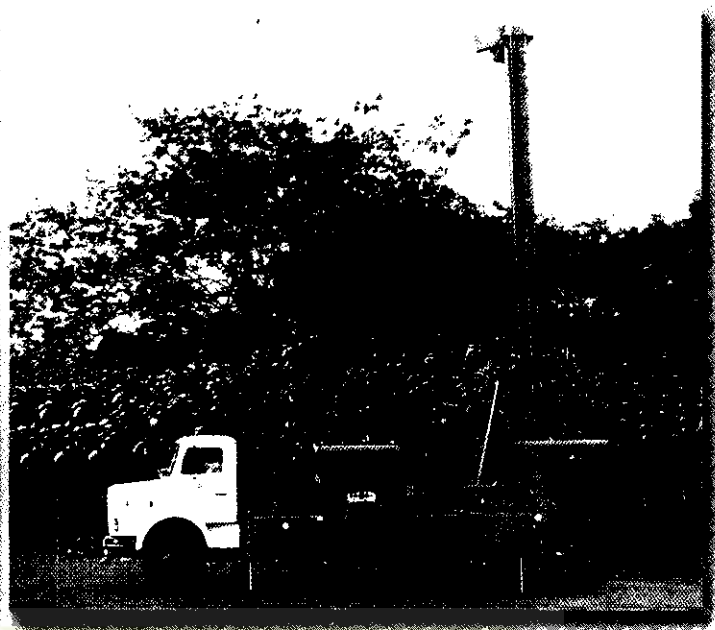




1999-2000



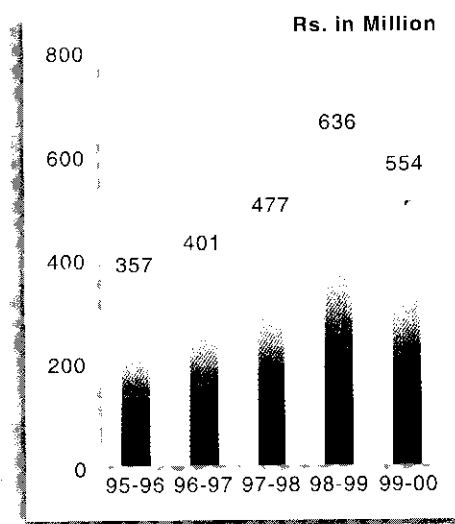
*23rd Annual Report
1999-2000*

REVATHI-CP EQUIPMENT LIMITED

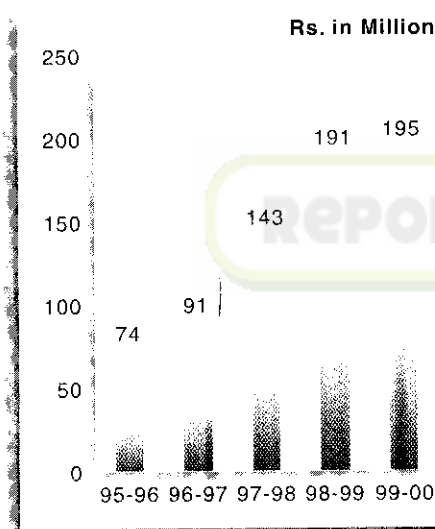


FINANCIAL HIGHLIGHTS

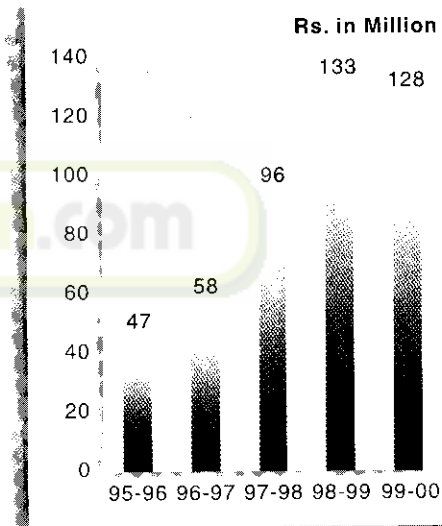
SALES



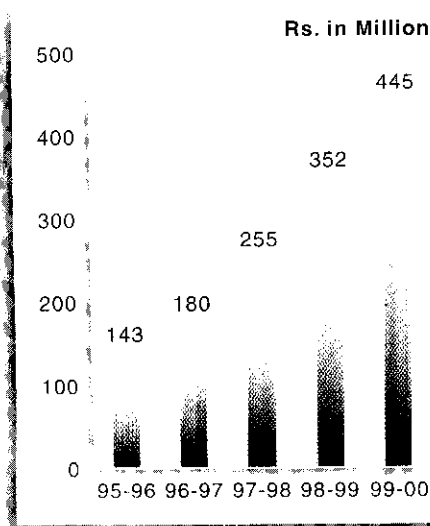
PROFIT BEFORE TAX



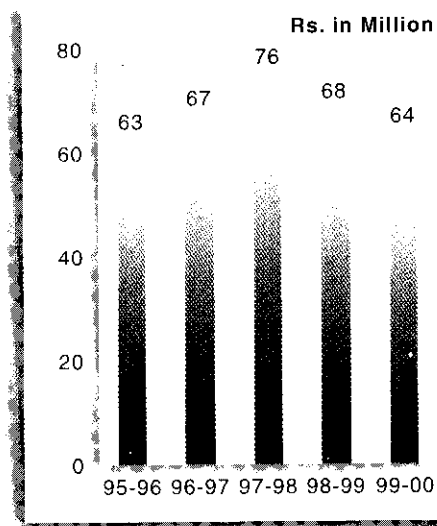
PROFIT AFTER TAX



NET WORTH



FIXED ASSETS





Revathi - CP Equipment Limited

CORPORATE DATA

Board of Directors

CHARLES ROBISON, (Chairman)
 RAGHAVENDRA, R.K. (Managing Director)
 DULIP SINGH, T.
 KATYAL, S.C.
 PODDAR, B.K.
 CHARLIE EKBERG
 RAMANI, K.N.V.
 (Alternate to CHARLIE EKBERG)

Company Secretary

SRINIVASAN, M.N.

Bankers

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

Auditors

ARTHUR ANDERSEN & ASSOCIATES,
 MUMBAI.

Legal Advisers

KING & PARTRIDGE, CHENNAI.

Share Transfer Agents

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

Registered Office

POLLACHI ROAD,
 MALUMACHAMPATTI POST,
 COIMBATORE - 641 021.

Management Team

R.K. RAGHAVENDRA
 (Managing Director)

 P.M. RAJANARAYANAN
 Vice President (Marketing & Engineering)

 K.V. RAMASUBRAMANIAN
 General Manager (Manufacturing)

 A. RAJALINGAM
 General Manager (Engineering)

 S. HARIHARN
 General Manager (Finance)



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the Twenty Third Annual Report on the operations of your Company together with the audited Profit and Loss Account for the financial year ended March 31, 2000 and the Balance Sheet as of that date.

FINANCIAL RESULTS

	Rs in million	
