184	72.412	2,324,278
Insurance Co's	1	0.423	13,565
Directors & Relatives	2	0.305	9,802
NRI	47	0.382	12,248
Banks	3	0.009	300
OCB	3	0.602	19,332
Mutual Fund	1	0.009	300
FII	2	0.446	14,300
Total	4,183	100.000	3,209,800

Category of shareholding as on March 31, 2004

Category	2003 - 04		
	No. of Share holders	Voting Strength %	No. of Shares held
Individuals	3,763	22.581	724,799
Bodies Corporate	109	76.078	2,441,942
Insurance Co's	2	0.733	23,512
Directors & Relatives	1	0.124	3,966
NRI	28	0.301	9,649
Banks	1	0.006	200
OCB	2	0.169	5,432
FII	1	5.074	162,850
Total	3,907	100.000	3,209,800

Dematerialisation of shares and liquidity

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

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

Total number of shares dematerialised was 30,403 (0.94 %) during 2004-05. 100 % of demat requests have been dematerialised within 30 days, out of which 92.33% were attended within 10 days.

Demat Processing systems

Demat Period in days	2004-05 No. of folios dematerialised	No. of shares	%	2003-04 No. of folios dematerialised	No. of shares	%
1 - 10	179	28,071	92.33	165	435,803	95.07
11 - 15	22	2,332	7.67	103	15,596	3.40
16 - 30	-	-	-	43	7,000	1.53
Total	201	30,403	100.00	311	458,399	100.00

Details of Demat through Depositories

2004-05			2003-04		
Depository Name	Shares Dematerialised	% to Capital	Depository Name	Shares Dematerialised	% to Capital
N S D L	26,713	0.83	N S D L	455,676	14.20
C D S L	3,690	0.11	C D S L	2,723	0.08
Total	30,403	0.94	Total	458,399	14.28

Dematerialised shares as on March 31, 2005 - 30,53,122 (95.11%)

Address for correspondence:

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

To the members of Revathi Equipment Limited:

We have examined the compliance of conditions of corporate governance by Revathi Equipment Limited, for the year ended March 31, 2005, as stipulated in Clause 49 of Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As per the representation received from the registrar of the Company, no investor grievances are pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants

14, Government Place East
Place: Kolkata
Date: April 28, 2005

R.P. Singh
Partner
Membership No. : 52438

AUDITOR'S REPORT

To the Members of
REVATHI EQUIPMENT LIMITED

We have audited the attached Balance Sheet of **Revathi Equipment Limited** ('the Company') as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date, annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government in exercise of the power conferred by section 227 (4A) of the Companies Act, 1956 and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we 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 2005, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

   e. On the basis of written representations received from the directors, as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director of the Company in terms of Sec.274(1)(g) of the Companies Act, 1956;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
   i) in case of the Balance Sheet, the state of affairs of the Company as at 31st March, 2005;
   ii) in case of the Profit and Loss Account, the Profit of the Company for the year ended on that date; and
   iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants

14, Government Place East
Place: Kolkata
April 28, 2005

R.P. Singh
Partner
Membership No. : 52438

ANNEXURE (referred to in paragraph 1 of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
(b) We are informed that the company has carried out physical verification of its fixed assets during the year by the Company and no material discrepancies were noted on such verification.

(ii) (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 the information and explanation given to us the procedures of physical verification of inventory followed by the management are generally reasonable and adequate considering the items of the inventory, volume thereof, size of the Company and the nature of its business;
(c) In our opinion, the Company has maintained proper records of its inventory and the discrepancies between the physical stock and book records were not material.

(iii) According to information and explanations given to us, the Company has not taken or granted any loans, secured and unsecured, from/to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xiv) of the said order are not applicable to the Company.

(iv) Having regard to the explanation given that comparative quotations are not available in respect of items of branded/special nature purchased during the year, in our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. Further during the course of our audit we have neither come across nor have we been informed of any instances of major weakness 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, 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 prevaling market price as such is not ascertainable.

(vi) The Company has not accepted any deposits from the public during the year.

(vii) In our opinion, the internal audit carried out during the year by a firm of Chartered Accountants appointed by the management was commensurate with the size of the company and the nature of its business.

(viii) We are informed that Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

(ix) a) According to information and explanations given to us and as per the records of the Company, the Company has been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it; and
b) According to information and explanations given to us, there are no dues of Income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses as on 31st March 2005 and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to banks.

(xii) According to information and explanations given to us and based on the documents and records produced to us, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares.

(xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the said order are not applicable to the company.

(xiv) Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealing / trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records excepting those which undertaken at the corporate office for which entries have been done at the end of the month. We also report that the Company has held the shares, securities, debentures and other investments in its own name excepting those held as a margin by the agents to facilitate the transactions undertaken by the company and / or to the extent exempted under section 49(5) of the Companies Act, 1956.

(xv) According to information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) According to information and explanation given to us and based on the documents and records produced to us, the Company except for Rs. 750 lacs pending utilisation for the purpose of fixed assets till the end of year, has applied the term loans raised during the year for the purpose for which they were raised.

