

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer constitutes an "offer" and not an "invitation to offer". This Letter of Offer is being sent to you as a shareholder(s) of Alfa Laval (India) Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager/ Registrar to the Offer. In case you have recently sold your shares in the company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 875/- PER EQUITY SHARE ("OFFER PRICE")

(pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof) ("Takeover Regulations")

TO ACQUIRE UP TO 4,702,500 FULLY PAID-UP EQUITY SHARES ("OFFER")

representing 25.89% of the equity share capital of

Alfa Laval (India) Limited

Registered Office: Mumbai Pune Road, Dapodi Pune, 411 012; Phone No +91 20 2710 7100 Fax No+91 20 2714 7711
(the "Target Company")

BY

Alfa Laval Corporate AB

Registered Office: Box 73, 221 00, Lund, Sweden, Phone No + 46 46 36 70 00 Fax No + 46 46 30 50 90 (the "Acquirer")
and

Alfa Laval AB (publ)



Registered office: Box 73, 221 000 Lund, Sweden, Phone No + 46 46 36 70 00 Fax No + 46 46 30 50 90

The ultimate holding company of the Acquirer, which is acting in concert (the "Person Acting in Concert" or "PAC")

Please Note:

1. The Offer is being made pursuant to and in accordance with the provisions of Regulation 11(2A) of the Takeover Regulations and subsequent amendments thereof.
2. The Reserve Bank of India ("RBI") has vide its letter dated April 10, 2007 granted approval to the Acquirer under the Foreign Exchange Management Act, 1999 and the regulations thereunder for (i) the acquisition of Shares by the Acquirer under the Offer; and (ii) the opening and operation of the Escrow Account and special account referred to hereunder, and other related matters.. Besides the above, to the best of the knowledge of the Acquirer, no other approvals are required to acquire shares tendered pursuant to this Offer. However, the Offer will be subject to all statutory approvals as may be applicable.
3. Should the Acquirer decide to revise the Offer Price upward, such upward revision will be made in terms of **Regulation 26** of the Takeover Regulations not later than May 17, 2007. If there is any upward revision in the Offer Price, the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement ("PA") appeared. Such revised offer price would be payable to all shareholders who have accepted this Offer and tendered their shares at any time during the term of the Offer to the extent to which their acceptance and tenders have been found valid and accepted by the Acquirer.
4. The Acquirer may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers in which the PA appeared.
5. The procedure for acceptance of this Offer is set out in 11this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed (where applicable) along with Form of Withdrawal are enclosed with this Letter of Offer.
6. Shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the PA and this Letter of Offer can withdraw the same upto 3 (three) working days prior to the date of closure of the Offer.
7. A copy of the Public Announcement and a copy of this Letter of Offer (including Form of Acceptance cum Acknowledgement and the form of Withdrawal) are available on SEBI's website at <http://www.sebi.gov.in>. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible. Persons outside India accessing these pages are required to inform themselves of and observe any relevant restrictions.
8. This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
9. This Offer is not a competitive bid. There has been no competitive bid as of the date of the Letter of Offer.

All future correspondence, if any, should be addressed to the Registrar to the Offer shown below:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
HSBC  HSBC Securities and Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort Mumbai – 400 001 Tel: +91 22 2268 1264 Fax: +91 22 2263 1984 Contact Person: Shikha Garg E-mail: alfalavalopenoffer@hsbc.co.in	 Sharepro Services (India) Private Limited Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala Andheri (East), Mumbai - 400 099 Tel: +91 22 28215168, +91 22 28202114, +91 22 28202108, +91 22 2830 0272, +91 22 28348218, Fax: +91 22 2850 8927 Contact Person: Ganesh Rane Email: aliloffer@shareproservices.com

OFFER OPENS ON : MONDAY, MAY 7, 2007

OFFER CLOSSES ON : SATURDAY, MAY 26, 2007

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Activity	Original Date and Day	Revised Date and Day
Public Announcement ("PA") Date	February 27, 2007 (Tuesday)	February 27, 2007 (Tuesday)
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	March 16, 2007 (Friday)	March 16, 2007 (Friday)
Last date for a competitive bid	March 20, 2007 (Tuesday)	March 20, 2007 (Tuesday)
Date by which individual Letters of Offer will be dispatched to the shareholders	April 6, 2007 (Friday)	April 26, 2007 (Thursday)
Offer Opening Date	April 19, 2007 (Thursday)	May 7, 2007 (Monday)
Last date for revising the offer price/ number of equity shares	April 30, 2007 (Monday)	May 17, 2007 (Thursday)
Last Date for withdrawal by shareholders	May 3, 2007 (Thursday)	May 23, 2007 (Wednesday)
Offer Closing Date	May 8, 2007 (Tuesday)	May 26, 2007 (Saturday)
Date by which approval/ rejection would be intimated and the corresponding payment for the acquired equity shares and/or the share certificates for the rejected/withdrawn equity shares will be dispatched and/or credited to the beneficiary account in case of dematerialized equity shares	May 23, 2007 (Wednesday)	June 9, 2007 (Saturday)

RISK FACTORS

Given below are the risks related to the transaction, the proposed Offer and becoming associated with the Acquirer and the PAC:

Relating to the transaction:

- 1) The transaction is subject to completion risks as would be applicable to similar transactions.

Relating to the Offer:

- 1) In the event of regulatory approvals not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed.
- 2) The Acquirer makes no assurance with respect to the market price of the Shares during / after the Offer.
- 3) The Shares tendered in the Offer will lie to the credit of the Escrow account till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- 4) In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of oversubscription.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer and the PAC, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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Attached: Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed (where applicable)

DEFINITIONS/ABBREVIATIONS

Acquirer	Alfa Laval Corporate AB
Board	Board of directors of the Target Company
BSE	Bombay Stock Exchange Limited
Target Company	Alfa Laval (India) Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account opened by Sharepro Services (India) Private Limited with National Securities Depository Limited (NSDL) account "Sharepro Services Escrow A/c ALIL Open Offer". The DP ID is IN300095 and the beneficiary client ID is 11393717
DP	Depository Participant
Eligible Person(s)	All Shareholders (registered and unregistered) of the Target Company other than the Acquirer and the PAC and Overseas Corporate Bodies (as per Foreign Exchange Management (Deposit) Regulations, 2000) anytime before Offer Closing Date
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Public Announcement/PA	The public announcement relating to the Offer as appeared in the newspapers on February 27, 2007
Manager to the Offer/ HSBC	HSBC Securities and Capital Markets (India) Private Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer	Cash offer being made by the Acquirer to the shareholders of the Company on the terms contained in this Letter of Offer
Offer Closing Date	Saturday, May 26, 2007
Offer Opening Date	Monday, May 7, 2007
Offer Price	Rs. 875/- (Rupees Eight Hundred and Seventy Five only) per share
PAC	Persons Acting in Concert, Alfa Laval AB (publ)
Alfa Laval Group	Consists of the Alfa Laval Corporate AB, Alfa Laval AB (publ) and other associated companies
RBI	Reserve Bank of India
Registrar to the Offer	Sharepro Services (India) Private Limited
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Specified Date	Date for the purpose of determining the names of shareholders, as appearing in the Register of Members of the Company or the beneficial records of the relevant DPs, to whom the Letter of Offer will be sent. This date has been determined as Friday, March 16, 2007
Takeover Regulations / Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

CURRENCY OF PRESENTATION

Please note that all financial data contained in this Letter of Offer has been rounded off to the nearest million, except where stated otherwise.

Certain financial details contained in this Letter of Offer are denominated in Swedish Kroner ("SEK"). The rupee equivalent quoted in each case is calculated in accordance with the average of the buying and selling TT exchange rates appearing in the Economic Times on February, 23, 2007 which is Rs. 6.205/ SEK and Rs. 6.3/SEK, respectively.

This Letter of Offer is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSBC"), the Manager to the Offer, on behalf of the Acquirer and the PAC pursuant to Regulations 11(2A) (consolidation of holdings) and other applicable provisions of the Takeover Regulations.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ALFA LAVAL (INDIA) LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR OF THE COMPANY WHOSE SHARES/CONTROL ARE/IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 13, 2007 TO S SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

1. Background to the Offer

- 1.1. The Acquirer forms part of the promoter group of the Target Company and, holds 11,640,118 equity shares of the Target Company equivalent to 64.1% of the fully paid up equity share capital as on the date of the PA. The Acquirer is desirous of consolidating its holding in the Target Company, while ensuring that the public shareholding in the Target Company does not fall below the minimum level of shareholding required to be maintained under the Listing Agreements entered into by the Target Company with the Bombay Stock Exchange Limited (the "BSE"), and The National Stock Exchange of India Limited ("NSE"). The Target Company through a prospectus dated May 9, 1969 had offered less than 25% but more than 10% of its total number of issued shares to the public in terms of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957. Pursuant to Circular No. SEBI/CFDDIL/LA/2006/13/4 issued by the Securities and Exchange Board of India on April 13, 2006, the minimum level of shareholding required to be maintained under the Listing Agreements entered into by the Target Company with the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited is 10%. Therefore, pursuant to Regulation 11(2A) and other applicable provisions of the Regulations, the Acquirer is making an open offer (the "Offer" or the "Open Offer") to the shareholders of the Target Company to acquire upto 4,702,500 fully paid up equity shares of Rs.10/- each of the Target Company (each a "Share"), representing 25.89% of the total paid-up voting equity share capital of the Target Company as on February 23, 2007.
- 1.2. The Offer is being made at a price of Rs. 875.00/- (Rupees Eight hundred and seventy five only) for each Share (such price, hereinafter referred to as the "Offer Price"), to be paid in cash, in accordance with the provisions of the regulations and subject to the terms and conditions mentioned in this letter of offer in relation to the Offer (the "Letter of Offer").
- 1.3. The Offer is voluntary and in accordance with Regulation 11(2A) of the Takeover Regulations and has not been triggered by any agreement of the Acquirer or the PAC with any person for the purpose of acquisition of Shares in the Target Company.
- 1.4. Alfa Laval (India) Limited ("the Target Company") was incorporated on December 15, 1937 under the name Vulcan Trading Company Limited. In May, 1965, Alfa Laval Limited, the Indian subsidiary of Alfa Laval AB (publ), Sweden was amalgamated with the Target Company and its name was changed to Vulcan Laval Limited in October 1965. The Target Company acquired its present name in May 1987. The Target Company is a part of Alfa Laval Group and is engaged in the business of manufacture and sale of plant, machinery and equipment used in edible oil processing, food and beverages, energy, environment, pharmaceuticals, chemicals, fertilizer, petrochemicals, ship building, paper and other allied industries and general engineering.
- 1.5. Neither the Acquirer, the PAC, nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or under any of the regulations made thereunder.
- 1.6. The Acquirer or the PAC does not propose to make any change in the Board of Directors after the Offer except in ordinary course.
- 1.7. The Acquirer has confirmed that it does not intend to and has undertaken not to moot any proposal or otherwise take any action to delist the Shares of the Target Company from the stock exchanges for a period of 1 year from the Offer Closing Date. While the Acquirer presently does not have any intention to delist or cause to delist the Shares of the Target Company for a period of two years after the expiry of the aforesaid 1 year period, any future action taken by the Acquirer to delist the securities of the Target Company in the subsequent 2 years after the one year period or thereafter shall be subject to the decision of the Board of Directors of the Acquirer in this regard and shall be subject to applicable law.

2. Details of the Offer

- 2.1. The Public Announcements of the Offer appeared on February 27, 2007 in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations:

Newspapers	Language	Edition
Financial Express	English	National
Jansatta	Hindi	Delhi, Kolkatta
Loksatta	Marathi	Pune

A copy of the Public Announcements are also available on SEBI's website at <http://www.sebi.gov.in>

- 2.2. This Offer to the shareholders of the Target Company is to acquire up to 4,702,500 fully paid up equity shares of Rs 10/- each of the Target Company representing up to 25.89% of the present fully paid up equity share capital of the Target Company at the Offer Price of Rs. 875.00/- (Rupees Eight hundred and seventy five only) per Share, to all shareholders Of the Target Company who tender their equity shares and whose equity shares are acquired by the Acquirer. There are no partly paid Shares in the Target Company.
- 2.3. The Offer Price will be payable in cash, subject to the terms and conditions mentioned in this Letter of Offer.
- 2.4. The Offer is not conditional upon any minimum level of acceptance.
- 2.5. Neither the Acquirer, nor the PAC have acquired any further Shares in the Target Company after the date of PA and upto the date of this Letter of Offer.

3. Object of the acquisition / Offer

- 3.1. The Alfa Laval Group, strives to be the market leader in its chosen product areas within each defined geographical market. The area of activity of the Target Company is technology and capital intensive and in order to justify greater commitment and support from the Acquirer (the Promoter of the Target Company), the PAC and the Alfa Laval Group, in terms of resources and know-how, the Acquirer wishes to consolidate and enhance its stake in the Target Company to 89.99%
- 3.2. The PAC has been operating successfully in several parts of the world and the centrally adopted strategy of the group has been to control majority of all its operating units. The ownership of the Acquirer in the Target Company is sought to be brought in line with the standard practice of the group across the globe.
- 3.3. The Acquirer is desirous of consolidating its holdings in the Target Company and hence there will be no material implications on position of The Acquirer in terms of market positioning, capacity utilization etc.

4. Background of the Acquirer and PAC

4.1. The Acquirer

The Acquirer is an unlisted company incorporated in Sweden on September 30, 1907, with its registered office located at Alfa Laval Corporate AB, Box 73, 221 00 Lund Sweden. Phone No + 46 46 36 70 00 Fax No + 46 46 30 50 90.

The acquirer is a part of the Alfa Laval Group, whose ultimate holding company is Alfa Laval AB (publ) the "PAC".