	For the Year ended 31.3.2000	For the Year ended 31.3.1999
Sales (Net)	554.05	636.46
Profit before interest, depreciation and tax	202.30	199.34
Less: Interest	2.09	3.57
Depreciation	4.75	5.09
Profit before tax	195.46	190.68
Provision for tax	67.00	57.80
Profit after tax	128.46	132.88
Balance brought forward from previous year	17.84	10.59
	146.30	143.47
Appropriations :		
Dividends :		
On equity shares - Interim	—	12.84
- Final	32.09	19.26
Dividend tax	3.53	3.53
General Reserve	90.00	90.00
Balance carried forward	20.68	17.84
	146.30	143.47

Operations of the year

During the year under review the total income was Rs. 601 million as compared to Rs. 652 million of the previous year. Sales during the year was lower by about 13 percent as compared to the previous year in view of the depressed market conditions as well as due to disruption of operations between January 19, 2000 to March 12, 2000 caused by labour problems. Exports also declined due to a slowing down of demand in the export market for certain products.

However, anticipating these developments well in time, the Company prepared and executed a plan to improve margins by aggressive treasury management and reduce operational and other expenses. It is gratifying to note the success of these measures resulting in achieving a marginal 2.5 percent increase in profit before tax despite a reduction in sales of about 13 percent. Profit after tax was marginally lower than the previous year due to higher provisioning for Income Tax on account of lower exports and levy of Corporate Surcharge (Income Tax).



