

This Public Announcement is made pursuant to the provisions of regulation 8 (1) read with regulation 15 (c) and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereto and contains disclosures as specified in Schedule II to these Regulations.

OFFER FOR BUY BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

1. THE BUY BACK

1.1 Revathi Equipment Limited ('Revathi' or the 'Company') hereby announces the Buy back ('the Buy back') of its fully paid-up equity shares of the face value Rs. 10 each ('Shares') from the Equity Shareholders / Beneficial Owners of the shares of the Company from the open market using the electronic trading facilities of Bombay Stock Exchange Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') (herein after collectively referred to as 'the Stock Exchanges'), pursuant to Article 24A of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956, ('the Act') and the Securities and Exchange Board of India (Buy back of Securities) Regulation, 1998 as amended ('the Buy back Regulation' or 'the Regulations') at a price not exceeding Rs. 700/- per equity share ('Maximum Buy back Price') payable in cash, aggregating to amount not exceeding Rs.1,000/- lakhs (Rupees One Thousand Lakhs) ('the Buy back Size') which represents approximately 10% of the total paid up equity capital and free reserves of the Company as on March 31, 2006 (the date of the last audited accounts).

1.2 The number of equity shares bought back would depend upon the average price paid for the Shares bought back and the amount deployed in the Buy back. As an illustration, at the proposed maximum buy back price of Rs. 700/- per share and for an aggregate amount of Rs. 1000 lakhs deployed, the number of equity shares bought back would be 142,857 equity shares which would amount to approximately 4.45% of the paid up equity capital as on March 31, 2006. Should the average purchase price be lower than Rs. 700/- per share, the number of equity shares bought back would be more, assuming the deployment of an aggregate amount of Rs. 1000 lakhs. Hence, there is no minimum and maximum number of equity shares that the Company proposes to buy back. However the maximum number of equity shares that can be bought back depends on the continuous listing requirements of the stock exchanges.

1.3 The Company by way of open market purchases through Stock Exchanges using their nationwide electronic trading facilities will implement the Buy back. The Company shall not buy back its equity shares from any person through negotiated deals whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy back.

1.4 The maximum amount required by the Company for the said Buy back aggregating to Rs. 1,000 lakhs will be met out of the free reserves of the Company.

2. AUTHORITY FOR THE BUY BACK

The Board of Directors of the Company ('the Board') at their meeting held on June 29, 2006 approved the proposal for Buy back of the Company's fully paid up Equity Shares of Rs. 10/- each in accordance with the provisions of Article 24A of the Articles of Association of the Company and Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Companies Act, 1956, and the provisions contained in Buy back Regulations.

3. BRIEF INFORMATION ABOUT THE COMPANY

3.1 Revathi Equipment Limited was incorporated as 'Revathi Equipment Private Limited' on May 30, 1977 having its registered office at Pollachi Road, Malumachampatti Post, Coimbatore - 641 021. Tel No: (0422) 2610851-3, Fax No: (0422) 2610427. It was converted into a public limited company, 'Revathi - CP Equipment Limited' with effect from November 4, 1977. It was subsequently renamed as 'Revathi Equipment Limited' with effect from July 11, 2001.

3.2 In 1977, the company entered into a collaboration agreement with Chicago Pneumatic Tool Company USA, to manufacture Blast hole drills and water well drills and its accessories. Chicago Pneumatic Tool Company and its Indian subsidiary, Chicago Pneumatic India Ltd (herein after collectively referred to as 'CP Group') held 39.884% of the then paid up Equity capital of the Company. In 2002, pursuant to the Share Purchase Agreement (SPA) dated April 21, 2002, Utkal Investments Limited ('Utkal') acquired 39.884% of the equity capital of the company along with the management control from CP Group. Consequently, Utkal Investments Limited made an open offer for acquisition of 20% of the paid up capital of the Company to the shareholders in compliance with SEBI (SAST) Regulations, 1997.