(xvii) According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the company has not used the funds raised on short-term basis for long term investments.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(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

14, Government Place East
Place: Kolkata
April 28, 2005

R.P. Singh
Partner
Membership No. : 52438

REVATHI EQUIPMENT LIMITED

BALANCE SHEET -- MARCH 31, 2005
(All amounts in thousands of Indian Rupees)

	Notes	2005	2004
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	32,098	32,098
Reserves and surplus	3	842,641	606,433
		874,739	638,531
LOAN FUNDS			
Secured loan	4	444,242	-
		444,242	-
DEFERRED TAX LIABILITIES, (net)	7	75,258	11,517
Total		1,394,239	650,048
APPLICATION OF FUNDS			
FIXED ASSETS	1(a) & 5		
Gross Block		554,963	191,203
Less: Depreciation		(76,857)	(47,294)
Net Block		478,106	143,909
Add: Capital Work-in-Progress		40,929	-
		519,035	143,909
INVESTMENTS	1(c) & 6	429,161	246,358
DEFERRED TAX ASSETS, (net)	7	-	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1(d) & 8	211,626	174,743
Sundry debtors	9	239,830	96,500
Cash and bank balances	10	110,664	78,067
Loans and advances	11	64,995	19,021
		627,115	368,331
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	127,169	78,280
Provisions	13	53,903	30,270
		181,072	108,550
Net current assets		446,043	259,781
Total		1,394,239	650,048

The accompanying notes are an integral part of this balance sheet

Lodha & Co
Chartered Accountants

R.P.Singh
Partner
Membership Number: 52438

Kolkata
April 28, 2005

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Coimbatore
April 28, 2005

P.M.Rajanarayanan
Managing Director

REVATHI EQUIPMENT LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2005
(All amounts in thousands of Indian Rupees)

	Notes	2005	2004
INCOME			
Gross Sales	1(e)&14	704,409	475,141
Less:Excise Duty		(48,408)	(25,017)
Net Sales		656,001	450,124
Other income	15	48,907	30,133
		704,908	480,257
EXPENDITURE			
Cost of materials	16	(321,996)	(207,534)
Employee costs	17	(42,088)	(38,422)
Manufacturing and other expenses	18	(84,456)	(60,979)
Interest and financial charges	19	(18,292)	(3,814)
Depreciation	1(a)&5	(30,678)	(4,993)
Less:Transferred from Revaluation Reserve		26	26
		(497,484)	(315,716)
Profit before non- recurring and exceptional items & taxes		207,424	164,541
Non-recurring and exceptional income			
-Compensation received from Atlas Copco (I) Ltd	20	150,000	-
Profit before taxes		357,424	164,541
Provision for taxes	21	(93,740)	(49,513)
Profit after taxes		263,684	115,028
PROFIT AND LOSS ACCOUNT, beginning of year		167,190	72,718
Profit available for appropriation		430,874	187,746
Proposed dividend		(24,074)	(8,025)
Provision for dividend tax		(3,376)	(1,028)
Transfer to general reserve		(26,368)	(11,503)
PROFIT AND LOSS ACCOUNT, end of year		377,056	167,190
Net profit available to equity shareholders		263,684	115,028
Number of shares used in computing basic earnings per share		3,209,800	3,209,800
Basic and diluted earnings per share (equity shares, par value Rs 10 each)		82.15	35.84

The accompanying notes are an integral part of this statement.

Lodha & Co
Chartered Accountants

R.P.Singh
Partner
Membership Number: 52438

Kolkata
April 28, 2005

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Coimbatore
April 28, 2005

P.M.Rajanarayanan
Managing Director

REVATHI EQUIPMENT LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2005

(All amounts in thousands of Indian Rupees)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax-before exceptional income	207,424	164,541
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	30,652	4,967
Interest and dividend income	(17,293)	(29,405)
(Profit)/Loss on sale of investments	(31,267)	4,013
Interest on borrowings	12,258	142
Interest on lease	88	118
Profit on sale of fixed assets	(165)	11
	201,697	144,387
Changes in current assets and liabilities:		
(Increase)/Decrease in inventories	(36,883)	(72,454)
(Increase)/Decrease in trade and other receivables	(149,061)	16,569
(Decrease)/Increase in current liabilities and provisions	56,231	(6,067)
Direct taxes paid(Net of Refund)	(31,895)	(26,518)
Net cash provided by/(used in) operating activities (before non recurring & exceptional items)	40,089	55,917
Non-recurring & exceptional income (Refer Schedule 20)	150,000	-
Net cash provided by/(used in) operating activities	190,089	55,917
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	170	9
Purchase of fixed assets	(405,811)	(121,663)
Lease rent paid	(417)	(417)
Sale/redemption of investments	2,029,060	1,116,292
Purchase of investments	(2,180,594)	(1,078,036)
Inter-corporate deposit	(40,000)	-
Interest and dividend received	17,050	28,498
Net cash provided by/(used in) investing activities	(580,542)	(55,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	345,950	-
Repayment of long term borrowings	(11,708)	-
Proceeds from short term borrowings	110,000	-
Interest paid	(12,026)	(142)
Dividend paid	(8,138)	(143)
Tax on dividends paid	(1,028)	-
Net cash provided by/(used in) financing activities	423,050	(285)
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,597	315
CASH AND CASH EQUIVALENTS		
Beginning of the year	78,067	77,752
End of the year	110,664	78,067

The accompanying notes are an integral part of this statement.

Lodha & Co
Chartered Accountants

R.P.Singh
Partner
Membership Number: 52438

Kolkata
April 28, 2005

Abhishek Dalmia
Executive Chairman

M.N. Srinivasan
Company Secretary

Coimbatore
April 28, 2005

P.M.Rajanarayanan
Managing Director

REVATHI EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2005

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fixed assets and depreciation

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

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

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

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

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

(b) 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.

(c) 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.

(d) Inventories

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

(e) Revenues

Sale of Equipments and spares are recognised on despatch of goods to customers and are net of excise duty, sales-tax, trade discounts and returns. Sale of power is accounted on delivery of electricity to grid in terms of power purchase agreement with the respective state electricity Board/Nigam. Service income is recognised upon rendering the services. Dividend from Investments are accounted on receipt basis. All other incomes like interest, incentive etc are accounted on accrual basis.