Dividend

Your Directors recommend a dividend of 100 % on the equity shares amounting to Rs 32,098,000/- .

Fixed Deposits

Fixed Deposits outstanding as on March 31, 2000 was Rs 7,472,000/- and the unclaimed deposits were Rs 36,000/-.

Directors

Mr. Jack Pressley, Mr. William Thomas and Mr. Tim O' Rourke had resigned from the Board effective from 31 August, 1999. The Board of Directors wish to place on record their sincere appreciation for the guidance and assistance given by the outgoing directors during their tenure.

Mr. Charlie Ekberg has been appointed as director in the casual vacancy caused by the resignation of Mr. Tim O' Rourke.

In accordance with the Articles of Association of the Company, Mr. T. Dulip Singh and Mr.B.K. Poddar retire by rotation and being eligible seek re-appointment.

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

The Company earned foreign exchange of Rs 148.46 million. Foreign Exchange outgo during the year amounts to Rs 81.91 million.

Personnel

Industrial relations were generally satisfactory during the year except for the period January 19 to March 12 when normalcy was disrupted owing to go-slow and disruption of operations. Management was forced to declare lock-out of the factory from February 21 to March 12, 2000. Normalcy of operation was restored from March 13, 2000.

The particulars, as required under Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder are furnished in the annexure. However, as per provisions of Section 219 (1) (b) (IV) of the Companies Act, 1956, the report and the accounts are being sent to all members excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary.

Appreciation

The Directors wish to place on record their sincere appreciation of the devoted and efficient services rendered by all the employees of the Company. The Directors also wish to thank the financial institutions, banks and customers for their continued support and co-operation.

Coimbatore
April 07, 2000

For and on behalf of the
Board of Directors

R.K. RAGHAVENDRA
Managing Director

K.N.V. RAMANI
Director



Annexure

Form for disclosure of particulars with respect to Technology Absorption

Research and Development (R & D)

1. Specific areas in which R&D carried out by the company. : Development of 6" class crawler mounted high pressure DTH blasthole drill.
2. Benefits derived as a result of the above R&D : New product development.
3. Future Plan of action : Development of pneumatic Trac Drill for export.
4. Expenditure on R&D
 - (a) Capital : Rs Nil
 - (b) Recurring : Rs 6,791,035/-
 - (c) Total : Rs 6,791,035/-
 - (d) Total R&D expenditure as a percentage of total turnover : 1.23%

Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. : Development of improved Operator's station for 6" class blasthole drill.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. : Improved Operator's comfort and productivity.
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 :-

<ol style="list-style-type: none"> (a) Technology imported (b) Year of Import (c) Has technology been fully absorbed ? (d) If not fully absorbed, areas where this has not taken place, reasons therefor, and future plans of action. 	}	Not applicable
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AUDITORS' REPORT

To the Members of

REVATHI - CP EQUIPMENT LIMITED:

We have examined the balance sheet of REVATHI - CP EQUIPMENT LIMITED at March 31, 2000 and the related statement of profit and loss and cash flows for the year then ended. We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our examination.

In our opinion, the accompanying financial statements give a true and fair view of the state of affairs of REVATHI - CP EQUIPMENT LIMITED at March 31, 2000 and of its profit and cash flows for the year then ended. The balance sheet and the related statement of profit and loss are in agreement with the books of account, have complied with the accounting standards referred to in section 211(3C) of the Companies Act, 1956 ('the Act') and are presented in the manner required by the Act. Further, in our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.

We have also examined the matters specified in paragraphs 4 and 5 of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 for the year ended March 31, 2000 as they relate to the Company. Our report thereon is annexed.

Mumbai

April 10, 2000

ARTHUR ANDERSEN & ASSOCIATES

Chartered Accountants

FAROKH T. BALSARA

Partner

ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2000

1. The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets. The fixed assets have been physically verified by management during the year and no material discrepancies were noted on such verification. In our opinion, the frequency of physical verification of assets is reasonable.
2. The fixed assets of the Company have not been revalued during the year.
3. Inventories of finished goods, stores and spare parts, raw materials and components of the Company have been physically verified by management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.