3.3 The Company's shares are listed on BSE, NSE, Coimbatore Stock Exchange Limited and Madras Stock Exchange Limited. The Company has made an application to delist the shares from Madras Stock Exchange Limited on August 31, 2005. The delisting approval is awaited from the Madras Stock Exchange Limited.

3.4 Revathi Equipment Limited is one of the leading manufacturers of Crawler mounted Blast hole drills, Truck mounted water well drills, Truck mounted hydro-fracturing unit and other allied accessories / products. It has also entered into the business of manufacturing and selling construction / concrete equipments like concrete batching plant, concrete transit mixers and concrete pumps. The plant of the Company is located at Coimbatore.

3.5 The financial information of the Company as per the audited results for the last three years is as follows:

(Rs. lakhs)

Particulars	FY2004	FY2005	FY2006
Total Income	4802.57	7049.08	9616.14
Total Expenses	3069.35	4485.40	6458.80
Interest (Net)	38.14	182.92	339.19
Depreciation (net of transfer from revaluation reserve)	49.67	306.52	631.56
Profit Before Exceptional Items and Tax	1645.41	2074.24	2186.59
Add/(Less):			
Extraordinary items	---	1500.00	---
Prior period adjustment	---	---	---
Profit Before Tax	1645.41	3574.24	2186.59
Provision for tax (including deferred tax)	(495.13)	(937.40)	(512.24)
Profit/(Loss) After Tax	1150.28	2636.84	1674.35
Equity Share capital	320.98	320.98	320.98
Reserves & Surplus	6064.33	8426.41	9734.50
-Free Reserve (excluding capital reserve, capital redemption reserve and revaluation reserve)	6008.46	8370.80	9679.15
-Capital Reserve	1.49	1.49	1.49
-Capital Redemption Reserve	16.83	16.83	16.83
-Revaluation Reserve	37.55	37.29	37.03
Network *	6346.27	8708.61	10016.96
Total debt	782.80	5714.11	4489.54
-Secured	---	4442.42	3077.77
-Unsecured (Current Liabilities)	782.80	1271.69	1411.77

* Network = Capital + Free Reserves + Capital Redemption Reserve

Key Financial Ratios:

Particulars	2003-04	2004-05	2005-06
Earnings per share (Rs.)	35.84	82.15	52.16
Return on Network (%)	18.13	30.28	16.72
Book value per share (Rs.)	197.72	271.31	312.07
Total Debt: Net worth	0.12 : 1	0.66 : 1	0.45 : 1

4. NECESSITY FOR BUY BACK

The Buy back is being proposed in keeping with the Company's desire to maximize returns to investors and enhance overall shareholder value by returning surplus cash to the shareholders in an investor friendly manner. The Company has accumulated free reserves and satisfactory liquidity. The proposed Buy back is expected to lead to reduction of outstanding equity shares, which may lead to increase in earnings per share and return on equity of the company in future, thereby creating long-term shareholder value for the continuing shareholders. The proposed Buy back is also a reflection of confidence of the management in the future growth prospects of the Company.

5. EXTRACT OF THE PUBLIC NOTICE DATED JUNE 29, 2006 PUBLISHED ON JULY 1, 2006 AFTER THE BOARD MEETING HELD ON JUNE 29, 2006

5.1 The first proviso to Section 77A(2)(b) of the Companies Act, 1956 ('the Act') read with the Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 ('the Buy back Regulations') permits a company, if authorized by its Board of Directors pursuant to a resolution passed at meeting of its Board, to buy back equity shares of a company up to 10% of the paid-up equity share capital and free reserves.