(f) Product warranty costs

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

(g) Foreign currency transactions

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

(h) Research and development costs

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

(i) Retirement benefits

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

(j) Leave encashment

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

(k) Income taxes

Provision for income tax is made for both current and deferred taxes. Provision for current income tax is made at current tax rates based on assessable income.

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

(l) Lease Rentals

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

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

(m) Basic earnings per share

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

(n) Borrowing Cost

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

2. SHARE CAPITAL

	2005	2004
Authorised 3,500,000 (2004 -3,500,000) equity shares of Rs.10/- each	35,000	35,000
Issued, subscribed and paid-up 3,209,800 (2004 - 3,209,800) equity shares of Rs. 10/- each fully paid up	32,098	32,098

(i) Of the above equity shares, 1,922,160 shares are held by Holding Company - Utkal Investments Limited.
(ii) 2,407,350 equity shares have been issued as bonus shares by capitalisation of general reserve, share premium account and profit on reissue of forfeited shares.
(iii) 159,800 equity shares have been issued as fully paid-up pursuant to a contract without payment being received in cash

3. RESERVES AND SURPLUS

	2005	2004
Capital reserve	149	149
Capital redemption reserve	1,683	1,683
Revaluation reserve		
Balance, beginning of year	3,755	3,781
Transfer to profit and loss account (see Note1(a) & 5)	(26)	(26)
Balance, end of year	3,729	3,755
General reserve		
Balance, beginning of year	433,656	422,153
Transfer from profit and loss account	26,368	11,503
Balance, end of year	460,024	433,656
Profit and loss account	377,056	167,190
	842,641	606,433

4. SECURED LOAN

	2005	2004
Long Term Loan from Banks	333,750	-
Vehicle Loan	492	-
Working Capital Demand Loan	110,000	-
	444,242	-

1. Long term loan of Rs. 63,750 from IDBI Bank Ltd is secured by first charge on fixed assets of the Company, present and future; and further secured by subsequent and subservient charge on current assets of the Company.

2. Long term loan of Rs.150,000 from State Bank of India has been secured by exclusive charge on Wind Turbines located at Tirunelveli, Tamilnadu purchased out of the loan and pari-passu charge on the entire fixed assets of the Company viz.,land, building and machinery of the Company excluding assets specifically funded by other term loan lenders and pari-passu second charge on the current assets of the Company.

3. Long term loan of Rs.120,000 availed from ICICI Bank Ltd will be secured by exclusive charge on the Wind Turbines, located at Tirunelveli, Tamilnadu acquired out of the loan and pari-passu charge on the fixed assets of the Company excluding the assets relating to existing Wind Mills.

4. Working capital demand loan of Rs.110,000 from consortium banks has been secured by pari-passu first charge on the Company's present and future current assets comprising raw materials, work-in-progress, finished goods, semi finished goods, stores, spares and book debts and second charge on fixed assets among the consortium banks.

5. FIXED ASSETS

	Balance, beginning of year	Additions/ charge	Deletions	Balance, end of year
Gross Block				
Freehold land	941	8,500	-	9,441
Buildings	23,021	-	-	23,021
Plant and machinery	145,054	345,036	217	489,873
Production tooling	4,863	875	199	5,539
Data processing equipment	9,144	1,245	609	9,780
Furniture and fittings	1,675	380	27	2,028
Office equipment	2,308	224	64	2,468
Vehicles (on lease)	1,599	-	-	1,599
Vehicles (owned)	2,187	1,458	6	3,639
Intangible Asset-Tech knowhow	-	5,615	-	5,615
Intangible Asset-computer software	411	1,549	-	1,960
	191,203	364,882	1,122	554,963
Previous year	71,084	121,663	1,544	191,203
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings	9,222	611 *	-	9,833
Plant and machinery	21,133	25,680	215	46,598
Production tooling	4,271	765	199	4,837
Data processing equipment	8,165	530	609	8,086
Furniture and fittings	1,407	110	27	1,490
Office equipment	1,553	235	64	1,724
Vehicles (on lease)	960	320	-	1,280
Vehicles (owned)	517	586	1	1,102
Intangible Asset-Tech knowhow	-	1,369	-	1,369
Intangible Asset-computer software	66	472	-	538
	47,294	30,678	1,115	76,857
Previous year	43,825	4,993	1,524	47,294
Net Block				
Freehold land	941			9,441
Buildings	13,799			13,188
Plant and machinery	123,921			443,275
Production tooling	592			702
Data processing equipment	979			1,694
Furniture and fittings	268			538
Office equipment	755			744
Vehicles (on lease)	639			319
Vehicles (owned)	1,670			2,537
Intangible Asset-Tech knowhow	-			4,246
Intangible Asset-computer software	345			1,422
	143,909			478,106
Previous year	27,259			143,909
Capital Work-in-progress				40,929

1. * Includes depreciation of Rs. 26 (2004 - Rs. 26) transferred from revaluation reserve.
2. Cost of plant and machinery includes Rs.142 (2004 - Rs.142) in respect of assets given on lease. The accumulated depreciation on these asset Rs.119 (2004 - Rs. 112).
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
	4,239

4. During the year the company installed 6 nos.of Wind Turbines (WT), which commenced commercial operation, the dates on which the company synchronizes the WT with the Grid System are given below:

September 26-2004 (3 Nos)	October 12-2004 (1 No)	March 25-2005 (1 No)	March 26-2005 (1 No)

Accordingly, the cost of Plant & Machinery aggregating to Rs.343,100 has been capitialised with effect from the above dates.