4.1.1. Brief History & Major areas of operation:

Alfa Laval Corporate AB was incorporated on September, 30 1907 as Svenska Sockerfabriks Aktiebolaget. It changed its name to, Alfa Laval Corporate AB on March 13, 2002.

Alfa Laval Corporate AB is engaged in the development, production & sales of components and systems with the product areas centrifugal separators, heat exchangers, valves, pumps, and pipe fittings. Alfa Laval Corporate AB has a management function, a shared service function and an internal finance and treasury function for the whole Alfa Laval Group.

4.1.2. Identity of promoters:

The Acquirer is a wholly owned subsidiary of Alfa Laval NV, Netherlands, The ultimate parent company of the Acquirer is Alfa Laval AB (publ).

4.1.3. Compliance with Chapter II of the Takeover code:

The Acquirer has complied with applicable provisions of the Takeover Regulations (including Chapter II) /other applicable Regulations under the Securities and Exchange Board of India Act, 1992, as amended (the "SEBI Act") and other statutory requirements, as applicable. Except that the compliance under Regulation 6(1), 6(3), 8(1) and 8(2) for the year 1997 was made in terms of SEBI Regularization Scheme 2002. See Annexure II for details.

4.1.4. Name & Residential Addresses of the Board of Directors of The Acquirer:

Name	Residential Address	Date of Appointment
Lars Renström	Karl XI- Gatan 17 A, 7tr, 222 20 Lund	October 1, 2004
Thomas Thuresson	Caritasgatan 14, 216 18 Limhamn	October 15, 2000
Mikael Wahlgren	Lisea Gard, Genarp 134, 240 13 Genarp	August 29,2006
Jacob Malmros	Abovagen 3, 245 62, Hjarup	October 15, 2000
Dag Olsson	Ornhaus Dorrod, 240 14 Veberod	October 15, 2000

Source: Alfa Laval Corporate AB

None of the above directors are on the board of the Target Company.

4.1.5. Details of the Board of Directors

Lars Renstrom, was born in 1951 and has done BSc in Engineering and BSc Economics. He has been with the Alfa Laval Group since 2004. Currently he is the President and CEO of Alfa Laval AB (publ). Prior thereto, Lars Renstrom was working with Seco Tools AB, wherein he was the President and CEO from 2000 to 2004. Prior thereto, he was working as a division manager at Ericsson AB and Atlas Copco AB. He is also a Board member of Profilgruppen AB and Alfa Laval AB (publ).

Thomas Thuresson, was born in 1957 and has done BSc in Economics. He has been employed with the Alfa Laval Group since 1988. Currently he is the Executive Vice President and Chief Financial Officer of Alfa Laval AB (publ). Prior thereto, he was working as the Controller of Flow business area and Group Controller of the Alfa Laval Group.

Dag Olsson, was born in 1961 and has done BSc in Economics. He has been employed by Alfa Laval Group since 1985. Currently he is the Group Controller of Alfa Laval AB (publ).

Jacob Malmros, was born in 1962 and has done BSc. in Economics. He has been employed with the Alfa Laval Group since 1992. Currently he is the Tax Manager of Alfa Laval AB (publ). Prior thereto, Jacob Malmros was working as an authorized public accountant at Price Waterhouse

Mikael Wahlgren, was born in 1965 and has done LLM. He has been with the Alfa Laval Group since 2006. Currently he is the General Counsel of Alfa Laval AB (publ). Prior thereto, Mikael Wahlgren was working as a legal counsel at Skanska, ABB, Rolls Royce and NCC

4.1.6. The Audited financial statements of Alfa Laval Corporate AB for the last three years:

Profit & Loss Statement	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Net sales	6,735.2	421,118.4	5,518.6	345,050.5	4,753.3	297,200.1
Costs of goods sold	(4,515.8)	(282,350.4)	(3,867.3)	(241,802.9)	(3,152.3)	(197,097.6)
Gross profit	2,219.4	138,768.0	1,651.3	103,247.5	1,601.0	100,102.5
Sales costs	(507.2)	(31,712.7)	(432.8)	(27,060.8)	(352.5)	(22,040.1)
Administration costs	(318.1)	(19,889.2)	(334.0)	(20,883.4)	(318.0)	(19,883.0)
Research and development	(332.8)	(20,808.3)	(287.9)	(18,000.9)	(263.7)	(16,487.8)
Other operating income	247.5	15,474.9	215.7	13,486.6	169.2	10,579.2
Other operating costs	(549.2)	(34,338.7)	(439.0)	(27,448.5)	(372.1)	(23,265.6)
Operating income	759.6	47,494.0	373.3	23,340.6	463.9	29,005.3
Dividends	72.9	4,558.1	97.1	6,071.2	59.4	3,714.0
Interest income and similar result items	345.6	21,608.6	476.5	29,793.2	384.0	24,009.6
Interest costs and similar result items	(194.4)	(12,154.9)	(402.4)	(25,160.1)	(290.8)	(18,182.3)
Result after financial items	983.7	61,505.8	544.5	34,044.9	616.5	38,546.7
Appropriations	48.5	3,032.5	(115.7)	(7,234.1)	(144.2)	(9,016.1)
Taxes on current year result	(287.9)	(18,000.9)	(97.3)	(6,083.7)	(129.0)	(8,065.7)
Net income for the year	744.3	46,537.4	331.5	20,727.0	343.3	21,464.8

Source: Audited financial results of Alfa Laval Corp. AB

Assets	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Fixed Assets						
<i>Intangible assets</i>						
Concessions, patents, licenses, trademarks and similar rights	29.8	1,863.2	35.9	2,244.6	34.2	2,138.4
Goodwill	110.1	6,884.0	34.3	2,144.6	38.7	2,419.7
	139.9	8,747.2	70.2	4,389.3	72.9	4,558.1
<i>Tangible assets</i>						
Buildings	216.5	13,536.7	229.8	14,368.2	159.7	9,985.2
Land and land improvements	22.1	1,381.8	22.6	1,413.1	18.2	1,138.0
Machinery and other technical installations	308.2	19,270.2	218.5	13,661.7	173.6	10,854.3
Equipment, tools and installations	109.4	6,840.2	109.3	6,834.0	98.3	6,146.2
Construction in progress and advances to suppliers concerning property, plant and equipment	80.0	5,002.0	84.5	5,283.4	134.4	8,403.4
	736.2	46,030.9	664.7	41,560.4	584.2	36,527.1

Assets	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Financial assets						
Shares in group companies	499.4	31,225.0	491.2	30,712.3	509.2	31,837.7
Capitalised financing costs	21.7	1,356.8	25.3	1,581.9	28.1	1,757.0
Total fixed assets	521.1	32,581.8	516.5	32,294.2	537.3	33,594.7
Current assets	1,397.2	87,359.9	1,251.4	78,243.8	1,194.4	74,679.9
Inventories						
Raw material and supplies	510.7	31,931.5	271.8	16,994.3	239.2	14,956.0
Work in progress	262.4	16,406.6	250.8	15,681.3	145.6	9,103.6
Finished goods	265.8	16,619.1	183.4	11,467.1	197.2	12,329.9
Current receivables	1,038.9	64,957.2	706.0	44,142.7	582.0	36,389.6
Accounts receivable	659.7	41,247.7	464.9	29,067.9	364.1	22,765.4
Financial receivables on group companies	4,270.9	267,038.0	3,747.7	234,324.9	3,525.1	220,406.9
Other receivables on group companies	219.5	13,724.2	605.5	37,858.9	149.9	9,372.5
Tax receivables	19.2	1,200.5	6.8	425.2	4.1	256.4
Other receivables	376.3	23,528.2	230.7	14,424.5	274.4	17,156.9
Accrued income and prepaid costs	18.6	1,163.0	21.3	1,331.8	35.1	2,194.6
Current deposits	5,564.2	347,901.6	5,076.9	317,433.2	4,352.7	272,152.6
Cash and bank	22.6	1,413.1	89.7	5,608.5	61.2	3,826.5
Total current assets	6,651.6	415,891.3	5,895.9	368,641.1	5,025.2	314,200.6
TOTAL ASSETS	8,048.8	503,251.2	7,147.3	446,884.9	6,219.6	388,880.5

Liabilities	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Equity capital						
Restricted equity						
Share capital 13.920.000 shares	696.0	43,517.4	696.0	43,517.4	696.0	43,517.4
Restricted reserves	139.2	8,703.5	139.2	8,703.5	139.2	8,703.5
Non-restricted reserves	835.2	52,220.9	835.2	52,220.9	835.2	52,220.9
Retained earnings	(597.3)	(37,346.2)	(35.7)	(2,232.1)	(142.2)	(8,891.1)
Net income for the year	744.3	46,537.4	331.5	20,727.0	343.3	21,464.8
Untaxed reserves	147.0	9,191.2	295.8	18,494.9	201.1	12,573.8
Provisions	211.9	13,249.0	260.5	16,287.8	144.2	9,016.1
Provisions for pensions and similar commitments	2.1	131.3	2.9	181.3	4.8	300.1
Other provisions	32.1	2,007.1	9.8	612.7	3.1	193.8
Long-term liabilities	34.2	2,138.4	12.7	794.1	7.9	493.9
Liabilities to credit institutions	1,388.3	86,803.5	1,455.0	90,973.9	233.8	14,618.3

Liabilities	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Current liabilities						
Liabilities to credit institutions	80.0	5,002.0	-	-	149.9	9,372.5
Advances from customers	212.0	13,255.3	138.0	8,628.5	31.5	1,969.5
Accounts payable	660.8	41,316.5	429.8	26,873.2	373.2	23,334.3
Financial liabilities to group companies	2,333.6	145,908.3	2,035.0	127,238.4	3,028.1	189,332.0
Other liabilities to group companies	1,388.3	86,803.5	1,054.0	65,901.4	665.8	41,629.1
Tax liabilities	3.1	193.8	2.0	125.1	-	-
Other liabilities	388.3	24,278.5	311.0	19,445.3	258.8	16,181.5
Accrued costs and prepaid income	366.0	22,884.2	318.3	19,901.7	290.1	18,138.5
	5,432.2	339,648.3	4,288.1	268,113.5	4,797.4	299,957.4
TOTAL EQUITY CAPITAL AND LIABILITIES	8,048.8	503,251.2	7,147.3	446,884.9	6,219.6	388,880.5

Other Financial data	December 31, 2006		December 31, 2005		December 31, 2004	
	(SEK)	(Rs.)	(SEK)	(Rs.)	(SEK)	(Rs.)
Dividend (%)	-	-	108%	108%	-	-
Earnings per share	53.47	334.32	23.81	148.87	24.66	154.19
Return on Networth	88%	88%	33%	33%	38%	38%
Book Value per share	60.56	378.65	71.25	445.49	64.45	402.97
Number of shares	13,920,000		13,920,000		13,920,000	

Source: Audited financial results of Alfa Laval Corp. AB

- 4.1.7. **The total income has increased in 2005 and 2006 due increase in turnover, and improvement of margins.**
- 4.1.8. **Alfa Laval Corp. AB has contingent liabilities of SEK680.3mn (Rs. 42,535.8 lacs)**
- 4.1.9. **Significant accounting policies of the Acquirer**

Accounting principle

The annual report has been established according to the Annual Accounts Act and The Swedish Accounting Standards Board. Group contributions and related taxes have been recorded against equity capital.

All amounts are disclosed in SEK million unless otherwise stated.

Classification

Fixed assets, long term debt and provision are amounts that are expected to be hold or paid after more then twelve month after the balance sheet day. Current receivables and current liabilities are amounts that are expected to be hold or paid within twelve month from the balance sheet day.

Valuation principles

Receivables and liabilities

Receivables and liabilities in foreign currencies have been valued at year-end rates of ex-change. Exchange rate gains and losses on receivable and payables in the operation are re-reported as operating items while exchange rate gains and losses on financial receivable and liabilities are reported as financial items.

Receivables are reported to the lowest of nominal amount and the amount expected to be received.

Inventory

The inventory has been valued to the lowest of cost or actual value, taken into account obsolescence.

Fixed assets

Fixed assets have been accounted for after deduction of accumulated depreciation according to plan. The difference between planned booked value and booked value is shown as untaxed reserves.

The depreciations according to plan are based on the groups acquisition values and are calculated according to the estimated economic lives of the assets. The following depreciation periods have been used:

Years

Computer programs and computers	3.3
Office equipment	4
Vehicles	5
Intangible assets	4-10
Goodwill	5
Machinery and equipment	10-14
Buildings	15-50

Intangible assets mainly relate to patents and trademarks where the economic life has been estimated to 10 years. The depreciation period for intangible assets has therefore been set to 10 years, unless the economic life is known to be shorter in which case the shorter life is used.

Goodwill refers to goodwill arising from purchase of assets and liabilities and is depreciated over 5 years.

Financial assets are valued to the lowest of acquisition value and actual value.

The depreciation plan for industrial buildings in Sweden is 25 years and for office buildings 50 years. The building in Ukraine is located on non-freehold property and is depreciated over 15 years.

Upon sales and scrapping of assets, the results are calculated in relation to the net book value after depreciation according to plan. The result on sales is included in operating income.

Revenues

Revenues have been reported to actual value of what has been received or will be received. Revenues are reported to the extent that it is probable that the economic benefits will come to the company and can be calculated on a reliable way. The following criteria's must be met before revenues can be reported:

Sale of goods

The revenue is reported when the essential risks and benefits that are connected with the ownership of the goods have past on to the buyer and when the revenue amount can be calculated on a reliable way.

Construction in progress

For larger projects the percentage of completion method is applied. This means that a revenue that belongs to a project is recognised as a revenue based on the completion of the project. The conditions for percentage of completion method are that revenue, costs and percentage of completion can be calculated on a reliable way. Percentage of completion has been set by comparing cost spent in comparison to total expected cost for the project. Cost for loss orders are taken immediately.