The Board of Directors of Revathi Equipment Ltd. ('Revathi' or the 'Company')

at its meeting held on June 29, 2006 approved the proposal to Buy back from open market through the stock exchanges, fully paid-up equity shares of the Company of the face value of Rs 10 each ('the Shares') at a price not exceeding Rs 700/- per equity share aggregating to value not exceeding Rs 1,000 Lakhs ('the Buy back'). The aggregate maximum consideration for the Shares to be bought back shall not exceed 10% of the total paid up equity capital and free reserves of the Company as on March 31, 2006. If all Shares were bought back at a maximum price of Rs 700/- per share, the maximum possible Shares which can be bought back would be 1,42,857 shares. If the average price of the Buy back were lower than Rs. 700/- per share, the maximum number of Shares that can be bought back would be more. Hence there is no specific minimum or maximum number of shares that the Company proposes to Buy back.

5.2 The Article 24A of the Articles of Association of the Company permits the Company to Buy back its own shares.

5.3 The issued and subscribed capital of the Company as at March 31, 2006 was Rs. 320.98 lakhs divided into 3,209,800 equity shares of Rs. 10/- each fully paid-up and free reserves as on that date amounted to Rs 9,679.15 lakhs (Refer Note 1).

5.4 The Buy back is being proposed in keeping with the Company's desire to maximize returns to investors and enhance overall shareholder value by returning surplus cash to the shareholders in an investor friendly manner. The Company has accumulated free reserves and satisfactory liquidity. The proposed Buy back is expected to lead to reduction of outstanding equity shares, which may lead to increase in earnings per share and return on equity of the company in future, thereby creating long-term shareholder value for the continuing shareholders. The proposed Buy back is also a reflection of confidence of the management in the future growth prospects of the Company.

5.5 The Buy back is proposed to be implemented by the Company by open market purchases through the Bombay Stock Exchange Limited ('BSE') and / or the National Stock Exchange of India Limited ('NSE') using their electronic trading facilities. The Company shall not Buy back its Shares from any person through a negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy back.

5.6 The maximum amount of Rs. 1,000 lakhs to be used by the Company for the Buy back of the equity shares will be out of the free reserves of the Company as defined under the Act.

5.7 The maximum price of Rs. 700/- per Share has been arrived at after taking into consideration factors such as the book value, the market value as well as liquidity of the Shares on the Stock Exchanges and the possible impact of the Buy back on the Company's earnings per share. The maximum Buy back price as proposed above will not impair the growth of the Company rather it would contribute to the overall enhancement of the shareholder value.

5.8 The shares of the Company are listed on BSE, NSE, Madras Stock Exchange Limited and Coimbatore stock exchange.

5.9

a. The aggregate shareholding of the Promoters, Directors of the promoters and Persons in control (hereinafter collectively referred to as 'the Promoters') as on the date of the meeting of the Board of Directors (i.e. June 29, 2006) is 19,53,809 Shares constituting 60.87% of the issued and paid-up share capital of the Company.

b. No shares were either purchased or sold by the Promoters during the period of six months preceding the date of the meeting of the Board of Directors at which the Buy back was approved, i.e. June 29, 2006.

5.10 Promoters have confirmed that they will not sell their holding under the Buy back as they are prohibited from selling their equity Shares in terms of Regulation 15(b) of Buy back Regulations.

5.11 The Company has confirmed that it has not accepted public deposits, has not issued debentures or preference shares and has not defaulted in repayment of loans to the financial institutions and banks.

5.12 The debt equity ratio of the Company after the Buy back will be within the limit of 2:1 as prescribed under the Companies Act, 1956.

5.13 The Board of Directors confirm

(i) that it has made the necessary and full enquiry into the affairs and prospects of the Company and has formed the opinion:

(a) that immediately following the date of convening of the Meeting of the Board of Directors i.e. June 29, 2006 there will be no grounds on which the Company could be found unable to pay its debts; and

(b) as regards its prospects for the year immediately following the date of the meeting of the Board of Directors i.e. June 29, 2006, that having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the view of the Board of Directors, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(ii) that in forming its opinion for the above purposes, the Board of Directors has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

5.14 The text of the Report dated June 29, 2006 received from Messers Lodha & Co, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors is reproduced below:

We have been informed that the Board of Directors in their meeting held on June 29, 2006 have decided to Buy back Company's equity shares as allowed under Section 77A of the Companies Act, 1956. In terms of the clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy back of Securities) Regulations 1998, we confirm as under:

1. We have inquired into the state of affairs of the Company in relation to its audited accounts for the year ended 31st March 2006.