5. The discrepancies between physical and book inventories were not material and have been properly dealt within the books of account.
6. In our opinion, the valuation of inventories is fair and proper, in accordance with generally accepted accounting principles and is on a basis consistent with the prior year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The Company had granted an unsecured loan to a Company under the same management as defined under section 370 (1B) of the Companies Act, 1956. The rate of interest was not *prima facie* prejudicial to the interests of the Company. The loan together with the interest thereon has been repaid during the year.
9. As referred to in clause 8, the Company had granted an unsecured loan to a Company under the same management, at an interest rate of 18 percent per annum, the repayment terms of which were not originally stipulated. The loan together with the interest thereon has been repaid during the year. The Company has granted housing loan to employees, which together with interest thereon are being repaid as stipulated.
10. In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain items purchased are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials (including components), plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion, having regard to the comments in paragraph 10 above, and according to the information and explanations given to us, the transactions for purchase of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs 50,000 or more, have been made at prices which are reasonable having regard to prevailing market prices for such material and the prices at which transactions for similar goods have made with other parties. The Company has not entered into transactions of sale of goods, material and services aggregating to Rs 50,000 or more during the year with parties listed in the register maintained under Section 301 of the Companies Act, 1956.
12. We are informed that the Company has a reasonable system of determining unserviceable or damaged stores, raw materials, components and finished goods. In our opinion, adequate provision has been made in the books of account, for the loss so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.



14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by-products.
15. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
16. We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956.
17. The Company has been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
18. According to the records of the Company, there were no undisputed amounts in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty at March 31, 2000, which were outstanding for a period of more than six months from the date they became payable.
19. On the basis of our examination of the books of account and according to the information and explanations given to us, no personal expenses have been charged to the statement of profit and loss for the year ended March 31, 2000.
20. The Company is not a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

In respect of service activities :

21. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative jobs commensurate with its size and the nature of its business.
22. The Company has a reasonable system of allocating man-hours utilised to the relative jobs commensurate with its size and nature of its business.
23. There is a reasonable system of authorisation at proper levels and an adequate system of internal controls, commensurate with the size of the Company and the nature of its business, on issue of stores and allocation of stores and labour to jobs.

In respect of the trading activities :

24. The Company has determined the damaged goods and necessary provision for the loss has been made in the books of account.

ARTHUR ANDERSEN & ASSOCIATES

Chartered Accountants

FAROKH T. BALSARA

Partner

Mumbai

April 10, 2000

**BALANCE SHEET — MARCH 31, 2000***(All amounts in thousands of Rupees)*

	Notes	<u>2000</u>	<u>1999</u>
SOURCE OF FUNDS			(Note 22)
SHAREHOLDERS' FUNDS			
Share capital	3	32,098	32,098
Reserves and surplus	4	416,367	323,562
		<u>448,465</u>	<u>355,660</u>
LOAN FUNDS			
Unsecured loans	5	7,472	6,762
Total		<u>455,937</u>	<u>362,422</u>
APPLICATION OF FUNDS			
FIXED ASSETS	2(a) & 6		
Cost		64,553	68,201
Less: Accumulated depreciation		(34,524)	(35,211)
		<u>30,029</u>	<u>32,990</u>
Capital Work-in-progress		-	33
		<u>30,029</u>	<u>33,023</u>
INVESTMENTS	2(b) & 7	140,765	33,613
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2(c) & 8	105,017	133,829
Sundry debtors	9	122,001	156,230
Cash and bank balances	10	178,851	103,696
Loans and advances	11	25,196	27,114
		<u>431,065</u>	<u>420,869</u>
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	(97,441)	(82,828)
Provisions	13	(48,481)	(42,255)
		<u>(145,922)</u>	<u>(125,083)</u>
Net current assets		<u>285,143</u>	<u>295,786</u>
Total		<u>455,937</u>	<u>362,422</u>

The accompanying notes 1 to 22 are an integral part of this balance sheet.

ARTHUR ANDERSEN & ASSOCIATES

Chartered Accountants

FAROKH T. BALSARA

Partner

Mumbai

April 10, 2000

R.K. RAGHAVENDRA

Managing Director

M.N. SRINIVASAN

Company Secretary

Coimbatore

April 07, 2000

K.N.V. RAMANI

Director