Interest

Interest income is recognised on an accrual basis.

Dividend

Revenues for dividend are recognised when the stockholders right to dividend is established.

Taxes

Deferred tax is reported according to the balance sheet method meaning that deferred tax is calculated for all identified temporary differences between the taxable value of all assets and liabilities and their reported value.

Deferred tax liability is reported in the balance sheet for all taxable temporary differences- except when the deferred tax liability refers to or an asset or liability in a transaction, that at the time of the transaction, neither affected reported or taxable profit or loss

Deferred tax asset is reported for all deductible temporary differences in the extension that it is probable that the future taxable gains will be available and against which the temporary differences or unused loss carry-forward might be used.

The deferred tax assets reported values are tested at each balance day and are decreased in the extent that it is not likely that an adequate taxable gain within reasonable time will be available use all or parts of the deferred tax assets

Deferred tax assets and liabilities are calculated with the tax rates that are expected to be for the period in which the assets or liabilities are settled, based on the tax rates (and tax legislation) that is available or in practice is available on the balance day.

Provisions

Provisions are reported in the balance sheet when the company has an obligation (legal or in-formal) due to a past event and it is likely that an out flow of resources that is associated with economic benefits will be required to meet the obligation and the amount can be calculated on a reliable way. If the company expects to be compensated for the provision, e.g. throw insurance, the compensation is reported as an asset in the balance sheet, but this only takes place when the compensation is almost certain.

Leasing

Leasing agreements were, in all essential, all the risks and benefits associated with ownership are on the lessor

are classified as operational leasing agreements. The leasing fee in operational leasing is reported as costs in the profit and loss statement and is taken on a linier basis over the leasing period.

All leasing agreements are reported as right of use agreements and are taken on a linier basis over the leasing period.

Research and development

Research and development costs are charged to the income statement in the year in which they are incurred.

4.1.10. Disclosure of earlier acquisitions made in the Target Company:

Details of prior acquisitions made by The Acquirer in The Target Company:

Particulars	No. of shares acquired/sold	Capital as on date of acquisition/sale	Resultant shareholding%
Issued on merger (1965)	53,280*	463,000*	11.50
Bought from STAB (1966)	97,813*	463,000*	32.63
Rights shares (5:1) (1966)	755,465*	2,749,080*	32.97
Rights shares (4:3) (1968)	1,208,744*	6,391,333*	33.09
Addl. right shares(for rounding up) (1969)	8*	846,124**	25.00
Bonus shares (11:17) (1975)	136,873**	1,443,008	24.14
Sold to financial institutions (1978)	(400,000)	2,317,500	13.30
Acquired from STAB (1980)	616,808	2,317,500	39.92
Rights shares (1:2) (1985)	462,606	3,476,250	39.92
Bonus shares (1:2) (1986)	693,909	5,214,375	39.92
Bonus shares (1:2) (1989)	1,040,863	7,821,562	39.92
Bonus shares (1:2) (1991)	1,561,295	11,732,343	39.92
Preferential allotment (1993)	4,578,004	18,160,483	51.00
Open offer (2001)	2,378,229	18,160,483	64.10
Net holding of Promoter as on date of PA	11,640,118	18,160,483	64.10

* shares of Re.1 each

** shares of Rs.10 each

Alfa Laval Corporate AB (earlier known as Alfa Laval AB) as the PAC along with Alfa Laval International AB (now known as Alfa Laval AB (publ)) as the Acquirer and Industri Kapital 2000, as another person acting in concert through an open offer in June 2001 increased its stake in the Target Company to 64.1%. The offer was in compliance with applicable provisions of the Takeover Regulations/ Other regulations under the SEBI ACT 1992 and other statutory requirements, as applicable.

4.2. The PAC – Alfa Laval AB (publ).

4.2.1. The PAC is a public limited company incorporated on March 27, 2000.(Registration Number 556 587 – 8054) under the laws of Sweden. It has its registered office at Box 73, 221 000 Lund, Sweden. It is listed on the Stockholm stock exchange. Phone No + 46 46 36 70 00 Fax No + 46 46 30 50 90.

4.2.2. Brief History & Major areas of operation:

The PAC was incorporated on March 27, 2000 as Lagrummet December nr 681 Aktiebolag. It subsequently changed it's name to the present name Alfa Laval AB (publ) on March 13, 2002

PAC is a leading global provider of specialized process engineering solutions and equipment based on three key technologies – heat transfer, centrifugal separation and sanitary flow technology. Alfa Laval was founded in Sweden in 1883 by Gustav de Laval, the inventor of the continuous separator. They are a market leader in the markets of compact heat exchangers, centrifugal separators and sanitary flow equipment. Their products, which are sold individually and in combination with each other to form systems and solutions, are designed to optimize the performance of customers' manufacturing processes.

Their key technologies are as follows:

Heat transfer technology: Our heat exchangers are used in a variety of industries for applications such as heating, cooling, ventilation and condensation of fluids. Heat exchangers work by passing fluids or gases close together, with heat moving from the hot substance to the colder one. Examples of industries using our heat exchangers include the food, chemical processing and power generation industries.

Centrifugal separation technology: Our centrifugal separation equipment, systems and decanters are used to separate liquids from liquids and solid particles from liquids and are an integral part of a wide variety of industrial processes. Centrifugal separators work by rotating a vessel at very high speeds in order to create a centrifugal force which separates the contents of the vessel. Examples of applications include fuel oil cleaning systems for ship engines and power stations, the separation of cream from milk in the dairy industry and the removal of sludge from water in waste-waste treatment plants.

Sanitary flow technology: Our pumps, valves and installation material, including piping and connections are used for fluid handling applications such as the production of dairy products, beverages, food, health and beauty products and pharmaceutical products. These products perform supportive functions with an overall process and are used with our heat transfers and centrifugal separation products.

Primary customer segments: Comfort & Refrigeration; Marine & Diesel; Sanitary; Fluids & Utility; Original Equipment Manufacturers (“OEMs”); Food Technology; Energy & Environment; Process Industry; Water Technology; and Life Science Technology. Our customers are some of the world’s leading blue-chip manufacturers, distributors and OEMs, such as Bayer, Coca-Cola, Exxon, Tetra Pak and Unilever.

The customer segments are organized into two divisions, the Equipment division and the Process Technology division. In the Equipment division, they sell and market products to customers that have a well-defined and regular product based equipment need, such as OEMs that require a large number of small plate heat exchangers and air dryers for integration into boilers, diesel engines and air conditioning units. In the process Technology division, they sell and market to customers with specialized or unique solutions for industrial systems and processes, such as for the production of beverages, dairy products, beer and vegetable oils, as well as the purification of fuel and lubricating oil within power plants.

4.2.3. **Identity of promoters and shareholders of The PAC:**

PAC is the parent company of the Alfa Laval Group. PAC is a listed Company with 12,659 shareholders as on February 27, 2007. The largest owner is Tetra Laval B.V., the Netherlands which holds 17.7% stake in Alfa Laval AB (publ). The other top nine shareholder are institutional investors who hold 36.5% stake in The PAC. Further, Alfa Laval AB is a professionally managed public company and accordingly no single shareholder has been identified as a Promoter having control over the PAC.

4.2.4. **Compliance with Chapter II of the Takeover code:**

As The PAC does not directly hold any equity shares of the Target Company, provisions of chapter II of Takeover Regulations 1997 are not applicable.

4.2.5. **Name and residential address of the Board of Directors of Alfa Laval AB (publ):**

Name	Residential Address	Date of Appointment
Anders Narvinger	Ostermalmsgatan 94, 114 59, Stockholm	May 8, 2003
Gunilla Berg	Hogvretens Gard, 194 92, Upplands Vasby	April 27, 2004
Bjorn Hagglund	54 Cornwall Gardens, flat 1, SW 7, 4 BG London, Storbritannien, OCH, Nordland	April 27, 2005
Ulla Litzen	Tysta Gatan 6, 115 20, Stockholm	April 27, 2006
Finn Rausing	Box 5088, 102 42, Stockholm	August 24, 2000
Jorn Rausing	1 Longwalk Road, Stockley Park, Ublid Uxbridge	August 24, 2000
Lars Renstrom	Karl -XI Gatan, 17 A, 7 tr, 222 20 Lund	April 27, 2005
Waldemar Schmidt	Amaliegade, 24, 1256, Kopenhamn, Danmark,	August 24, 2000
Per Olov Jacobsson	Harmonivagen, 54, 142 42, Skogas	May 8, 2003
Arne Kasto	Box 4061, 227 21 Lund	August 24, 2000
Jan Nilsson	Skarpnacks Gardsvag 83, 128 31, Skarpnack	August 24, 2000
Susanna Norrby	Hasthagsvagen 16, 131 33 Nacka	May 8, 2003

None of these directors is a director on the Board of the Target Company.

4.2.6. **Details of experience of the Board of Directors:**

Anders Narvinger was born in 1948 and has done BSc. in Engineering and Bsc. in Economics. He is the chairman of Alfa Laval AB (publ) since 2003. He is the President of Teknikforetagen and was previously the President and CEO of ABB Sweden. He is also the Chairman of Trelleborg AB, Invest in Sweden Agency and Swedish Trade Council. Board member of Volvo Car Corporation.

Gunilla Berg was born in 1960 and has done Bsc. in Economics. She has been a Board member of Alfa Laval AB (publ) since 2004. Currently she is the CFO of SAS Group Board member of LE Lundbergforetagen AB. Previously she was the Executive Vice President and CFO of KF Group.

Björn Hägglund was born in 1945 and has done Phd. in (For.). He is a Board member of Alfa Laval AB (publ) since 2005. He is currently the Board Chairman of Swedish Industrial Institute for Economics and Social Research and Worldwide Fund for Nature (WWF), Sweden. Board member of Bergvik Skog AB, Karl Hedin AB, SweTree Technologies AB, the Knut and Alice Wallenberg Foundation, and Mistra. Vice Chairman at IVA (Royal Academy of Engineering Science). His former positions include Deputy CEO of Stora Enso.

Ulla Litzén was born in 1956 and has done BSc. in Economics from the Stockholm school of Economics and MBA from Massachusetts Institute of Technology. She is a Board member of Alfa Laval AB (publ) since 2006. Currently she is the Board member of Atlas Copco AB, Boliden AB, Karo Bio AB, Posten AB and SKF AB. Previously she was President of W Capital Management and held various senior positions at Investor.

Finn Rausing was born in 1955 and has done B.L, MBA from Insead. He is a Board member of Alfa Laval AB

(publ) since 2000..He is the Chairman of R.R. Institute of Applied Economics AB. Board member of Tetra Laval Group, De Laval Holding AB and Swedeship Marine AB.

Jörn Rausing was born in 1960 and has done Bsc. in Economics. He is a Board member of Alfa Laval AB (publ) since 2000. Currently he is the Head of Mergers and Acquisitions (M&A) in the Tetra Laval Group and Board member of the Tetra Laval Group and DeLaval Holding AB.

Lars Renstrom, was born in 1951 and has done BSc in Engineering and BSc Economics. He has been with the Alfa Laval Group since 2004. Currently he is the President and CEO of Alfa Laval AB (publ). Prior thereto, Lars Renstrom was working with Seco Tools AB, wherein he was the President and CEO from 2000 to 2004. Prior thereto, he was working as a division manager at Ericsson AB and Atlas Copco AB. He is also a Board member of Alfa Laval Corporate AB and Profilgruppen AB.

Waldemar Schmidt was born in 1940 and has done Bsc. in Engineering- He is a Board member of Alfa Laval AB (publ) since 2000. Currently he is the Chairman of Superfos Industries A/S and Thrane & Thrane A/S. Vice Chairman of Majid Al Futtain Group LLC, Dubai. Board Member of Enodis plc, Welzorg Group BV, Cicor S/A and Kwintett AB. His previous positions include President and CEO of ISS Group.

Per Olov Jacobsson was born in 1942. He is a Board member of Alfa Laval AB (publ) as an Employee representative since 2003. He is the employee representative for the Association of Management and Professional Staff (Ledarna). He has been employed with Alfa Laval Group since 1959.

Arne Kastö was born in 1948. He is a Board member of Alfa Laval AB (publ) as an Employee representative since 2000. He is the employee representative for the Swedish Union of Clerical and Technical Employees in Industry (SIF). He has been employed with Alfa Laval Group since 1980.

Jan Nilsson was born in 1952. He is a board member of Alfa Laval AB (publ) as an Employee representative since 2000. He is the employee representative for the Swedish Metal Workers Union (Metall). He has been employed with Alfa Laval Group since 1974.

Susanna Norrby was born in 1967, She is board member of Alfa Laval AB (publ) as an Employee representative since 2003. She is the employee representative for the Swedish Association. of Graduate Engineers (CF). She has been an Alfa Laval Group employee since 1992.

