



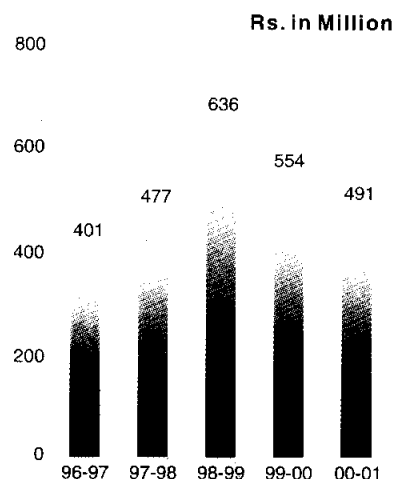
*24th Annual Report*  
*2000 - 2001*

**REVATHI-CP EQUIPMENT LIMITED**

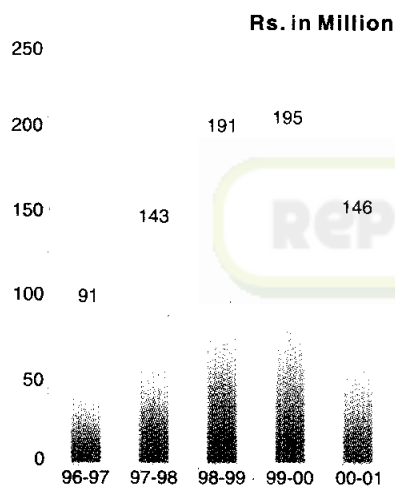


## FINANCIAL HIGHLIGHTS

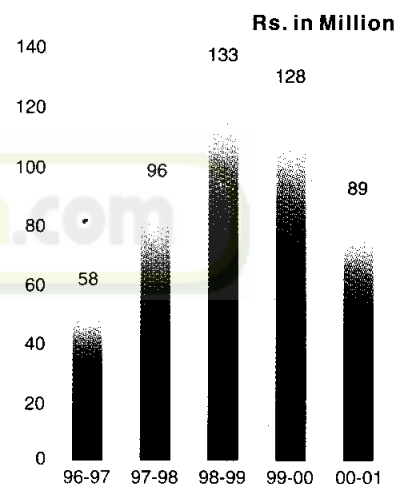
### SALES



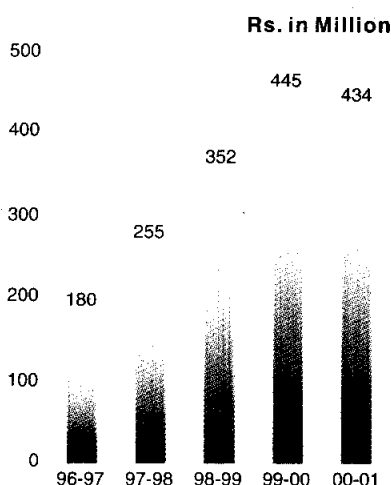
### PROFIT BEFORE TAX



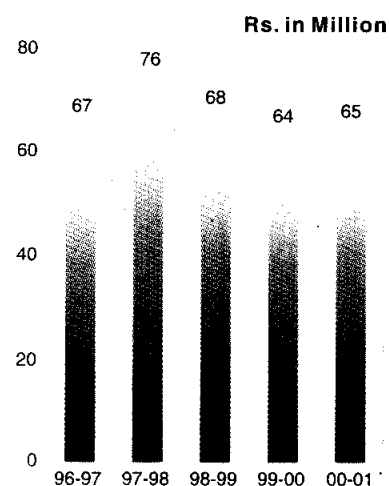
### PROFIT AFTER TAX



### 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. HARIHARAN  
 General Manager (Finance)



## REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the Twenty Fourth Annual Report on the operations of your Company together with the audited Profit and Loss Account for the financial year ended March 31, 2001 and the Balance Sheet as of that date.

### FINANCIAL RESULTS

	Rs in million	
	For the Year ended March 31, 2001	For the Year ended March 31, 2000
Sales (Net)	<b>493.68</b>	554.05
Profit before interest, depreciation, Restructuring Cost (VRS) and tax	<b>175.29</b>	202.30
Less: Interest	<b>1.37</b>	2.09
Depreciation	<b>4.69</b>	4.75
Profit before Restructuring Cost and tax	<b>169.23</b>	195.46
Restructuring Cost	<b>23.44</b>	—
Provision for tax	<b>57.00</b>	67.00
Profit after tax	<b>88.79</b>	128.46
Balance brought from previous year	<b>20.68</b>	17.84
	<b>109.47</b>	146.30
Appropriations :		
Dividend on equity shares	<b>89.87</b>	32.09
Dividend tax	<b>9.17</b>	3.53
General Reserve	<b>8.88</b>	90.00
Balance carried forward	<b>1.55</b>	20.68
	<b>109.47</b>	146.30

### Operations of the year

During the year sales revenue dropped by 11% due to depressed market conditions. Even though the demand for power has been increasing, investments in power generation are not taking place as anticipated. This resulted in demand for coal being flat. The demand from non-coal sector which offered support last year is weak this year. However, higher parts sales helped in mitigating the shortfall to some extent.

Restructuring of operations and man power was undertaken during the year to have flexibility in meeting the cyclical nature of business that is foreseen in the coming years. The restructuring envisaged implementation of a voluntary retirement scheme for employees. The scheme was implemented reducing 59 employees costing 23.4 million rupees.