6. INVESTMENTS (non-trade)

	2005	2004
Long term		
Unquoted in Mutual Funds		
12,271 (2004 - 12,271) bonds of Rs.100 each 6.75% Tax free US-64 Bonds of UTI	1,227	1,227
Nil, (2004 - 1,000,000) units of Rs 10/- each of Monthly Income Plan – 1999 of UTI	-	10,000
1,16,056 (2004 - Nil) Units of Rs.100 each of 6.60% Tax free ARS Bonds of UTI	11,605	-
Nil, (2004 - 1,000,000) units of Rs 10/- each of Monthly Income Plan – 1999 Scheme (II) of UTI	-	10,000
Unquoted - Shares	12,832	21,227
5,000 (2004-3,000) Shares of Rs.10000/- each in 12 year-15% Participating Cumulative Preference Shares in Coromandel Electric.Co.Ltd	50,000	30,000
	62,832	51,227
Quoted		
Shares		
33,006 (2004-Nil) Equity Shares of Rs 10/-each in LIC Housing Finance Ltd	5,064	-
2,25,000 (2004-Nil) Equity Shares of Rs.10/-each in Andhra Bank *	9,691	-
7,000 (2004-Nil) Equity Shares of Rs.10/-each in Bharat Petroleum Corp.Ltd	2,302	-
15,450 (2004-Nil)Equity Shares of Rs.10/-.each in Hindustan Petroleum Corp.Ltd	4,972	-
12,200(2004-Nil) Equity Shares of Rs.10/-each in Indian Oil Corporation Ltd	4,338	-
60,000 (2004-Nil) Equity Shares of Rs.10/-each in Union Bank of India	3,134	-
5,00,000 (2004-Nil) Equity Shares of Rs.10/-each in Chambel Fertilizers & Chemicals Ltd	10,708	-
1,700 (2004-Nil) Equity Shares of Rs.10/-each in ITC Ltd	1,522	-
32,500 (2004-Nil) Equity Shares of Re.1/-each in Hindustan Lever Ltd	3,956	-
33,500 (2004-Nil) Equity Shares of Rs.10/-each in Indo Gulf Fertilizers Ltd	3,528	-
15,000 (2004-Nil)Equity Shares of Rs.10/-each in Federal Bank Ltd	1,384	-
7,000(2004-Nil) Equity Shares of Rs.10/-each in Karur Vysya Bank.Ltd	1,977	-
1,00,000 (2004-Nil) Equity Shares of Rs.10/-each in Vijaya Bank Ltd	5,271	-
50,000 (2004-Nil) Equity Shares of Rs.10/-each in Andhra Sugars Ltd	6,577	-
11,500 (2004-Nil) Equity Shares of Rs.10/-each in Great Eastern Shipping	1,945	-
11,500 (2004-Nil) Equity Shares of Rs.10/-each in Tata Metalik	2,020	-
16,000 (2004-Nil) Equity Shares of Rs.10/-each in Tata Spong	2,916	-
20,000 (2004-Nil) Equity Shares of Rs.10/-each in Visual Software	2,414	-
57,182 (2004-Nil) Equity Shares of Rs.10/-each in Indorama Synthetics	4,043	-

* includes 27,000 of shares amounting to Rs. 1163 are held as margin by the agent

	2005	2004
Current		
Mutual Funds		
Nil (2004-2,859,851) Units of Rs. 10/-each in Grindlays Floating Rate	-	30,111
Nil (2004 -2,551,0571) units of Rs. 10/- each in Templeton Floating Rate Income Fund-Short Term Growth	-	28,949
69,987 (2004-Nil) Units of 1000/-each in Templeton TMA Institutional Plan Weekly Dividend Reinvestment Scheme	70,059	-
Nil (2004 -449,2611) units of Rs. 10/- each in F T India MIP Plan 'A' Growth	-	7,071
10,980 (2004-Nil)Units of Rs.1000/-each in Templeton TMA Growth Scheme	18,103	-
Nil (2004 -6,3241) units of Rs. 1000/- each in Templeton India Treasury Management Growth	-	10,000
51,77,165 (2004-Nil)Units of Rs. 10/-each in Birla Floating Rate Fund	56,404	-
19,97,963(2004-Nil) Units of Rs. 10/-each in Birla Cash Plus Institutional Premium Plan Daily Dividend Reinvestment Scheme	20,020	-
Nil (2004-964,795)Units of Rs. 10/-each in Birla Floating Rate Fund-Long Term Plan Growth	-	10,000
Nil (2004-1,438,410) Units of Rs. 10/-each in Birla MIP Plan -C Growth	-	22,104
Nil (2004-1,924,854) Units of Rs. 10/-each in JM High Liquidity Fund Growth	-	20,000
Nil (2004-5,348,688) Units of Rs. 10/-each in Pru ICICI Floating Rate Plan	-	55,904
Nil (2004-250,000) Units of Rs. 10/- each in Pru ICICI Income Multiplier Fund	-	2,500
Nil (2004-82,180) Units of Rs. 10/-each in Tata Monthly Income Fund Growth	-	1,000
Nil (2004-250,000) Units of Rs. 10/- each in HSBC MIP Savings Growth	-	2,500
Nil (2004-5,000) Units of Rs. 10/-each in Tata MIP Plus Fund Growth	-	5,000
15,00,000 (2004-Nil) Units of Rs. 10/-each in Grindlays Fixed Maturity Sixth Plan Growth Option	50,000	-
953 (2004-Nil) Units of Rs. 1000/-each in Tata Liquid Fund HIP Growth Option	1,046	-
932 (2004-Nil)Units of Rs. 10/- each HSBC Cash Fund-Institutional Plan Growth Option	10,300	-
5,01,746(2004-Nil) Units of Rs. 10/-each in Sundaram Money Fund Institutional Plan Weekly Dividend Reinvestment Option	5,069	-
15,20,824 (2004-Nil) Units of Rs. 10/- each in Chola Liquid Institutional Plus Weekly Dividend Reinvestment Scheme	17,566	-
18,81,875 (2004-Nil) units of Rs. 10/- each in HDFC Cash Management Fund Savings Plan Weekly Dividend Reinvestment Scheme	20,000	-
12,28,720 (2004-Nil) Units of Rs. 10/-each in Prudential ICICI Liquid Plan Growth Scheme	20,000	-
	366,329	195,139
Less:Diminution in value of investments	-	(8)
	366,329	195,131
	429,161	246,358