4.2.7. **The Consolidated and Audited financial statements of Alfa Laval AB (publ). for the last three years:**

Profit & Loss Statement	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Net sales	19,801.5	1,238,088.8	16,330.4	1,021,058.3	14,985.8	936,987.1
Cost of goods sold	(12,598.0)	(787,690.0)	(10,800.4)	(675,295.0)	(9,937.0)	(621,310.9)
Gross profit	7,203.5	450,398.8	5,530.0	345,763.3	5,048.8	315,676.2
Sales costs	(2,606.9)	(162,996.4)	(2,365.3)	(147,890.4)	(2,132.4)	(133,328.3)
Administration costs	(948.4)	(59,298.7)	(993.7)	(62,131.1)	(929.5)	(58,117.0)
Research and development costs	(526.1)	(32,894.4)	(447.8)	(27,998.7)	(403.9)	(25,253.8)
Other operating income	281.4	17,594.5	323.8	20,245.6	325.2	20,333.1
Other operating costs	(851.6)	(53,246.3)	(669.8)	(41,879.2)	(469.8)	(29,374.2)
Operating income	2,551.9	159,557.5	1,377.2	86,109.4	1,438.4	89,936.0
Dividends	2.6	162.6	4.9	306.4	3.1	193.8
Interest income	174.2	10,891.9	173.6	10,854.3	166.4	10,404.2
Interest expense	(353.4)	(22,096.3)	(456.7)	(28,555.2)	(346.3)	(21,652.4)
Result after financial items	2,375.3	148,515.6	1,099.0	68,715.0	1,261.6	78,881.5
Taxes on this year's result	(613.5)	(38,359.1)	(160.1)	(10,010.3)	(391.9)	(24,503.5)
Other taxes	(36.8)	(2,300.9)	(10.9)	(681.5)	(29.6)	(1,850.7)
Net income for the year	1,725.0	107,855.6	928.0	58,023.2	840.1	52,527.3
Attributable to:						
Equity holders of the parent	1,686.80	105467.2	884.8	55,322.12	794.7	49,688.62
Minority interests	38.2	2388.5	43.2	2,701.08	45.4	2,838.64
Earnings per share	SEK 15.1	Rs.94.4	SEK 7.9	Rs.49.5	SEK 7.1	Rs.44.5
Average number of shares	111,671,993		111,671,993		111,671,993	

Source: Audited financial results of Alfa Laval AB (publ)

Assets	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Non-current assets						
Intangible assets						
Concessions, patents, licenses, trademarks and similar rights	1,188.4	74,304.7	1,065.1	66,595.4	923.1	57,716.8
Renting and similar rights	2.2	137.6	2.4	150.1	0.8	50.0
Goodwill	3,706.3	231,736.4	3,530.6	220,750.8	2,977.6	186,174.4
	4,896.9	306,178.7	4,598.1	287,496.2	3,901.5	243,941.3
Property, plant and equipment						
Real estate	951.9	59,517.5	1,006.2	62,912.7	945.4	59,111.1
Machinery and other technical installations	875.8	54,759.4	798.2	49,907.5	753.9	47,137.6
Equipment, tools and installations	529.9	33,132.0	624.5	39,046.9	609.1	38,084.0
Construction in progress and advances to suppliers concerning property, plant and equipment	156.7	9,797.7	123.9	7,746.8	171.9	10,748.0
	2,514.3	157,206.6	2,552.8	159,613.8	2,480.3	155,080.8
Other non-current assets						
Other long-term securities	4.3	268.9	4.8	300.1	2.9	181.3
Pension assets	54.7	3,420.1	49.2	3,076.2	123.5	7,721.8
Capitalised financing costs, acquisition loans	13.9	869.1	17.9	1,119.2	21.6	1,350.5
Deferred tax asset	711.4	44,480.3	604.6	37,802.6	453.4	28,348.8
	784.3	49,038.4	676.5	42,298.2	601.4	37,602.5
Total non-current assets	8,195.5	512,423.6	7,827.4	489,408.2	6,983.2	436,624.6
Current assets						
Inventories	3,792.4	237,119.8	3,090.7	193,246.0	2,452.5	153,342.6
Assets held for sale						
Real estate	0.9	56.3	-	-	-	-
Current receivables						
Accounts receivable	3,972.4	248,374.3	2,991.6	187,049.8	2,613.3	163,396.6
Other receivables	1,661.4	103,879.0	1,328.1	83,039.5	1,242.0	77,656.1
Prepaid costs and accrued income	73.9	4,620.6	84.4	5,277.1	89.9	5,621.0
Derivative assets	269.9	16,875.5	55.6	3,476.4	-	-
Capitalised financing costs, acquisition loans	7.8	487.7	7.4	462.7	31.1	1,944.5
	5,985.4	374,237.1	4,467.1	279,305.4	3,976.3	248,618.2
Current deposits						
Other current deposits	229.4	14,343.2	342.4	21,408.6	257.2	16,081.4
Cash and bank	546.0	34,138.7	478.8	29,937.0	414.8	25,935.4
Total current assets	10,554.1	659,895.1	8,379.0	523,897.0	7,100.8	443,977.5
TOTAL ASSETS	18,749.6	1,172,318.7	16,206.4	1,013,305.2	14,088.8	880,902.2

EQUITY CAPITAL AND LIABILITIES	December 31, 2006		December 31, 2005		December 31, 2004	
	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs	SEK mn	Rs. Lacs
Equity capital						
Attributable to the equity holders of the parent						
Share capital, 111,671,993 shares	1,116.7	69,821.7	1,116.7	69,821.7	1,116.70	69,821.7
Other contributed capital	2,769.8	173,181.7	2,769.8	173,181.7	2,769.80	173,181.7
Other reserves	(228.8)	(14,305.7)	(144.4)	(9,028.6)	-319.7	(19,989.2)
Retained earnings	3,054.9	191,007.6	1,937.6	121,148.4	1,583.20	98,989.6
	6,712.6	419,705.3	5,679.7	355,123.2	5,150.00	322,003.8
Attributable to minority interest	118.2	7,390.5	131.7	8,234.5	119.2	7,453.0
Total equity	6,830.8	427,095.8	5,811.4	363,357.8	5269.2	329,456.7
Non-current liabilities						
Liabilities to credit institutions	1,250.9	78,212.5	2,701.8	168,930.0	1262.7	78,950.3
Private placement	755.4	47,231.4	-	-	1,044.40	65,301.1
Provisions for pensions and similar commitments	940.5	58,804.8	902.8	56,447.6	788.9	49,326.0
Provision for deferred tax	949.5	59,367.5	766.8	47,944.2	760.3	47,537.8
Other provisions	317.5	19,851.7	307.1	19,201.4	316.1	19,764.2
Total non-current liabilities	4,213.8	263,467.8	4,678.5	292,523.2	4172.4	260,879.3
Current liabilities						
Liabilities to credit institutions	219.8	13,743.0	99.8	6,240.0	239.4	14,968.5
Advances from customers	1,751.1	109,487.5	969.7	60,630.5	542	33,888.6
Accounts payable	1,968.2	123,061.7	1,406.2	87,922.7	1,235.90	77,274.6
Notes payable	175.4	10,966.9	154.5	9,660.1	113.7	7,109.1
Tax liabilities	950.4	59,423.8	669.1	41,835.5	598	37,390.0
Other liabilities	668.2	41,779.2	608.3	38,034.0	479.5	29,980.7
Other provisions	963.3	60,230.3	650.3	40,660.0	632.1	39,522.1
Accrued costs and prepaid income	869.2	54,346.7	978.9	61,205.7	801.8	50,132.5
Derivative liabilities	139.4	8,716.0	179.7	11,235.7	0	-
Total current liabilities	7,705.0	481,755.1	5,716.5	357,424.2	4642.4	290,266.1
Total liabilities	11,918.8	745,223.0	10,395.0	649,947.4	8814.8	551,145.4
TOTAL EQUITY CAPITAL AND LIABILITIES	18,749.6	1,172,318.7	16,206.4	1,013,305.2	14084.0	880,602.1

Source: Audited financial results of Alfa Laval AB (publ)

Other Financial Data	December 31, 2006		December 31, 2005		December 31, 2004	
	(SEK)	(Rs.)	(SEK)	(Rs.)	(SEK)	(Rs.)
Earning Per Share	15.1	94.41	7.9	49.39	7.1	44.39
Dividends	63%	63%	51%	51%	48%	48%
Return on Net Worth	25%	25%	16%	16%	16%	16%
Book value per Share	61.2	382.65	52.0	325.13	47.2	295.10

Source: Audited financial results of Alfa Laval AB (publ)

4.2.8. Reasons for fall/ rise in total income and PAT.

The increase in operating income during 2006 compared to last year is mainly explained by a higher gross profit due to a favourable product mix, productivity improvements and high capacity utilization, marginally offset by increased R&D costs.

Contingent Liabilities	2006 (SEK mn)	Rs. Lacs
Discounted bills	78.3	4,895.7
Performance guarantees	910.1	56,904.0
Other contingent liabilities	1,499.1	93,731.2
Total	2,487.5	155,530.9

4.2.9. **Significant accounting policies of Alfa Laval AB (publ):**

Accounting principles

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments including derivatives that are valued at fair value. The statements are presented in SEK millions, with one decimal, unless otherwise stated Statement of compliance

As from January 1, 2005 Alfa Laval AB (publ) applies International Financial Reporting Standards (IFRS). Furthermore the Financial Accounting Standards Council's in Sweden recommendation RR 30:05 "Supplementary accounting principles for consolidated groups" is applied. These differ in certain respects from US GAAP.

The accounting and valuation principles of the parent company comply with the Swedish Annual Report's Act and the recommendation RR 32:05 "Accounting for legal entities" issued by the Financial Accounting Standards Council in Sweden.

Previously Alfa Laval AB (publ) followed the recommendations issued by the Financial Accounting Standards Council in Sweden and has strived for early implementation of the recommendations, that is prior to when they must be applied. To the extent that recommendations from the Council had not yet been issued corresponding to already issued International Accounting Standards, the IAS statement has been applied instead.

4.2.10. **The status of corporate governance and pending litigation matters:**

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2006, named as a co-defendant in a total of 210 asbestos-related lawsuits with a total of approximately 348 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit. Based on current information and Alfa Laval AB (publ)'s understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Desert Storm

Desert Storm-lawsuits Some of the subsidiaries of the Alfa Laval Group, along with approximately 70 other defendants, were sued in two lawsuits in the District Court for Brazoria County in Texas, U.S. in 1994. The claims were related to injuries allegedly suffered in the Gulf War 1991, also known as "Desert Storm"

The lawsuits claim damages in excess of US\$ 1 billion each and allege that equipment supplied by Alfa Laval Group, was used to create Iraqi weaponry.

Alfa Laval Group filed motions to get dismissed and has been awaiting a ruling from the trial court since November 1995. In a press release on September 7, 2006 Alfa Laval Group announced that the District Court for Brazoria County now has decided to dismiss all Alfa Laval Group companies as defendants in lawsuits regarding the Gulf War. The dismissal has enabled Alfa Laval Group to release SEK 40 million in provisions for expected costs related to the lawsuits, which has improved the result in the third quarter correspondingly.

4.2.11. **Details of merger/demerger, spin off during last 3 years involving the Acquirer, Change in name since incorporation:**

Acquisitions

On September 23, 2005, Alfa Laval AB (publ) announced that the company had signed an agreement to acquire 100 percent of Tranter PHE from the U.S. company, Dover Corporation.

On March 6, 2006 Alfa Laval AB (publ) obtained approval to acquire Tranter PHE for a purchase price of US\$ 150.4 million in cash. Tranter was a major competitor for the group in the United States and this acquisition facilitated a double branding strategy in the American market.

During the first quarter 2006 Alfa Laval AB (publ) acquired the fruit preparation activity from Tetra Pak for SEK 10.2 million.

On February 15, 2005 Alfa Laval AB (publ) acquired 100 percent of Packinox S.A. in France for SEK 542.3 million. Packinox is a world leader in large welded plate heat exchangers for oil & gas and refinery applications.

On October 2, 2003, Alfa Laval AB (publ) announced acquisition of the Life Science division, bioKinetics, from Kinetics Group Inc. in the US for SEK 215 million. Alfa Laval AB (publ) made public in December 2003 that the company had decided to initiate new negotiations with the former owner of bioKinetics Inc. This decision was based on the fact that Alfa Laval AB (publ) suspected irregularities in the accounting of certain customer projects in the acquired US-company. The parties were originally unable to resolve the matter, leading Alfa Laval AB (publ) to file a lawsuit against the former owner Kinetics Group Inc and certain individuals. On July 2, 2004 Alfa Laval AB (publ) announced that a settlement agreement had been reached between the parties. bioKinetics had approximately 400 employees and net sales of approximately SEK 550 million.

Divestments

On December 13, 2006, Alfa Laval AB (publ) announced that the company has taken the strategic decision to divest its engineering activity for the biopharm industry. The company is divesting this activity through a purchase agreement with the Management of this activity. The primary reason for divesting the engineering activity for the biopharm industry, which comprises the offering of engineering and validation services, is the limited connection to Alfa Laval AB's core business of process solutions and heat transfer, separation and fluid handling products. The divestment is not anticipated to have any negative impact on Alfa Laval AB (publ)'s Life Science activity. The turnover of the divested activity is slightly more than SEK 100 million and it employs approximately 110 people. The divestment has caused a non-recurring charge to the profit and loss statement in the fourth quarter 2006 of SEK -125.5 million. The transaction was finalized at December 29, 2006.

On December 5, 2003 an asset purchase agreement was signed between the subsidiary Tri-Lad Inc in Canada and local management of the company whereby all non-financial assets were sold to local management. The closing date was January 30, 2004. Tri-Lad Inc is selling equipment to the oil & gas industry and was a non-core activity within Alfa Laval AB (publ) (publ). It had been up for sale since several years. The Tri-Lad property was sold effective on May 12, 2004. The divestment of the Tri-Lad operations has generated a loss of SEK -15.0 million.

4.2.12. Date of Registration of Current and Previous company names:

2002-03-13 : Alfa Laval AB (publ)

2000-07-12: Alfa Laval International Aktiebolag

2000-03-27: Lagrummet December nr 681 Aktiebolag

4.2.13. Other Persons

Mridula Tandon, who holds 600 shares in the Target Company and is a relative of a director of the Target Company, is required to be disclosed as a member of the Promoter Group under applicable regulations. However, though Mridula Tandon is deemed to be a person acting in concert under Regulation 2(e)(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, it is clarified that she shares no common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the Target Company with respect to this Offer and therefore is not a person acting in concert with the Acquirer.