The Company continued its efforts in reducing functional costs and interest and financial charges. Profit before tax (before VRS) was 169 million rupees as against 195 million rupees last year. The reduction is due to lower sales as well as reduction in other income from treasury operations.



### Dividend

Your Directors recommend a dividend of Rs. 28/- per share (280 %) on the equity shares amounting to Rs. 89,874,400/- .

### Fixed Deposits

Fixed Deposits outstanding as on March 31, 2001 was Rs. 4,605,000/- and the unclaimed deposits were Rs. 33,000/-.

### Directors

In accordance with the Articles of Association of the Company, Mr. S.C. Katyal and Mr.Charlie Ekberg retire by rotation and being eligible seek re-appointment.

### Conservation of Energy

As regards conservation of energy, the 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. 52.65 million. Foreign Exchange outgo during the year amounts to Rs. 67.82 million.

### Personnel

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. 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.

### Directors' Responsibility Statement

The Board of Directors confirms 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 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.

For and on behalf of the  
Board of Directors

Mumbai  
April 18, 2001

**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 drill carriage for Trac Drill.
2. Benefits derived as a result of the above R & D : New product development.
3. Future Plan of action : Development of 203 mm dia, 500 m depth capacity Truck mounted water well drill.
4. Expenditure on R & D
  - (a) Capital : Rs. Nil
  - (b) Recurring : Rs. 8.809 million
  - (c) Total : Rs. 8.809 million
  - (d) Total R & D expenditure as a percentage of total turnover : 1.78%

#### Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. : Development of improved rod loader for 250 mm class Blasthole 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 :-
 

<ol style="list-style-type: none"> <li>(a) Technology imported</li> <li>(b) Year of Import</li> <li>(c) Has technology been fully absorbed ?</li> <li>(d) If not fully absorbed, areas where this has not taken place, reasons therefor, and future plans of action.</li> </ol>	}	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, 2001 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, 2001 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.

On the basis of the information and explanations given to us, and representations obtained by the Company, there are no directors of the Company who, as at March 31, 2001, are disqualified under section 274 (1) (g) of the Act, from being appointed as directors.

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, 2001 as they relate to the Company. Our report thereon is annexed.

**ARTHUR ANDERSEN & ASSOCIATES**

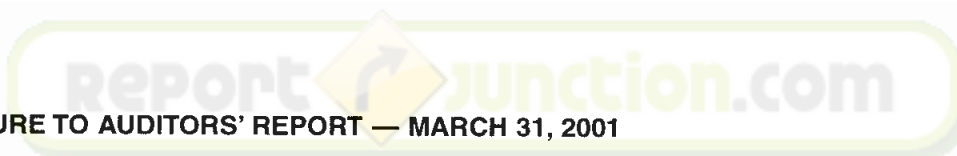
Chartered Accountants

**FAROKH T. BALSARA**

Partner

Mumbai

April 18, 2001



## ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2001

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 (including components) of the Company have been physically verified by management during the year. In our opinion, the frequency of physical 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 with in the books of account.



6. In our opinion, the valuation of stocks is fair and proper, in accordance with normally accepted accounting principles and is on the same basis as in the preceding year, except for changes as stated in Note 2(b), the effect of which is not material.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and / or from 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 and / or to companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
9. 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 been made with other parties. The Company has not entered into transactions of sale of goods, material and services aggregating to Rs. 50,000/- or more during the year with 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, 2001, 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 carried out in accordance with generally accepted auditing practices, 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, 2001.
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 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 18, 2001

**BALANCE SHEET — MARCH 31, 2001***(All amounts in thousands of Rupees)*

	Notes	<u>2001</u>	<u>2000</u> (Note 25)
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	<b>32,098</b>	32,098
Reserves and surplus	4	<b>406,093</b>	416,367
		<b>438,191</b>	448,465
<b>LOAN FUNDS</b>			
Secured loan	5	<b>8,449</b>	-
Unsecured loans	6	<b>4,605</b>	7,472
		<b>13,054</b>	7,472
<b>Total</b>		<b>451,245</b>	455,937
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	2(a) & 7		
At Cost		<b>65,179</b>	64,553
Less: Accumulated depreciation		<b>(38,549)</b>	(34,524)
		<b>26,630</b>	30,029
<b>INVESTMENTS</b>	2(b) & 8	<b>103,113</b>	140,765
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	2(c) & 9	<b>77,937</b>	105,017
Sundry debtors	10	<b>212,198</b>	122,001
Cash and bank balances	11	<b>198,916</b>	178,851
Loans and advances	12	<b>17,870</b>	25,196
		<b>506,921</b>	431,065
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	13	<b>72,358</b>	97,441
Provisions	14	<b>113,061</b>	48,481
		<b>185,419</b>	145,922
<b>Net current assets</b>		<b>321,502</b>	285,143
<b>Total</b>		<b>451,245</b>	455,937

The accompanying notes 1 to 25 are an integral part of these financial statements.

**ARTHUR ANDERSEN & ASSOCIATES**  
Chartered Accountants

**FAROKH T. BALSARA**  
Partner

Mumbai

April 18, 2001

**R.K. RAGHAVENDRA**  
Managing Director

**M.N. SRINIVASAN**  
Company Secretary

Mumbai

April 18, 2001

**K.N.V. RAMANI**  
Director