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

	2005	2004
Book value of Quoted Investments	77,762	-
Book value of Unquoted Investments	62,832	51,219
Book value of Investments in Mutual Funds	288,567	195,139
	429,161	246,358
Aggregate market value of quoted Investments	106,302	-
Aggregate NAV of investments in Mutual Fund	290,332	196,233

7. DEFERRED TAX LIABILITIES (NET)

Deferred tax represents timing difference including those non-reversable during tax holiday period considering the reasonable estimation of profitability of wind turbines during that period in terms of Accounting Standard 22 and clarifications issued by the Institute of Chartered Accountants of India. Various component of deferred tax assets and liabilities are as follows:

	2005	2004
Voluntary retirement scheme costs	590	2,939
Depreciation	(76,086)	(14,705)
Others	238	249
	(75,258)	(11,517)

8. INVENTORIES

	2005	2004
Raw material and components, including goods-in-transit	46,430	26,788
Work-in-progress	108,075	108,496
Merchanting goods, including goods-in-transit	57,121	39,459
	211,626	174,743

9. SUNDRY DEBTORS (unsecured)

	2005	2004
Outstanding for more than six months		
Considered good	-	2,007
Considered doubtful	4,598	6,000
	4,598	8,007
Others		
Considered good	239,830	94,493
Considered doubtful	1,402	-
	245,830	102,500
Less: provision for doubtful debts	(6,000)	(6,000)
	239,830	96,500

10. CASH AND BANK BALANCES

	2005	2004
Cash in hand	533	679
Cheques on hand	4,376	-
Balances with scheduled banks		
- in Cash Credit	28,518	21,500
- in Current accounts	63,079	41,667
- Dividend accounts (restricted)	464	528
Deposit accounts, including margin money of Rs.9,804 (2004 - Rs 9,804)	13,694	13,693
	110,664	78,067

11. LOANS AND ADVANCES

	2005	2004
Secured		
Loan to body corporate (Secured against pledge of equity/preference shares of MMS Steel & Power Private Limited)	10,000	-
Unsecured,considered good		
Advances recoverable in cash or in kind or for value to be received	11,600	7,841
Inter Corporate Loan (Short-term)	30,000	-
Deposits	3,897	3,464
Balances with customs and excise authorities	3,221	1,678
Other receivables	6,277	6,038
	64,995	19,021

Disclosure under clause 32 of the Listing Agreement:

Loans and Advances to Employees	Max.Amt.outstanding during 2004-05 the	Outstanding at end of the year	Int.outstanding at the end of the year
Housing Loan to employees (Interest @ 5%)	2,665	2,595	719
Other loans and advances (Interest free)	1,189	390	

12. CURRENT LIABILITIES

	2005	2004
Acceptances	14,567	15,360
Sundry creditors		
-Payable to Small Scale Industrial undertakings	1,704	1,821
-Others	71,637	29,145
Unclaimed dividends and fixed deposits*	514	578
Advances from customers	3,881	2,466
Accrued expenses and other liabilities	34,866	28,910
	127,169	78,280

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

The names of small-scale industrial undertakings to whom the amount outstanding (but not due) for more than 30 days as at March 31, 2005, are given below:

Sidharth Industry	Insap Engineers Private Ltd	Unidynamiccs
Seva Industry	Mech-Mach Systems	

The above information has been complied in respect of parties to the extent to which they could be identified as small-scale industrial undertakings on the basis of information available with the Company.

13. PROVISIONS

Provision for tax, net	9,533	11,428
Proposed final dividend	24,074	8,025
Dividend distribution tax	3,376	1,028
Provision for leave encashment	2,635	2,328
Provision for warranty claims	14,285	7,461
	53,903	30,270

14. REVENUES

Sale of drills	277,092	108,682
Sale of spares	380,968	350,435
Gross Sales	658,060	459,117
Less:Excise Duty	(48,408)	(25,017)
Net Sales	609,652	434,100
Sale of power	15,159	210
Service income	31,190	15,814
	656,001	450,124

15. OTHER INCOME

Dividend from mutual funds and other investments from		
- Long term	10,944	5,441
- Short term	2,504	15,473
Profit on sale of investments (net)	-	-
- Long term	-	-
-Short term	31,259	-
Interest on investments and deposits (gross of tax deducted at source of Rs. 414 (2004 - Rs. 213)(includes Rs.543 (2004 - Rs. 6685) and Rs. Nil (2004- Rs. 62) towards interest received on Income Tax Refunds and on long term investments)	3,845	8,491
Lease rentals	122	538
Profit on sale of fixed assets	163	-
Exchange gain, net	-	60
Others	70	130
	48,907	30,133

16. COST OF MATERIALS

Raw material and components consumed		
Opening stock	26,788	44,640
Add: Purchases	180,215	141,891
Less: Closing stock, including raw material and components in-transit	(46,430)	(26,788)
	160,573	159,743
Purchase of merchanting components	166,040	126,230
Processing charges and purchase of materials through sub-contractors	12,624	11,867
Decrease/(increase) in work-in-progress and merchanting components	(17,241)	(90,306)
	321,996	207,534

17. EMPLOYEE COSTS

	2005	2004
Salaries, wages, allowances, bonus etc	33,214	31,255
Contribution to provident and other funds	5,214	4,708
Staff welfare expenses	3,660	2,459
	42,088	38,422