4.2.14. Details of the companies promoted by the Acquirer in India:

In India, other than the Target Company, the Acquirer has promoted Tranter India Private Limited the details of which are as follows:

Tranter India Private Limited (formerly known as Altra Industrial Products Private Limited)

Name of Company	Tranter India Private Limited (formerly known as Altra Industrial Products Private Limited)
Date of incorporation	9 th November, 2005
Nature of Business	To carry on in India and abroad, the business of providing research and development, design, manufacturing and supply services of heat exchangers and to provide related engineering and projects services, computer aided designing and designing work, component design and specifications and pressure vessel calculation and design specifications
Equity capital, Reserves (excluding revaluation reserves)	Equity Capital: Rs.3,01,00,000 divided into 30,10,000 equity shares of Rs.10 each Reserves: Rs.43.56 lakhs (Unaudited)
Total Income	FY 2006: Rs.2490.01 lakhs (Unaudited)
Profit After Tax (PAT)	FY 2006: Rs.43.56 lakhs (Unaudited)
Earnings Per Share (EPS)	FY 2006: Rs.1.45 (Unaudited)
Net Asset Value (NAV)	Rs.6.61 (Unaudited)
Mention if any of the companies is a sick industrial company	Not applicable

Source: Company

Alfa Laval Holding AB, a group company of the Alfa Laval Group has promoted Alfa Laval Support Services Private Limited, details of which are as follows:

Name of Company	Alfa Laval Support Services Private Limited (ALSS)
Date of incorporation	14 th February 2005
Nature of Business	ALSS is in the business of providing engineering and project related services, administrative support including human resource services and to carry out research and development work relating to certain Alfa Laval products
Equity capital, Reserves (excluding revaluation reserves)	Equity capital: Rs.100,000 divided into 10,000 equity shares of Rs.10 each Reserves: Rs. Nil
Total Income	FY 2006: Rs.309.20 lakhs (Unaudited) FY 2005: Rs. 70.58 lakhs
Profit/(Loss) After Tax (PAT)	FY 2006: Rs.(163.18) lakhs (Unaudited) FY 2005: Rs. (76.29) lakhs
Earnings Per Share (EPS)	FY 2006: (Rs.1631.82) (Unaudited) FY 2005: (Rs. 762.88)
Net Asset Value (NAV)	Rs.(2384.69)
Mention if any of the companies is a sick industrial company	Not applicable

Source: Company

4.2.15. Name and details of compliance officer:

Name: Mikael Wahlgren
Contact Details:
Alfa Laval Corporate AB
Box 73
SE-221 00 Lund
Sweden
Phone: +46 46 36 72 20
Fax: +46 46 36 71 87
Email: mikael.wahlgren@alfalaval.com

4.3. Disclosure in Terms of Regulation 16(ix):

Except the sale of two properties of the Target Company which were approved by the Board of Directors of the Target Company in its meetings held on December 14, 2005 and December 19, 2006 respectively i.e. prior to the date of the PA, and except in the ordinary course of business, the Acquirer and the PAC presently do not have any plans to dispose off or otherwise encumber any assets of the Target Company in the following two years from the date of closure of the Offer. However, except the sale of the properties of the Target Company as stated above and the sale of assets of the Target Company in the ordinary course of business, the Acquirer and the PAC undertakes not to dispose off or otherwise encumber any assets of the Target Company, without the prior approval of the shareholders. The Target Company's future policy of disposal of its existing business or assets after the aforesaid period of two years, if any, will be decided by its Board of Directors of the Target Company in accordance with the applicable laws and regulations.

4.4. Future plans/strategies of The Acquirer with regard to the regard to The Target company:

Alfa Laval Group, strives to be the market leader in its chosen product areas within each defined geographical market. The area of activity of the Target Company is technology and capital intensive and in order to justify greater commitment and support from the Acquirer (the Promoter of the Target Company) and the Alfa Laval Group, in terms of resources and know-how, the Acquirer wishes to consolidate and enhance its stake in the Target Company to 89.99%.

Alfa Laval AB (publ) has been operating successfully in several parts of the world and the centrally adopted strategy of the group has been to control majority of all its operating units. The ownership of the Acquirer in the Target Company is sought to be brought in line with the standard practice of the group across the globe.

While the Acquirer intends to consolidate its holdings in the Target Company and bring it in line with its globally adopted strategy as aforesaid, it does not intend to make any major change in the existing lines of business of the Target Company.

5. Option in terms of Regulation 21(2)

- 5.1. The Offer to the shareholders of the Target Company is made in accordance with Regulation 11(2A) of the Regulations for consolidating the Acquirer's holding in the Target Company while ensuring that the public shareholding in the Target Company does not fall below 10.0%, the minimum level of shareholding required to be maintained under the Listing Agreements entered into by the Target Company with BSE and NSE.
- 5.2. Therefore, pursuant to Regulation 11(2A) and other applicable provisions of the Regulations, The Acquirer is making an Offer to the shareholders of The Target Company to acquire upto 4,702,500 fully paid up equity shares of Rs.10/- each of the Target Company representing 25.89% of the total paid-up voting equity share capital of the Target Company as on February 23, 2007.

- 5.3. In terms of Regulation 11(2A) of the Takeover Regulations, the Acquirer would acquire such number of equity shares in the Target Company through the Offer so as not to breach the minimum public shareholding requirement of 10% in conformity with the SEBI circular bearing reference number SEBI/CFD/DIL/LA/2006/13/4 dated April 13, 2006. However, in the event that pursuant to this Offer in terms of Regulation 21(3) of the Takeover Regulations, if the public shareholding is reduced to 10% or less of the voting capital of the Target Company, the Acquirer shall disinvest through an offer for sale or by a fresh issue of capital or by any other permitted mode, to the public such number of equity shares so as to satisfy the listing requirement.

6. Background of the Target Company

- 6.1. Address of corporate and registered office, with phone numbers.

Corporate Office:	Alfa Laval (India) Limited Mumbai Pune Road, Dapodi, Pune 411 012 Tel.No.+91 20 2710 7100; Fax No.+91 20 2714 7711
Registered Office:	Alfa Laval (India) Limited Mumbai Pune Road, Dapodi, Pune 411 012 Tel.No.+91 20 2710 7100; Fax No.+91 20 2714 7711

- 6.2. The Acquirer is engaged in the development, production & sales of components and systems with the product areas centrifugal separators, heat exchangers, valves, pumps, and pipe fittings. The Acquirer has a management function, a shared service function and an internal finance and treasury function for the whole Alfa Laval Group.

The PAC is the ultimate holding company of the Alfa Laval Group and is listed on the Stockholm Stock Exchange. The consolidation of Alfa Laval (India) Limited, flows through the Acquirer to Alfa Laval AB (publ).

The PAC is a leading global provider of specialized products and engineering solutions. The sales are organized in two divisions:

The Process Technology Division, which offers unique solutions that help customers optimize their processes. The division supplies everything from components to systems and is based upon extensive process and product expertise in combination with innovative technologies.

The Equipment Division offers a wide range of high-performance products for customers who have well defined and regular needs. Sales are channeled through their own sales companies, distributors, contractors, installers, system builders and OEMs

- 6.3. **Brief history and major areas of operation**

6.3.1. Alfa Laval (India) Limited ("the Target Company") was incorporated on December 15, 1937 under the name Vulcan Trading Company Limited. In May, 1965, Alfa Laval Limited, the Indian subsidiary of Alfa Laval AB (publ), Sweden was amalgamated with the Target Company and its name was changed to Vulcan Laval Limited in October 1965. The Target Company acquired its present name in May 1987. The Target Company is a part of Alfa Laval Group and is engaged in the business of manufacture and sale of plant, machinery and equipment used in edible oil processing, food and beverages, energy, environment, pharmaceuticals, chemicals, fertilizer, petrochemicals, ship building, paper and other allied industries and general engineering.

6.3.2. The Target Company's shares are listed on the Mumbai Stock Exchange and the National Stock Exchange of India Limited.

- 6.4. **Location and details of other manufacturing facilities**

Sl.No.	Unit/Location	Telephone/Fax
1.	Mumbai Pune Road, Dapodi, Pune 411 012, Maharashtra	Tel.No.+91 20 2710 7100 Fax No.+91 20 2714 7711
2.	E-7/E-8, MIDC Estate, Satara 415 004, Maharashtra	Tel.No.+91 2162 24 4503 Fax No.+91 2162 24 4628
3.	Gat No.30 to 33 & 74 to 82, At & Post Sarole, Veer Road, Tal.Bhor, Dist. Pune 412 206, Maharashtra	Tel No.+91 2113 282 367 Fax No.+91 2113 28 2301
4.	Customer Service Centre at Plot No.R-674, TTC Industrial Area, MIDC Rabale, Post Ghansoli, Navi Mumbai 400 701, Maharashtra.	Tel No.+91 22 2769 1832 Fax No.+91 22 2760 7834

Source: Company

- 6.5. **Share capital structure of the Target Company**

	No. of Shares/voting rights	% of shares/voting rights
Fully Paid up Equity Shares	18,160,483	100
Partly Paid up Equity Shares	NIL	NIL
Total Paid up Equity Shares	18,160,483	100
Total Voting Rights in Target Company	18,160,483	100

Source: Company

6.6. **Build up of the current capital structure since inception**

Date of Allotment	No. & %age of Shares issued	Cumulative paid-up capital		Mode of Allotment	Identity of allottees	Status of Compliance
		Rs.	As on			
16/12/1937	2000* (0.11%)	200,000	Issue date	First issue of shares	Ex-Promoter	Complied
17/10/1961	2000* (0.11%)	400,000	Issue date	Further issue of shares	Ex-Promoter	Complied
29/5/1965	63,000**(0.03%)	463,000	Issue date	Share exchange on amalgamation	Ex-Promoter & Promoter	Complied
2/12/1966	2,315,000(1.27%)	2,749,080	Issue date	Rights shares	Ex-Promoter & Promoter	Complied
14/10/1968	3,665,440 (2.02%)	6,391,333	Issue date	Rights shares	Ex-promoter & Promoter	Complied
12/8/1969	206,988*** (1.14%)	8,461,240	Issue date	Public Issue	Public	Complied
18/10/1974	29,988(0.17%)	8,761,120	Issue date	Conversion of loan into equity	ICICI Ltd.	Complied
13/10/1975	566,896(3.12%)	14,430,080	Issue date	Bonus shares	Ex-promoter, Promoter & Public	Complied
21/3/1977	42,308 (0.23%)	14,853,160	Issue date	Rights shares	Public	Complied
18/12/1978	832,184(4.58%)	23,175,000	Issue date	Right/new shares	Public & financial institutions	Complied
16/12/1985	1,158,750(6.38%)	34,762,500	Issue date	Rights shares	Existing shareholders	Complied
26/8/1986	1,738,125(9.57%)	52,143,750	Issue date	Bonus shares	Existing shareholders	Complied
5/10/1989	2,607,187(14.35%)	78,215,620	Issue date	Bonus shares	Existing shareholders	Complied
22/11/1991	3,910,781(21.53%)	117,323,430	Issue date	Bonus shares	Existing shareholders	Complied
4/3/1993	6,428,140(35.39%)	181,604,830	Issue date	Right/Preferential allotment	Promoter & Existing shareholders	Complied

Source: Company

*Face value Rs.100/-

** Face value Re.1/-

*** Face value Rs.10/-

6.7. There has been no suspension of trading in shares of the Target Company.

6.8. All shares of the Target Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

6.9. The Acquirer and the Target Company are in compliance with Chapter II of the Takeover Code except for the delay in compliance with the filings made in terms of Regulation 8 of the Takeover Regulations for the year 1997 & 2000 by the Target Company. Details of which are indicated in Annexure I. In view of the above, SEBI had vide its letter dated 21st July 2004 sought a written consent from the Target Company for payment of a penalty of Rs.150,000 which was given by the Target Company vide its letter dated 20th August, 2004 with a request to SEBI to further reconsider the penalty amount so imposed in the wake of submissions made therein. Suitable action may be taken by SEBI at a later stage.

6.10. The Target Company has no outstanding convertible instruments.

6.11. The Target Company has conformed to the listing requirements at all times.

6.12. **Composition of the Board of Directors as on the date of PA**

Sr.No.	Name/Designation	Representing	Qualification	Experience/ in years	Date of Appointment
1.	Mr. Giuseppe Falciola* Chairman (non-executive)	Non-Independent	MBA	41	23/2/2006
2.	Mr. B. Chakrabarti	Independent	B.Com(Hons.) ACA	33	12/2/1998
3.	Mr. Ashok M. Advani	Independent	B.Sc (Hons.), BE, MBA	37	25/2/2004
4.	Mr. Kewal Handa	Independent	M.COM, AICWA,ACS	31	25/2/2004
5.	Mr. Ravi Krishnamurthi	Independent	M.Sc(Physics)MBA, LLB	20	29/7/2005
6.	Mr. Ray Field*	Non-Independent	BE(Control Systems)	22	27/10/2004
7.	Mr. Satish Tandon	Non-Independent	BE(Chem), PGDMM	40	17/10/2005
8.	Mr. Nish Patel	Managing Director	BE(Chem)	23	29/7/2005
9.	Mr. Ajay Joshi	Director-Finance	BA(Econ.), FICWA	25	29/2/2000

Sr.No.	Name/Designation	Residential Address
1.	Mr. Giuseppe Falciola* Chairman (non-executive)	Via De Gasperi 720057 Vedano Al Lamro (M1) Milan Italy
2.	Mr. B. Chakrabarti	B-21, Mayfair Gardens Little Gibbs Road Malabar Hills, Mumbai 400 006
3.	Mr. Ashok M. Advani	105, Samudra Mahal Dr. Annie Besant Road Mumbai 400 018
4.	Mr. Kewal Handa	Apsara, Flat No. 21 Bhojwani Enclave Nargis Dutt Road near Dilipkumar's Bungalow Bandra, Mumbai 400 050
5.	Mr. Ravi Krishnamurthi	537, 6th A, Cross 3rd Stage Bangalore 560 075
6.	Mr. Ray Field*	41d, Ha Che Tsuen Pat Heung Yuen Long Hong Kong, China
7.	Mr. Satish Tandon	D-332, Defence Colony New Delhi 110 024
8.	Mr. Nish Patel	No. 135, National Society Aundh Pune 411 007
9.	Mr. Ajay Joshi	Oxford Village Classic Bldg. No.3, Fat No. 204 Wanowrie, Pune 411 040

Source: Company

* Representative of the Acquirer

6.13. As on the date of the PA there were two non-executive directors representing the Acquirer on the Board of Directors of the Target Company.