2. The amount of permissible capital payment for the equity shares towards buy back of equity shares (including premium) in question as ascertained below in our view has been properly determined in accordance with Section 77A(2)(b) of the Companies Act, 1956

Rs lakhs

Paid up Equity Share Capital as on March 31, 2006 320.98

Free Reserves as on March 31, 2006 (Refer Note 1) 9679.15

Total (Refer Note 2) 10000.13

Maximum amount permitted for Buy back (Refer Note 3) 1000.01

(i.e. 10% of the total paid up capital and free reserves)

Amount to be utilized for buy back as per the Board Resolution Rs. 1000 lakhs

3. Based on the representations made by the company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that (Refer Note 4) the Board of Directors of the Company at their meeting held on June 29, 2006 have formed the opinion as specified in clause (x) of Schedule I of the Securities and Exchange Board of India (Buy back of Securities) Regulations 1998 on reasonable ground and that the Company will not, having regard to its current state of affairs be rendered insolvent within a period of one year from the date of its Board Meeting held on June 29, 2006.

5.15 The Buy back is expected to be completed within the statutory validity period of the resolution dated June 29, 2006 passed by the Board of Directors which at present is twelve months from the date of passing of the said resolution.

5.16 The Board of Directors of the Company accepts responsibility for the information contained in this notice.

Note: Due to oversight following are the misprinting and omission in Public Notice issued by the Company:

- Free reserves as on that date amounting to Rs 9,697.47 lakhs;
- Total Rs. 10018.45 lakhs;
- Maximum amount permitted for Buy back Rs. 1001.84 lakhs;
- Omitted "Based on the representations made by the company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that"

6. PRESENT CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

6.1 The Share Capital of the Company as on the date of this Public Announcement is as follows:

Authorised	Rupees
3,500,000 Equity shares of Rs. 10 each	35,000,000
Issue, Subscribed and Paid Up	
3,209,800 Equity shares of Rs. 10 each	32,098,000

6.2 There are no partly paid up shares or outstanding convertible instruments as on the date of Public Announcement.

6.3 The shareholding pattern of the Company as on June 30, 2006 and post buy back assuming completion of the buy back to the fullest extent and at the maximum price is as follows:

Particulars	No. of Shares % Holding		No. of Shares % Holding	
	Held	Pre-Buy back	Held Post Buy back*	Post-Buy Buy back
Promoter's Holding				
Indian Promoters	19,22,160	59.88	19,22,160	62.67
Foreign Promoters	---	---	---	---
Persons Acting in Concert	31,649	0.99	31,649	1.03
Sub Total	19,53,809	60.87	19,53,809	63.71
Non - Promoters Holding				
Institutional Investors				
Mutual Funds and UTI	99,055	3.09		
Banks, FIs, Insurance Co.	13,765	0.43		
FIs	---	---		
Sub Total (a)	1,12,820	3.51		
Others				
Private Corporate Bodies	2,38,439	7.43	11,13,134	36.29
Indian Public	8,63,813	26.92		
NRI / OCBs	24,442	0.76		
Any Other	16,477	0.51		
Sub Total (b)	11,43,171	35.62		
Total Non - Promoters Holding (a + b)	12,55,991	39.12		
GRAND TOTAL	32,09,800	100.00	30,66,943	100.00

* It is assumed that at the proposed maximum price of Rs 700/- per Share and for the buy back size of Rs. 1,000 lakhs, approximately 1,42,857 shares would be bought back. The shareholding post buy back may differ depending upon the actual number of shares bought back under the Buy back.