18. MANUFACTURING AND OTHER EXPENSES

	2005	2004
Consumption of stores, spares, small tools, jigs and fixtures	4,960	2,013
Power and fuel	4,146	3,425
Rent	2,366	2,316
Repairs and maintenance		
Buildings	2,006	2,109
Plant and machinery	429	392
Others	1,580	1,675
Insurance	1,940	620
Rates and taxes	861	699
Travelling and conveyance	15,782	15,047
Freight, clearing and packing	6,212	4,733
Legal and professional charges	6,613	5,746
Directors' sitting fees	64	40
Directors' Commission	400	-
Selling commission	19,731	7,974
Loss on sale of investments (net) (Includes long term profit of Rs. Nil (2004- Rs.19))	-	4,013
Exchange loss, net	297	-
Bad debts and advances written-off (net of recoveries Rs.33 (2004- Rs. 62))	25	543
Miscellaneous expenses	17,044	9,634
	84,456	60,979

19. INTEREST AND FINANCIAL CHARGES

	2005	2004
Interest	9,841	-
Fixed loans	2,417	24
Cash credit	88	118
Others	5,946	3,672
Bank charges	18,292	3,814

20. NON RECURRING & EXCEPTIONAL INCOME

	2005	2004
Atlas Copco India Ltd together with Chicago Pneumatic Tool Company,USA sold their entire share holding in the Company in August 2002 and entered into non-compete/ non-solicitation agreements not to compete with Revathi Equipment Ltd for specified products, and solicit company's employees, customers for specified periods. However, consequent to its decision to re-enter the drilling business as part of worldwide acquisition, in this year, of drilling solutions business of Ingersoll Rand in India, a compensation of Rs. 150,000, as agreed on 24th June 2004, for cancellation of the above non-compete/non-solicitation agreements and termination of rights and obligations arising therefrom, pursuant to an out of court settlement, has been received and disclosed under Non Recurring & Exceptional Income and treated as revenue income for taxation purpose.	150,000	-

21. PROVISION FOR TAXES

	2005	2004
Current tax	30,000	34,500
Deferred tax	63,740	15,013
	93,740	49,513

22. CONTINGENT LIABILITIES

	2005	2004
Claims against the Company not acknowledged as debts	-	15,112
Income-tax	3,678	3,678
Customer claims for damages	3,678	18,790

23.CAPITAL COMMITMENTS

	2005	2004
On account of intangible assets	2,934	5,040
On account of tangible assets	17,655	-

24. LEASE COMMITMENTS

In October 2001, the Company had taken on finance lease vehicle for a period of 60 months. The value of asset is Rs.1,599. The gross investment in lease is approximately Rs. 2,087. The future minimum lease payments and the present value of minimum lease payment under finance leases as of March 31, 2005 is as follows:

	Minimum lease payment	Present Value
Not later than one year	417	362
Later than one year and not later than five years	220	210
	637	572

25. RESEARCH AND DEVELOPMENT EXPENDITURE

	2005	2004
Research and development expenditure	13,672	8,789

26. SUPPLEMENTARY DATA

a. Managerial remuneration

(i) Executive Chairman & Managing Director	2005		2004	
	Executive Chairman Mr.Abhishek Dalmia	Managing Director Mr.P.M.Rajanarayanan	Executive Chairman Mr.Abhishek Dalmia	Managing Director Mr.P.M.Rajanarayanan
Salary	2580	1096	2580	1020
Commission	-	1502	-	1530
Contribution to provident and other funds	912	386	912	360
Perquisites and other benefits	1048	747	1048	706
	4540	3731	4540	3616
(ii) Non Executive Directors				
Commission *	400	-	-	-
Total Managerial remuneration		8,671		8,156

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

	2005	2004
Net profit before tax	357,424	164,541
Add: Managerial remuneration	8,671	8,156
Directors' sitting fees	64	40
Depreciation in the books of account	30,652	4,967
Loss on Sale of Fixed Assets	-	11
Loss on sale of Investments -net	-	4,013
	396,811	181,728
Less: Depreciation under section 350 of the Companies Act, 1956	30,652	4,967
Profit on sale of fixed assets	163	-
Profit on sale of Investment	31,259	-
Net profit under section 349 of the Companies Act, 1956	334,737	176,761
Maximum commission payable to Managing Director at 1 percent	3,347	1,768
Restricted to	400	-

c. Payments to auditors (included in legal and professional charges)

	2005	2004
As auditors*		
Other services*	230	230
Reimbursement of out-of-pocket expenses	135	135
	250	250
	615	615

* excluding service tax.

d. Value of imports on CIF basis

	2005	2004
Raw material, components and traded goods	93,070	80,502
	93,070	80,502

e. Expenditure in foreign currency

	2005	2004
Travel	610	544
Selling commission	324	601
Technical know-how	4,546	-
Others	5	9
	5,485	1,154

f. Consumption of raw material and components

	Unit	2005 Quantity	2005 Value	2004 Quantity	2004 Value
Under carriage assemblies	Nos	22	10,222	23	17,052
Compressors and accessories	Nos	21	10,265	18	7,824
Electrical components		*	20,253	*	17,155
Hydraulic components		*	30,758	*	26,713
Pipes and valves		*	19,549	*	17,873
Gear/chain assemblies		*	11,380	*	14,514
Others (individually less than 10 per cent of total consumption)		*	58,146	*	58,612
			160,573		159,743

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

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

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

	2005 Value	2005 Percent	2004 Value	2004 Percent
Consumption of raw material and components				
Imported	48,288	30.10	42,364	26.52
Indigenous	112,285	69.90	117,379	73.48
	160,573	100.00	159,743	100.00
Consumption of stores and spares				
Indigenous	4,960	100.00	2,013	100.00
	4,960	100.00	2,013	100.00