6.14. Mr. Giuseppe Falciola and Mr. Ray Field who are the representatives of the Acquirer on the Board of the Target Company are in compliance with Regulation 22(9) of the Takeover Regulations and have not and shall not participate in any matter(s) concerning or 'relating' to the Offer including any preparatory steps leading to the Offer

6.15. **Experience and qualification of all directors:**

Mr. Giuseppe Falciola holds a Masters degree in Business Administration from the Bocconi University, Italy and was associated with Alfa Laval Group since 1965 when he joined Alfa Laval SpA, Italy. After a short break between 1968 and 1970, Mr. Falciola returned to Alfa Laval fold and took over as Divisional Manager of Agri Division in Italy. Soon thereafter Mr. Falciola became the Managing Director of Alfa Laval SpA, Italy and served in that position for about 18 years. Mr. Falciola was made the Executive Vice-President in 1993 which marked his entry as a Member of Alfa Laval Group Management. Between 1993 and 1997, Mr. Falciola was the President of Business Area-Flow with the responsibility for 4 R&D centres, 10 manufacturing sites, sales companies all over the world spread over 5 continents contributing a turnover above US\$ 600 million under his fold. In 1997, Mr. Falciola as a Member of Alfa Laval Group Management, assumed regional responsibilities for some part of Asia, Oceania and East Europe which he continued to hold till December 2001 when he retired. However, Mr. Falciola continued his association with Alfa Laval Group as a Senior Consultant with responsibility for mergers and acquisitions between 2002 and 2004 during which time Alfa Laval Group completed 4 acquisitions.

Mr. B. Chakarabarti is a Chartered Accountant. He joined United India Insurance Company Limited in 1974 and worked as Sr. Divisional Manager and Regional Manager before taking over as General Manager in General Insurance Corporation of India. Thereafter he took charge as Chairman and Managing Director of National Insurance Company Limited and since November 2005 he has been the Chairman and Managing Director of New India Assurance Company Limited.

Mr. Ashok M. Advani is a MBA from the Harvard Graduate School of Business Administration, an Electrical Engineer from MIT, USA and a B.Sc. (Honours) from Mumbai University. He joined Blue Star in 1969 and held a variety of senior positions in manufacturing and finance in the Company before he took over the Company's affairs as Chairman & Chief Executive in 1984. Mr. Advani is also the Vice Chairman of Blue Star Infotech Limited. He has been a member of the Local Advisory Board of The Chase Manhattan Bank and is a past President of the Bombay Chamber of Commerce & Industry.

Mr. Kewal Handa is a member of the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India, besides holding a Post Graduate Degree in Commerce. Mr. Handa has also completed a Leadership Development Programme from Harvard University and an extensive course on Marketing Strategy from Columbia Business School. He has also completed a course of Harvard Business School on Strategy programme conducted by International Business Consultant Process Improvement and the Senior Management Development Programme conducted by Indian Institute of Management, Ahmedabad. He joined his present employer Pfizer Limited in 1990 as Controller-MIS and took over as Executive Director-Finance before he rose to his present position as Managing Director in 2005. Mr. Handa has also been involved in the business development comprising of evaluation of business strategies including mergers, and supporting the organization at all levels. Mr. Handa is also an office bearer in various organizations related to pharma industry and is also actively involved in major trade associations..

Mr. Ray Field holds a degree in Control Systems Engineering and has been associated with Alfa Laval Group since 1985. Mr. Ray Field started as the General Manager of Alfa Laval's representative offices in Beijing and Shanghai. Subsequently he took over as President of Alfa Laval Korea and then as President of Alfa Laval, China. In 2004 he was elevated as Executive Vice President Presently he is a member of Alfa Laval Group Management and in his position as Executive Vice President he has the regional responsibilities of the operations in the countries of Asia and Oceania zones.

Mr. Ravi Krishnamurthi has a Masters Degree in Physics with specialization in Solid State Physics supported by Masters degree in Business Administration. In addition, he holds a Law degree from the University of Delhi and is also a Diploma holder in Company Law from Indian Law Institute, an affiliate of Supreme Court of India. He is presently employed by Motor Industries Co. Limited, Bangalore, a subsidiary of Robert Bosch GmbH, Germany since 1987. Prior to this, he worked with Tata Iron & Steel Company Ltd., for 12 years. After serving in various managerial positions, Mr. Ravi Krishnamurthi took over as Country Sales Director of the Power Tools Division in 1997. He has been credited for the improvement in market share in this business. In the same year, he also took upon the additional responsibility as Head of the Packaging Technology Division. In January 2005 took charge as Business Head of the After Market and Blaupunkt Car Radio Division with a turnover of around Rs.6000 Mio. while continuing to hold the other responsibilities. Mr. Ravi Krishnamurthi also plays an active part on the governing bodies of the various institutions related to the business.

Mr. Satish Tandon holds a first class degree in Chemical Engineering from Indian Institute of Technology , New Delhi and is also a Post Graduate Diploma holder in Marketing & Sales Management from Delhi University. Mr. Tandon has been associated with the Company since 1967 when he joined the Company as a Sales Engineer. After serving in various managerial positions, Mr. Tandon became the Managing Director of the Company in 1998 and was instrumental in the turnaround of the Company to its present heights.

Mr. Nish Patel has a degree in Chemical Engineering from Aston University, United Kingdom. Mr. Patel joined Alfa Laval Group in 1984 and served on various managerial positions before he took over as Director of Food & Separation business in 2000. Subsequently after a short stint as Director of Parts & Service business, Mr. Patel became the Managing Director of Alfa Laval Ltd., United Kingdom in 2001 which is his current position in Alfa Laval Group.

Mr. Ajay Joshi, an Economics Honours graduate and a Member of the Institute of Cost & Works Accountants of India, has been with the Company for almost a decade. Mr. Joshi has a broad multi faceted experience of about twenty four years in financial functions. He has also attended a leadership course at IMD Switzerland. He also works with an NGO supporting Micro Finance.

6.16. **Details of merger/de-merger, spin off during last 3 years involving the Target Company:** During the year 2005, the Target Company's wholly owned subsidiary Skansen Engineering and Consultancy Company Limited was amalgamated with the Target Company as per the Scheme of Amalgamation approved by the shareholders of the relevant companies and confirmed by the Hon'ble High Court of Judicature at Bombay vide its Order dated 4th February 2005 with the appointed date as 1st April, 2004.

6.17. **Change of name since incorporation/listing**

Alfa Laval (India) Limited was incorporated as Vulcan Trading Company Limited was renamed Vulcan Laval Limited in 1965 and was subsequently renamed Alfa Laval (India) Limited in 1987

6.18. **Brief audited financial statements for the last 3 years**

(Amount in Rs. Lacs)

Profit & Loss statement	December 31, 2006 (Audited)	December 31, 2005 (Audited)	December 31, 2004 (Audited)
Income from operations	59348.48	57757.31	50569.54
Other Income	1269.76	1026.36	2226.78
Total Income	60618.24	58783.67	52796.32
Total Expenditure	49099.17	48129.23	40264.68
PBDIT	11519.07	10654.44	12531.64
Depreciation	706.10	675.88	685.71
Interest	69.77	67.17	53.71
PBT	10743.20	9911.39	11792.22
Provision for Tax	3779.35	3425.73	3940.89
PAT	6963.85	6485.66	7851.33

Balance Sheet	December 31, 2006 (Audited)	December 31, 2005 (Audited)	December 31, 2004 (Audited)
Sources of Funds			
Paid up Share Capital	1816.05	1816.05	1816.05
Reserves and Surplus (excluding revaluation reserves)	21365.81	19809.32	18500.52
Net Worth	23181.86	21625.37	20316.57
Secured Loans	NIL	NIL	NIL
Unsecured Loans	626.29	647.31	647.31
Total	23808.15	22272.68	20963.88
Uses of Funds			
Net Fixed Assets	6224.08	5917.90	4584.26
Investments	3417.77	4565.56	5217.83
Net Current Assets	14166.30	11789.22	11161.79
Total misc. expenditure not written off	NIL	NIL	NIL
Total	23808.15	22272.68	20963.88

Other Financial Data	December 31, 2006 (Audited)	December 31, 2005 (Audited)	December 31, 2004 (Audited)
Dividend (%)	250	250	250
Earnings per Share (Rs.)	38.35	35.72	43.23
Return on Net Worth (%)	30.04	30.00	38.64
Book Value Per Share (Rs.)	127.65	119.08	111.88

Source: Audited financial results of Target Company

6.19. **Reasons for fall/ rise in total income and PAT**

The total income for the year ended 31st December 2005 registered an increase of about 11% over the previous year mainly due to a higher sales turnover coming through some major projects. However, the profit after tax for the year ended 31st December, 2005 was lower mainly due to cost overrun in a few long term projects.

The total income for the year ended 31st December 2006 registered a marginal increase of 3% over the previous year's total income mainly due to lower order backlog at the commencement of the year. The profit after tax for the year ended 31st December 2005 improved by 7% over the previous year's net profit mainly due to lower increase in expenditure in relation to sales growth and one time entitlement of Export related benefit.

6.20. **Pre and post offer shareholding pattern in the format prescribed by SEBI**

Shareholder Category	Shareholding/Voting rights prior to agreement/acquisition and Offer (as on Date) (A)		Shares/Voting rights agreed to be acquired which triggered off Takeover Regulations (B) ¹		Shares/Voting rights to be acquired in the Offer (assuming full acceptances) (C)		Shareholder/Voting rights after the acquisition and Offer (A+B+C) ¹	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
(a) Parties to agreement, if any	NIL		NIL				Will depend on response to the Offer	
(b) Promoters other than (a) above	600	0.00	NIL	NIL	NIL	NIL		
Total (1)(a+b)	600	0.00	NIL					
Acquirer							16,342,618 89.99	
Main Acquirer	11,640,118	64.10	4,702,500	25.89	4,702,500	25.89		
PAC	NIL							
Total (2) (a+b)	11,640,118	64.10	4,702,500	25.89	4,702,500	25.89	16,342,618	89.99
3. Parties to the agreement other than (1) (a) and (2) above	NIL		NIL		NIL		NIL	
4. Public (other than parties to agreement Acquirer and PAC)			NIL		NIL		NIL	
Institutions			NIL		NIL		Will depend on response to the Offer	
Mutual Funds & UTIBanks, Financial Institutions, Insurance Companies	1803991	9.93						
FIs/foreign mutual funds	1659475	9.14						
Sub Total(a)	3567658	19.65			NIL			
Indian Public	2660949	14.65	NIL		NIL			
Others			NIL					
Private Corporate Bodies	251703	1.38						
NRIs/OCBs	39455	0.22						
Trust	-							
Foreign Nationals	-							
Balance with NSDL/CDSL	-							
Sub-Total (c)	291158	1.60						
Total (4)	6519765	35.90	Nil		NIL			
TOTAL (1 to 4)	18,160,483	100					18,160,483	100

1(b) - 600 shares refers to the shares held by Mridula Tandon, who being a Director's relative, is required to be disclosed as a member of the Promoter Group under applicable regulations. Though Mridula Tandon is deemed to be a person acting in concert under Regulation 2(e)(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, it is clarified that she shares no common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the Target Company with respect to this Offer and therefore is not a person acting in concert with the Acquirer.

6.21. The total number of shareholders of the target company as on March 31, 2007 are 12,340 (Excluding the Acquirer)

6.22. Details of change in shareholding of Promoters

Particulars	No. of shares acquired/sold	Capital as on date of acquisition/sale	Resultant shareholding%
Issued on merger (1965)	53,280*	463,000*	11.50
Bought from STAB (1966)	97,813*	463,000*	32.63
Rights shares (5:1) (1966)	755,465*	2,749,080*	32.97
Rights shares (4:3) (1968)	1,208,744*	6,391,333*	33.09
Addl. right shares(for rounding up) (1969)	8*	846,124**	25.00
Bonus shares (11:17) (1975)	136,873**	1,443,008	24.14
Sold to financial institutions (1978)	(400,000)	2,317,500	13.30
Acquired from STAB (1980)	616,808	2,317,500	39.92
Rights shares (1:2) (1985)	462,606	3,476,250	39.92
Bonus shares (1:2) (1986)	693,909	5,214,375	39.92
Bonus shares (1:2) (1989)	1,040,863	7,821,562	39.92
Bonus shares (1:2) (1991)	1,561,295	11,732,343	39.92
Preferential allotment (1993)	4,578,004	18,160,483	51.00
Open offer (2001)	2,378,229	18,160,483	64.10
Net holding of Promoter as on date of PA	11,640,118	18,160,483	64.10

shares of Re.1 each

** shares of Rs.10 each

The Acquirer and the Target Company have complied with all provisions of the Takeover Regulations, other regulations of SEBI and other statutory requirements as applicable to the above shareholding by the Acquirer.