6.4 Information about the shareholding of the Promoter Group:

6.4.1 Promoters Holdings of Revathi Equipment Limited as on March 31, 2006

Particulars	No of shares held	% of Holdings
Utkal Investments Limited	19,22,160	59.88
Renaissance Asset Management Co. P. Limited	31,649	0.99
Total	19,53,809	60.87%

6.4.2 The promoters, directors of promoters and persons who are in control of the Company (collectively referred to as 'the Promoters') have not purchased or sold any equity shares of the Company during the twelve months preceding June 29, 2006, being the date of approval of buy back by the Board of Directors.

6.4.3 The Promoters do not intend to participate in the Buy back.

7. MAXIMUM AMOUNT TO BE INVESTED AND SOURCES OF FUNDS

7.1 The maximum amount, which the Company would deploy for the purposes of the said Buy back is Rs 1,000 Lakhs.

7.2 The Company has substantial accumulated Free Reserves, which is reflected in the Cash and Bank balances and other liquid investments of the Company and the same would be utilised for the buy back. The funds required for the Buy back will be drawn out of the Free Reserves of the Company. The Company's favorable liquidity position also permits the Buy back and hence, the Company will not be required to borrow funds for the Buy back. The cost of financing the Buy back would therefore be reduction in other income, which the Company could have otherwise earned on the funds deployed in the liquid assets.

8. LISTING DETAILS AND STOCK MARKET DATA

8.1 The equity shares of the Company are listed on the BSE, NSE, Madras Stock Exchange Limited and Coimbatore Stock Exchange Limited.

8.2 The high and low market prices for the last three years and the monthly high, low and average market prices for six months preceding this Public Announcement and the corresponding volumes on Stock Exchanges where the equity shares of the Company is traded

Details of Shares traded on BSE:

Period	High Rs.	Date of High	No. of Shares traded	Low Rs.	Date of Low	No. of shares traded	Average price Rs.	Total Volume Traded
Preceding three calendar years								
2003	198.45	Dec 08, 2003	632	95.00	Mar 31, 2003	425	124.28	1,137,026
2004	484.45	Dec 22, 2004	852	120.55	Feb 16, 2004	1,242	243.87	1,898,914
2005	975.00	Dec 30, 2005	277	415.00	Jan 17, 2005	4,660	688.22	3,654,036
Preceding six months								
January '06	1214.40	Jan 24, 2006	5953	960.00	Jan 03, 2006	5,025	1054.38	96,337
Feb '06	1,030.00	Feb 01, 2006	8860	901.10	Feb 24, 2006	3,240	925.98	56,870
March '06	1,050.10	Mar 08, 2006	7,193	890.00	Mar 29, 2006	5,080	967.52	71,672
April '06	1,106.05	Apr 05, 2006	6,584	861.15	Apr 21, 2006	6,005	960.27	77,047
May '06	944.75	May 02, 2006	2,212	644.55	May 25, 2006	2,280	802.30	70,100
June '06	748.00	June 25, 2006	4,639	560.00	June 13, 2006	1,730	638.56	77,232
July '06**	675.00	July 03, 2006	4,655	540.00	July 20, 2006	2,051	627.24	21,457

(Source: Official website of BSE)

Details of Shares traded on NSE:

Period	High Rs.	Date of High	No. of shares trade	Low Rs.	Date of Low	No. of shares traded	Average price Rs.	Total Volume Traded
Preceding three calendar years								
2003	Not Applicable as the share of the Company got listed on August 11, 2005 on NSE							
2004	Not Applicable as the share of the Company got listed on August 11, 2005 on NSE							
2005	980	Dec 30, 2005	2,905	650.10	Oct 7, 2005	1,462	780.81	260,600
Preceding six months								
January '06	1,210.00	Jan 24, 2006	2,394	922.05	Jan 03, 2006	1,741	1050.96	32,399
Feb '06	1,041.00	Feb 01, 2006	1,944	885.00	Feb			