Note:
See comments in Note 26(f) above.

h. Earnings in foreign exchange

	2005	2004
FOB value of exports	11,655	12,587
	11,655	12,587

i. Purchase of merchanting goods

	2005 Quantity	2005 Value	2004 Quantity	2004 Value
Compressors	20	9,450	31	14,603
Others	*	156,590	*	111,627
		166,040		126,230

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

j. Inventories and sales

	Unit	Opening stock Quantity	Opening stock Value	Sales Quantity	Sales Value	Closing stock Quantity	Closing stock Value
2005							
Waterwell and blast hole rigs (including accessories)	Nos	-	-	20	238,306	-	-
Merchanting goods	Nos	*	39,459	*	371,346	*	57,121
Power	KWH	0	-	4688377***	15,159	0	-
			39,459		624,811		57,121
***Billed (net of Unit 37,057 taken for consumption)							
2004							
Waterwell and blast hole rigs (including accessories)	Nos	-	-	13	93,691	-	-
Merchanting goods	Nos	*	23,532	*	340,409	*	39,459
Power	KWH	0	-	63130**	210	0	-
			23,532		434,310		39,459

**Billed (net of Unit 753 taken for consumption)
* It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.
Note: Manufactured components represent components sold during the year and those identified for spares sales.

k. Installed capacity and production

Class of goods	Unit	Installed capacity 2005	Installed capacity 2004	Production quantity 2005	Production quantity 2004
Waterwell and blast hole rigs	Nos	100*	100*	20	13
Manufactured components (see note)		**	**	**	**
Power	KWH	9900 (per hour)	2400 (Per hour)	4741972***	63913***

* As certified by the management and relied upon by the auditors. The installed capacity is subject to product mix, utilisation of plant and machinery and availing of sub-contracting facilities.
** It is not practicable to furnish quantitative information in view of the considerable number of items, with diverse size and nature.
*** as per the meter reading certified by the developer
Note: Manufactured components represent the components used for manufacture of waterwell and blast hole rigs, those sold during the year and those identified for spares sale.

l. A) Statement of purchases and sales/redemptions of investments other than shares during the year

	Purchases Value	Sales/Redemptions Value
Current, quoted		
Birla Mutual Fund	480,428	438,487
Chola Mutual Fund	17,565	-
Franklin Templeton Mutual Fund	367,179	328,824
Sundaram Mutual Fund	5,070	-
Standard Chartered Mutual Fund	308,293	289,443
Prudential ICICI Mutual Fund	679,203	719,569
HDFC Mutual Fund	111,055	92,498
HSBC Mutual Fund	17,800	10,300
JM Mutual fund	20,000	50,545
Tata Mutual Fund	2,084	7,036
	2,008,677	1,936,702

B) Statement of purchases and sales of investments in shares during the year

	Purchases Value	Sales Value
Andhra Bank	15,809	10,995
Andhra Sugar	6,577	-
Bharat Petroleum Corpn	2,302	-
Canfin Homes	265	295
Chambal Fertilizers	10,706	-
Federal Bank	1,938	684
Great Eastern Shipping	1,946	-
Hindalco	5,201	6,357
Hindustan Lever	3,967	12
Hindustan Petroleum	6,464	1,452
Indian Oil Corp	6,249	1,928
Indian Overseas Bank	11,423	12,761
Indo Gulf Ferti.Ltd	3,529	-
Indo Rama Synth.Ltd	4,043	-
ITC	3,345	2,185
Karnataka Bank	2,918	8,000
Karur Vysya Bank	1,977	-
Lakshmi Vilas Bank	2,858	3,744
LIC Housing Finance	5,064	-
Neyveli Lignite	2,138	3,279
Punjab National Bank	1,471	1,504
Tata Consultancy Services	3,916	5,061
Tata Metalik	2,020	-
Tata Power	5,570	6,143
Tata Sponge	2,916	-
TISCO	3,302	3,414
Union Bank of India	7,439	6,415
Vijaya Bank	12,545	8,128
Visual Software	2,414	-
	140,312	82,357

m. Related Party Disclosure

1. Enterprises where control exists:
   Utkal Investments Limited - Holding Company

2. Other related party with whom the company had transactions, etc.
   (i) Associates
   Rennaissance Asset Management Co.(P) Ltd.

   (ii) Key Management Personnel & their relatives :

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

3. Disclosure of transactions between the related parties & the status of outstanding balances as on 31st March, 2005

(Rs. in 000's)

	Holding	Associate	Key Management Personnel & their relatives
Rent expense	640		271
Directors sitting fees			6
Expenses reimbursement			9
Remuneration to Key Management Personnel -Refer Note 26 (a)			
Dividend Income		7764	
Balances as on 31st March, 2005			
(a) Payable-remuneration			1669
(b) Rental Deposit			226

27. SEGMENT REPORTING

(Rs. in 000's)

In view of the commencement of the commercial operation of the power project during the year, the disclosure requirement under "Segment Reporting" as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India is given below:

A : PRIMARY SEGMENT (Business Segment)