6.23. Details of change in shareholding of Mrs. Mridula Anand Tandon

Particulars	No. of shares acquired/sold	Capital as on date of acquisition/sale	Resultant shareholding%
Share Purchase	494	18,160,483	0.00%
Share Purchase	100	18,160,483	0.00%
Share Purchase	6	18,160,483	0.00%
Net Holding of Mrs. Mridula Anand Tandon as on the date of PA	600	18,160,483	0.00%

6.24. The provisions of Corporate Governance have been duly complied with and there is no material litigation pending against the company except as disclosed in the contingent liabilities.

Sr. No.	Nature of contingent liability	As on 31/12/2006(Rs. in Millions)
1.	Guarantees outstanding	195.49
2.	Claims against the Company not acknowledged as debts	32.79
3.	Advance licence liability	60.94

Source: Audited financial results of The Target Company

6.25. Name and details of the Compliance Officer.

V. Chandrasekhar

Company Secretary
Mumbai Pune Road,
Dapodi, Pune 411 012,
Maharashtra
Tel.No. 91 20 27107180
Fax No. 91 20 27107188
Email: chandrasekhar.v@alfalaval.com

7. Offer Price and Financial Arrangements

7.1. Justification of Offer Price

- 7.1.1. The equity shares of the Target Company are listed on the Stock Exchange, Mumbai (the "BSE") and the National Stock Exchange (the "NSE").
- 7.1.2. Based on available information, the equity shares are not infrequently traded on BSE within the meaning of Regulation 20(5) of the Takeover Regulations. The equity shares are infrequently traded on the NSE.
- 7.1.3. The annualized trading turnover during the preceding 6 months prior to the month in which the PA was made on the Stock Exchanges is as follows:

Name of Stock Exchange	Shares Traded (August 1, 2006 – January 2007)	Total No. of Listed equity shares	Annualised trading turnover (as % to total listed equity shares)
BSE	818,475	18,160,483	9.01%
NSE	444,764	18,160,483	4.90%

- 7.1.4. The annualized trading turnover during the preceding six months ending January 2007 on BSE, being the exchange where the equity shares are most frequently traded, was greater than 5% of the total number of equity shares.
- 7.1.5. The weekly high and low of the closing prices of the equity shares on BSE, during the 26-week period ending February 26, 2007 (being the last trading day prior to February 27, 2007), are given below:
- 7.1.6. **26 weeks High/Low of Closing Price**

Week No.	Week Ending	High	Low	High/Low Avg	Total weekly volume
1	9/1/2006	807.1	792.7	799.9	4,688
2	9/8/2006	800.0	797.3	798.6	4,310
3	9/15/2006	798.5	789.4	793.9	5,191
4	9/22/2006	802.8	798.9	800.8	94,661
5	9/29/2006	807.9	799.4	803.7	118,571
6	10/6/2006	854.4	813.8	834.1	113,757
7	10/13/2006	878.9	858.9	868.9	29,391
8	10/20/2006	874.3	839.5	856.9	45,036
9	10/27/2006	885.3	856.7	871.0	29,485
10	11/3/2006	926.4	887.2	906.8	53,853
11	11/10/2006	931.7	877.1	904.4	103,869
12	11/17/2006	898.5	849.7	874.1	57,289
13	11/24/2006	842.7	823.2	832.9	9,428
14	12/1/2006	845.1	833.9	839.5	17,139
15	12/8/2006	857.5	846.3	851.9	28,615
16	12/15/2006	845.8	821.4	833.6	13,732
17	12/22/2006	840.1	820.5	830.3	30,721
18	12/29/2006	837.0	824.7	830.8	2,385
19	1/5/2007	836.2	831.9	834.0	9,082
20	1/12/2007	859.9	835.1	847.5	11,243
21	1/19/2007	863.7	842.6	853.2	3,420
22	1/25/2007	841.0	835.1	838.0	2,472
23	2/2/2007	835.6	822.3	828.9	65,598
24	2/9/2007	819.6	802.9	811.2	9,761
25	2/15/2007	814.5	803.5	809.0	6,040
26	2/26/2007	835.4	815.0	825.2	10,240
Average of 26 weeks: Rs. 837.65					

(Source: data derived from the BSE)

- 7.1.7. The daily high and low of the prices of the equity shares on BSE, during the 2-week period ending February 26, 2007 (being the last trading day prior to the date of the PA), are given below:

7.1.8. **2 weeks Daily High/Low**

Day No.	Date	High	Low	Average	Volume
1	2/12/2007	816.0	790.0	803.0	2125
2	2/13/2007	824.0	801.0	812.5	1461
3	2/14/2007	819.0	799.0	809.0	1080
4	2/15/2007	817.0	801.4	809.2	1374
5	2/19/2007	821.9	805.0	813.5	1548
6	2/20/2007	825.0	815.0	820.0	1025
7	2/21/2007	829.0	811.0	820.0	972
8	2/22/2007	840.0	820.0	830.0	4534
9	2/23/2007	839.0	815.0	827.0	1653
10	2/26/2007	849.0	811.0	830.0	508
Average of 2 weeks daily high and low: Rs. 817.4					

(Source: data derived from the BSE)

7.1.9. As per Clause 20 of the Takeover Regulations, the following factors were taken into account in determining the Offer Price:

A.	Negotiated price under any share purchase agreement	n/a
B.	Highest price paid by the acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of public announcement, referred to in clause (b) of sub- regulation (4) of regulation 20	n/a
C.	The average of the weekly high and low of the closing prices of the shares of the target company as quoted on the stock exchange where the shares of the company are most frequently traded during the twenty six weeks or the average of the daily high and low prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of public announcement, whichever is higher referred to in clause (c) of sub-regulation (4) of regulation 20	Rs. 837.65
D.	Price paid for preferential allotment any time during the 12-month period up to the date of closure of the Offer	n/a
E.	Other Parameters:	n/a

Period ended	December 31, 2005	December 31, 2006
Return on Net Worth (%)	30%	30.04%
Book Value per Share (Rs.)	119.08	127.65
Earning per Share (Rs.)	35.72	38.35
Price to Earnings Ratio (based on the Offer Price)	24.50x	22.81x
Industry Price Earning Multiple *	22.7x	

* Source: Industry Sector Engineering, Capital Market Volume XXI/26 Feb 26-Mar 11, 2007

7.1.10. In view of the above, the Offer Price in terms of Regulation 20 of the Takeover Regulations is justified.

If the Acquirer acquires equity shares after the date of Public Announcement and up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all acceptances received under this Offer as per Regulation 20(7) of the Takeover Regulations. However, in terms of Regulation 20(7) of the Takeover Regulations, the Acquirer is not permitted to acquire any Shares of the Target Company during the offer period in the open market or through negotiation or in any other manner otherwise than under the public offer, since the PA has been made by the Acquirer in terms of Regulation 11(2A) of the Takeover Regulations.

7.2. **Financial Arrangements**

7.2.1. The Acquirer has adequate resources to meet the financial requirements of the Offer in terms of the Takeover Regulations and has made firm financial arrangements to meet its obligations in full under the Offer. For this purpose the Acquirer intends to utilise its own resources including undrawn lines of credit.

7.2.2. The total fund requirement for the Offer is Rs. 4,114,687,500 (Rupees Four billion one hundred fourteen million six hundred eighty seven thousand five hundred only), assuming full acceptance of the Offer. The Acquirer has created an Escrow Account in the form of a Bank Guarantee issued by The Hongkong and Shanghai Banking Corporation Limited, Plc Address(8, Canada Square London E14 5 HQ, UK) in favour of the Manager to the Offer which is valid up to June 26, 2007 for an amount of US\$ 30 million (Rs. 1,326,240,000 (Rupees One

billion three hundred and twenty six million two hundred and forty only) being more than 25% of the total consideration. Further, the Acquirer has deposited a sum of US\$ 1.2 million (Rs. 53.05 million only) with HSBC Bank Plc, London, being more than 1% of the total consideration and a lien has been marked thereon in favour of HSBC. The Acquirer confirms that it will maintain the minimum amount in the Escrow account as stipulated in the Takeover Regulations irrespective of the fluctuations in the conversion rate. Upon receipt of requisite approvals from the RBI, the monies lying to the credit of the escrow account would be transferred into India.

Exchange Rate: US\$1= Rs.44.208, as on February 26,2007

- 7.2.3. HSBC, as Manager to the Offer, have been duly authorized by the Acquirer to realize the value of the Escrow Account in terms of the Regulations.
- 7.2.4. HSBC Bank, Sweden who are the bankers for the Acquirer have via letter dated February 22, 2007 confirmed that Acquirer has made firm arrangements for meeting the obligations under the Takeover Regulations.
- 7.2.5. SEB Merchant Banking, Skandinaviska Enskilda Banken AB (publ) , facility agents have certified that Alfa Laval AB (publ) has sufficient undrawn funds under US\$347,750,000 and EUR 267,500,000 Multi currency revolving credit facilities agreement
- 7.2.6. The Acquirer has vide a certificate dated February 26, 2007 given an undertaking to the Manager to the Offer to meet its financial obligations under the Offer. The Manager to the Offer has satisfied itself about the Acquirer's ability to implement the Offer in accordance with the Regulations.
- 7.2.7. Based on the above the Manager to the Offer is satisfied with the ability of the Acquirer to implement the Offer in accordance with the Regulations as firm financial arrangements are in place to fulfill the obligations under the Regulations

8. Terms and Conditions of the Offer

- 8.1. The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before Friday, April 26, 2007 to all shareholders of the Target Company whose names appear in the Register of Members of the Target Company and the beneficial owners of the equity shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on March 16, 2007, (the "Specified Date")
- 8.2. The Offer shall open on Monday, *May 7, 2007* (the "**Offer Opening Date**") and will remain open until *Saturday, May 26, 2007* (the "**Offer Closing Date**").
- 8.3. Shareholders holding equity shares in physical form: Shareholders holding equity Shares in physical form who wish to accept this Offer and tender their equity Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and duly signed transfer deed(s) to the Registrar to the Offer, Sharepro Services (India) Private Limited, in accordance with the procedure which will be specified in the Letter of Offer and the Form of Acceptance-cum- Acknowledgement.
- 8.4. Shareholders holding equity shares in dematerialised form: Beneficial owners who wish to accept this Offer and tender their equity shares will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar to the Offer in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement, along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, in favour of the special depository account duly acknowledged by their respective depository participant (the "**DP**"). Shareholders having their beneficiary account in CDSL will in addition have to use an inter- depository delivery instruction slip.
- 8.5. The Registrar to the Offer will open a special depository account with Infrastructure Leasing & Financial Services called " Sharepro Services Escrow A/c ALIL Open Offer".
- 8.6. Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialised is completed well in time so that the credit in the special depository account is received on or before the date of closure of the Offer Closing Date (i.e., no later than May 26, 2007), else their application would be rejected.
- 8.7. The Form of Acceptance-cum-Acknowledgement and the relevant documents can be submitted at the collection centers either by hand delivery (between 10.00 a.m. and 3 p.m. on all working days and between 10.30 a.m. and 1.00 p.m. on Saturdays) or by registered post, as specified below, on or before the Offer Closing Date. The collection centers will be designated in the Letter of Offer.
- 8.8. Persons who own equity Shares but whose names do not appear on the Register of Members of the Target Company as on the Specified Date are also eligible to participate in this Offer. Such unregistered owners can send their acceptance in writing to the Registrar to the Offer on plain paper stating the name, address, number of equity shares held, number of equity shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract note/s issued by the broker through whom they acquired these equity Shares. No indemnity is required from such unregistered owners.
- 8.9. Locked in shares: There are no locked in shares in The Target Company.

9. Statutory Approvals

- 9.1. The Offer is subject to the receipt of the following statutory and regulatory approvals and clearances required by the Acquirer to acquire shares tendered pursuant to the Offer:
- 9.2. The Reserve Bank of India ("RBI") has vide its letter dated April 10, 2007 granted approval to the Acquirer under the Foreign Exchange Management Act, 1999 and the regulations thereunder for (i) the acquisition of equity shares of the Target Company, by the Acquirer under the Offer; and (ii) the opening and operation of the escrow account and special account referred to hereunder, and other related matters.

- 9.3. If required, approval of Foreign Investment Promotion Board (“FIPB”) or any other appropriate authority of the Government of India would be obtained.
- 9.4. As at the date of the PA, to the best of the knowledge of the Acquirer, no other statutory or regulatory approvals are required to implement this Offer or acquire the Shares tendered pursuant to this Offer, other than those contemplated above. However, the Offer will be subject to all statutory approvals that may be applicable. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have a right not to proceed with the Offer in terms of Regulation 27 of the Takeover Regulations in the event that any of the statutory approval(s) contemplated above are refused. Subject to the receipt of statutory and other approvals, the Acquirers shall complete all procedures relating to the Offer including payment of consideration within a period of 15 days from the Offer Closing Date (as defined hereinafter) to those shareholders whose share certificates and/or other documents are found valid and in order and are approved for acquisition by the Acquirer. In case of delay due to the non-receipt of statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant an extension for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond 15 days.
- 9.5. However, if the delay occurs on account of the willful default or negligence of the Acquirer in obtaining the requisite approvals the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the Takeover Regulations.
- 9.6. To the best of its knowledge, the Acquirer or the PAC does not require any approvals from financial institutions or banks for the Offer.