	2005		2004	
1. Segment Revenue				
Equipment	640,841		449,914	
Power	15,160		210	
Net Sales/income from operation	656,001		450,124	
2. Segment Results				
Equipment	196,669		152,289	
Power	(10,826)		(534)	
Total	185,843		151,755	
Add: Other un-allocable income net off un-allocable expense	33,927		16,600	
Compensation Received (Refer note 20)	150,000		-	
	369,770		168,355	
Less: Interest & Financial charges	12,346		3,814	
Profit before tax	357,424		164,541	
3. Segment Assets and liabilities	Asset	Liabilities	Asset	Liabilities
Equipment	515,304	104,184	397,148	85,094
Power	483,815	37,810	115,092	-
	999,119	141,994	512,240	85,094
Unallocated Corporate assets and liability	577,019	115,163	246,358	25,920
Total	1,576,138	257,157	758,598	111,014
4. Capital Expenditure and Depreciation	Capital Expenditure	Depreciation	Capital Expenditure	Depreciation
Equipment	13,282	6,655	6,063	4,249
Power	391,295	23,998	115,600	718
	404,577	30,653	121,663	4,967
Unallocated Corporate assets and liability	1,234	-	-	-
Total	405,811	30,653	121,663	4,967

B. SECONDARY SEGMENT (Geographical segment)

	2005			
	Revenue	Asset	Liabilities	Capital Expenditure
Within India	644,339	998,147	141,994	364,882
Outside India	11,662	972	-	-

	2004			
	Revenue	Asset	Liabilities	Capital Expenditure
Within India	437,312	508,870	85,094	121,663
Outside India	12,812	3,370	-	-

C. SEGMENT INFORMATION

1) Segments have been identified in line with the Accounting Standard AS- 17 taking into account the organisation structure as well as the differencing risk and return.

2) The Company has disclosed Business Segment as the primary segment. These have been identified on the basis of the products of the company. Accordingly, the company has identified 'Equipment' and 'Power' as the operating segments:

3) Composition of business segment

Name of Segment	
Equipment :	Comprising of manufacturing and sale of Blast hole drills,Water well drills, Trac drills and their spares; trading of spares; annual maintenance of the equipments
Power :	Generation and sale of power

4) The segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable basis as estimated by the management.

5) As part of secondary reporting revenues are attributed to geographic areas and therefore the analysis of geographical segment is demarcated into its India and outside India operations.

28. WARRANTIES

Disclosures as required in terms of Accounting Standard 29 " Provisions, Contingent Liabillities and Contingent Assets" becoming mandatory with effect from this year.

	2005
Opening Balance as on 1/4/2004	7,461
Provided during the year	10,750
Amounts used during the year	3,926
Unused amount reversed during the year	nil
Closing Balance as on 31/3/2005	14,285

The above represents the cost of free replacements, in terms of the stipulation for sales, as estimated for next two to three years as the case may be, on the basis of past experience.

29. PRIOR YEAR COMPARATIVES:

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All amounts in thousands of Indian Rupees)

(a) Registration details

Registration number	:	TZ-780
State code	:	18
Date of balance sheet	:	March 31, 2005

(b) Capital raised during the period

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

(c) Position of mobilisation and deployment of funds

Total liabilities and shareholders' funds	:	1,394,239
Total assets	:	1,394,239

Sources of funds

Paid-up capital	:	32,098
Reserves and surplus	:	842,641
Secured loans	:	444,242
Unsecured loans	:	Nil

Application of funds

Net fixed assets	:	519,035
Investments	:	429,161
Net current assets	:	446,043

(d) Performance of the Company

Turnover	:	656,001
Other income	:	48,907
Total expenditure	:	497,484
Profit before tax	:	357,424
Profit after tax	:	263,684
Earning per share (in Rs)	:	82.15
Dividend rate (%)	:	75%

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

Item Code No (ITC Code)	:	8430 6900
Product Description	:	Blasthole drilling rigs
Item Code No (ITC Code)	:	8430 6900
Product Description	:	Ram trac drilling rigs
Item Code No (ITC Code)	:	8705 9000
Product Description	:	Waterwell drilling rigs

Revathi Equipment Limited

TEN YEARS FINANCIAL HIGHLIGHTS

Rs. in million

PARTICULARS	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Networth	143	180	255	352	445	434	485	529	635	871
Loans	43	3	28	7	7	13	3	-	-	444
Capital employed	186	183	283	359	452	447	488	529	635	1315
Revenues	357	401	477	638	555	494	470	509	450	656
Other income	17	12	14	14	47	17	33	28	30	49
EBITDA	87	101	151	199	202	175	141	167	170	250
Interest	8	5	2	3	2	1	1	1	-	12
Depreciation	5	5	6	5	5	5	4	4	5	31
PBT (before exceptional items)	74	91	143	191	195	169	136	162	165	207
Exceptional items (Expenses)	-	-	-	-	-	23*	9*	100**	-	-
Exceptional items (Income)	-	-	-	-	-	-	-	-	-	150***
Profit before tax	74	91	143	191	195	146	127	62	165	357
Current tax	27	33	47	58	67	57	52	14	35	30
Deffered tax	-	-	-	-	-	-	8	4	15	63
Profit after tax	47	58	96	133	128	89	83	44	115	264
Shares outstanding	1.60	1.60	3.21	3.21	3.21	3.21	3.21	3.21	3.21	3.21
Book value per share (in Rupees)	89.32	112.60	79.29	109.59	138.51	135.31	150.98	164.74	197.75	271.35
Earning per share (in Rupees)	29.06	35.21	29.77	41.39	40.02	27.66	25.78	13.76	35.84	82.15
Return on networth	33%	32%	38%	38%	29%	20%	17%	8%	18%	30%
Debt equity ratio	0.3:1	0.02:1	0.10:1	0.01:1	0.01:1	0.03:1	0.01:1	-	-	0.51:1
Effective tax rate	36%	36%	33%	30%	34%	39%	35%	29%	30%	26%
Dividend rate	120%	120%	60%	100%	100%	280%	100%	-	25%	75%
Number of shareholders (in numbers)	2894	2766	2832	2919	3187	3183	3721	4418	3907	4183

* Voluntary retirement scheme costs

** Non-solicitation / non-complete fees

*** Compensation received

Revathi