10. Procedure for Acceptance and Settlement

- 10.1. The Form of Acceptance-cum-Acknowledgement and the relevant documents can be submitted at the following centres either by hand delivery (between 10.00 a.m. and 3 p.m. on all working days and between 10:30 am and 1 pm on Saturdays) or by registered post, as specified below, on or before the Offer Closing Date:

LIST OF COLLECTION CENTRES				
CENTRE	ADDRESS	CONTACT PERSON	TEL.NO'S	MODE OF DELIVERY
AHMEDABAD	C/O S S Enterprises Above Avoji Showroom, Opp. Tailor Point Zaveri Wana Naka, Relief Road Ahmedabad – 380001	Mr. Hitesh Mehta	079-65431328 9825465963	Hand Delivery
NEW DELHI	C/O Sterling Services F-75, 1st Floor Bhagat Singh Market, Near Gole Market, New Delhi - 110001	Mr. Sridhar	011-65058126 9313796360 Fax :41461130	Hand Delivery
PUNE	3 Chintamani Appartment, 824/D Bhandarkar Road, Lane No 13 Off V G Kale Path, Pune - 411004	Mr.Milind Saraf Mr.K Rajeeva	020-25662855 Fax : 020-25662856	Hand Delivery
MUMBAI - NARIMAN PT.	912, Raheja Centre Free Press Journal Road, Nariman Point Mumbai – 400021	Ms. Mazrine Wadia	022-22881568/69 Fax: 22825484	Hand Delivery
MUMBAI-CHAKALA	3rd Floor, Satam Indl. Estate, Above Bank Of Baroda, Cardinal Gracious Road, Andheri E Mumbai – 400099	Mr. Ganesh Rane	022-28215168/69 Fax : 28375646 28508927	Hand Delivery Post / Courier

- 10.2. This Offer is open to all remaining shareholders (except the Acquirer and PAC) whose names appeared in the Register of Shareholders on Friday, March 16, 2007. Persons who own equity shares but whose names do not appear on the Register of Members of the Target Company on the Specified Date are also eligible to participate in this Offer. Such unregistered owners can send their acceptance in writing to the Registrar to the Offer on plain paper stating the name, address, number of equity shares held, number of equity shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract note/s issued by the broker through whom they acquired these equity shares. No indemnity is required from unregistered owners.
- 10.3. In the event of non-receipt of the Letter of Offer, shareholders may obtain a copy of the same by writing to the Registrar to the Offer at any of the collection centres stated above clearly marking the envelope “Alfa Laval – Open Offer” or obtain a copy of the Letter of Offer from the SEBI website (www.sebi.gov.in). Alternatively, the shareholders may send their acceptances on plain paper to the Registrar to the Offer stating their name, address, folio number, distinctive number, number of equity shares held, number of equity shares tendered duly signed by all the holders along with the documents mentioned above to the Registrar to the Offer on or before the Offer Closing Date.
- 10.4. In the event of non-receipt of the Letter of Offer by beneficial owners, such beneficial owners can make an application to the Registrar to the Offer on plain paper stating their name, address, number of equity shares held, number of equity shares tendered, bank particulars, DP name, DP ID, beneficiary account number duly signed by all the holders and send the same along with a photocopy of the delivery instructions in “Off-market” mode or counterfoil of the delivery instructions

in "Off-market" mode in favour of the special depository account, to the Registrar to the Offer on or before the Offer Closing Date. All beneficial holders maintaining an account with CDSL are requested to obtain, complete and submit an additional inter-depository slip together with the instructions to their respective DPs.

- 10.5. Shareholders can also download the Form of Acceptance cum Acknowledgement placed on the SEBI web site <http://www.sebi.gov.in> and send in their acceptance by filling the same.
- 10.6. While tendering equity shares under the Offer, non-resident Indians (NRIs), and other non-resident shareholders will be required to submit RBI's approval (specific or general) that they would have obtained for acquiring the equity shares of the Target Company, failing which the Acquirer reserves the right to reject the equity shares.
- 10.7. As per the provisions of section 196D(2) of the Income-tax Act, 1961 no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor (FII) as defined in section 115AD of the Income-tax Act, 1961.
- 10.8. While tendering their equity shares under the Offer, NRIs and other non-resident shareholders will be required to submit a No Objection Certificate (NOC) or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs on the entire consideration amount payable to such shareholder.
- 10.9. Payment to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer will be by way of a crossed account payee cheque/ demand draft/ pay order. The decision regarding the acquisition (in part or full), or rejection of, the equity shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired equity shares and/or (ii) share certificates for any rejected equity shares or equity shares withdrawn, will be dispatched to the shareholders by registered post or by ordinary post as the case may be (*), at the shareholder's sole risk. Equity shares held in dematerialised form to the extent not acquired or equity shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgement.
(*) Dispatches involving payment of a value in excess of Rs.1,500/- will be made by registered post at the shareholder's sole risk. All other dispatches will be made by ordinary post at the shareholder's sole risk.
- 10.10. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of equity shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the cheque/ demand draft.
- 10.11. The Registrar to the Offer will hold in trust the equity shares/share certificates, equity shares lying in credit of the special depository account and the transfer form(s), until the Acquirer complete their obligations under the Offer in accordance with the Takeover Regulations.
- 10.12. In accordance with Regulation 22(5A) of the Takeover Regulations, shareholders who have accepted the offer by tendering the requisite documents in terms of the PA and Letter of Offer can withdraw the same up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Tuesday, June 14, 2005.
- 10.13. The withdrawal option can be exercised on submitting the form of withdrawal (which will be sent to shareholders along with the Letter of Offer) and the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptance together with
- 10.14. In respect of physical shares: names, address, distinctive numbers, folio number, number of equity shares tendered.
- 10.15. In respect of dematerialised shares: name, address, number of equity shares tendered, DP name, DP ID, beneficiary account number, photocopy of the delivery instructions in "Off Market" mode duly acknowledged by the DP.
- 10.16. In case of non receipt of the form of withdrawal the above application can be made on plain paper.
- 10.17. The Acquirer reserves the right to withdraw the Offer pursuant to Regulation 27 of the Takeover Regulations. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which the PA appeared.
- 10.18. The equity shares and other relevant documents should not be sent to the Acquirer, PAC, the Target Company or the Manager to the Offer.
- 10.19. In case the number of equity shares tendered for sale by the shareholders are more than the equity shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with the Merchant Banker, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.
- 10.20. The shares of The Target Company trade in the dematerialized form and the marketable lot of the Shares is one.

11. Documents for Inspection

- 11.1. The following documents are regarded as material documents and are available for inspection at the office of HSBC Securities and Capital Markets (India) Private Limited, 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001 from 10.30 am to 3.00 pm on any day except Saturdays, Sundays, and Public/Bank Holidays until the Offer Closing Date

- 11.2. Certificate of Incorporation and Memorandum & Articles of Association of the Acquirer.
- 11.3. Certificate of adequacy of financial resources of the Acquirer to fulfill open offer obligations
- 11.4. Audited annual reports of the Target Company for the years ending December 31, 2003, 2004, 2005 and Audited financial results for the year ended December 31, 2006.
- 11.5. Audited annual reports of Alfa Laval AB (publ). for the years ending 31st December 2005 ,2004 and Audited Financial results for the year ending December 31, 2006.
- 11.6. Audited Financial results for Alfa Laval Corp. AB for the year ending December 2006,2005 & 2004
- 11.7. Copy of the Escrow Guarantee dated February 26, 2007 confirming the amount kept in the escrow account and the lien in favour of the Manager to the Offer.
- 11.8. Copy of the letter dated February 22, 2007 from HSBC Bank London confirming the amount of US\$ 1.2 million kept in the escrow account and a lien in favour of HSBC, Manager to the Offer.
- 11.9. Copy of the Public Announcement dated February 27,2007
- 11.10. Copy of the Corrigendum to the Public Announcement dated April 23, 2007.
- 11.11. Copy of the letter dated April 13, 2007 from SEBI in terms of proviso to Regulation 18(2) of the Takeover Regulations.
- 11.12. Copies of the approvals received from RBI.
- 11.13. Copy of the agreement between the Acquirer and Sharepro Services Pvt. Ltd. as the Depository Participant for opening the Depository Escrow Account for the purpose of the Offer.

12. Declaration by the Acquirer and the PAC

- 12.1. The Acquirer and the PAC accept full responsibility for the information contained in this Letter of Offer. Each of the Acquirer and the PAC are jointly and severally liable for ensuring compliance with Takeover Regulations.

Thomas Thuresson

Place: Sweden

Date: April 25, 2007

Dag Olsson

Place: Sweden

Date: April 25, 2007

The persons signing the Letter of Offer are duly and legally authorised by the Acquirer and PAC to sign the Letter of Offer.

Attached : Form of Acceptance cum Acknowledgement
Form of Withdrawal

ANNEXURE – I

Status of compliance with the provisions of Chapter II of the Regulations by the Target Company:

S. No.	Regulation/ Sub-Regulation	Due date of Compliance mentioned in Regulation	Actual date of compliance	Delay, if any	Remarks
1.	6(2)	May 20, 1997	May 6, 1997		
2.	6(4)	May 20, 1997	May 6, 1997		
3.	8(3)	April 30, 1997	May 6, 1997	6 days	Submissions made vide their letter dated 20 th August, 2004.
4.	8(3)	April 30, 1998	April 9, 1998		
5.	8(3)	April 30, 1999	April 29, 1999		
6.	8(3)	April 30, 2000	November 11, 2000	191 days	Submissions made vide their letter dated 20 th August, 2004
7.	8(3)	April 30, 2001	April 20, 2001		
8.	8(3)	April 30, 2002	April 5, 2002		
9.	8(3)	April 30, 2003	April 29, 2003		
10	8(3)	April 30, 2004	April 15, 2004		
11	8(3)	April 30, 2005	April 12, 2005		
12	8(3)	April 30, 2006	April 10, 2006		

ANNEXURE – II

Status of compliance with the provisions of Chapter II of the Regulations by the Promoters/Acquirer:

S. No.	Regulation/ Sub-Regulation	Due date of Compliance mentioned in Regulation	Actual date of compliance	Delay, if any	Remarks
1.	6(1)	April 04, 1997	-		Disclosures made in terms of SEBI Regularization Scheme, 2002.
2.	6(3)	April 04, 1997			
3.	8(1)	April 21, 1997			
4.	8(2)	April 21, 1997			
5.	8(1)	April 21, 1998	April 13, 1998		
6.	8(2)	April 21, 1998	April 13, 1998		
7.	8(2)	September 22, 1998	September 15, 1998		
8.	8(1)	April 21, 1999	April 14, 1999		
9.	8(2)	April 21, 1999	April 14, 1999		
10	8(2)	May 6, 1999	April 30, 1999		
11	8(1)	April 21, 2000	April 14, 2000		
12	8(2)	April 21, 2000	April 14, 2000		
13	8(2)	June 6, 2000	May 31, 2000		
14	8(1)	April 21, 2001	April 20, 2001		
15	8(2)	April 21, 2001	April 20, 2001		
16	8(2)	June 28, 2001	June 25, 2001		
17	8(2)	October 24, 2001	October 21, 2001		
18	8(1)	April 21, 2002	April 5, 2002		
19	8(2)	April 21, 2002	April 5, 2002		
20	8(2)	June 4, 2002	June 1, 2002		
21	8(2)	June 18, 2002	June 14, 2002		
22	8(2)	December 20, 2002	December 12, 2002		
23	8(1)	April 21, 2003	April 18, 2003		
24	8(2)	April 21, 2003	April 18, 2003		
25	8(2)	May 21, 2003	May 18, 2003		
26	8(2)	September 19, 2003	September 15, 2003		
27	8(2)	January 9, 2004	January 8, 2004		
28	8(1)	April 21, 2004	April 7, 2004		
29	8(2)	April 21, 2004	April 7, 2004		
30	8(2)	May 19, 2004	May 13, 2004		
31	8(2)	December 9, 2004	December 6, 2004		
32	8(1)	April 21, 2005	April 5, 2005		
33	8(2)	April 21, 2005	April 5, 2005		
34	8(2)	May 18, 2005	April 29, 2005		
35	8(2)	September 9, 2005	August 23, 2005		
36	8(1)	April 21, 2006	April 5, 2006		
37	8(2)	April 21, 2006	April 5, 2006		
38	8(2)	May 18, 2006	May 10, 2006		
39	8(2)	November 28, 2006	November 26, 2006		

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

(Please send this form with enclosures to the Registrar to the Offer at its address given overleaf)

From:

Name:

Address:

Tel No.:

Fax No.:

E-mail :

To,

Sharepro Services (India) Pvt. Ltd. (Unit : ALFA LAVAL - OFFER)

Satam Estate, 3rd Floor, Above Bank of Baroda,

Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099

Tel No.+91 22 28215168/69,+91 22 28593443/09 Fax No. +91 22 28508927 E-mail: alioffer@shareproservices.com

Cash offer at Rs. 875/- per equity share ("offer price") to acquire up to 4,702,500 fully paid-up equity shares ("offer") representing 25.89% of the equity share capital (and 25.89% of the voting capital) of Alfa Laval (India) Limited.

Dear Sir,

I/We refer to the Letter of Offer dated April 26, 2007 constituting an offer to acquire the equity shares held by me/us in Alfa Laval (India) Limited. Capitalized terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein.

For equity shares held in physical form

I/We hold equity shares in the physical form, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our equity shares as detailed below:

S. No.	Folio No.	Certificate No.	Distinctive Nos.		No of Shares
			From	To	
1					
2					
3					
4					
5					
Total Number of equity shares					

(In case of insufficient space, please use additional sheet and authenticate the same)

I/We confirm that the Offer is hereby accepted by me/us and that the equity shares which are being tendered herewith by me/us under this Offer are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust by the Registrars to the Offer until the time the Acquirer make payment of the Offer Price as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the consideration only after documents are found valid and approved by the Acquirer.

For equity shares held in dematerialised form

I/We hold equity shares in dematerialised form, accept the Offer and enclose a photocopy of the delivery instructions duly acknowledged by the DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of the Beneficiary	No of Equity Shares

----- TEAR ALONG THIS LINE -----

Form of Acceptance - Acknowledgement Slip : Alfa Laval (India) Limited Open Offer

Sr. No.

Received from Mr./Ms. _____ Address _____

Form of Acceptance cum Acknowledgement for Alfa Laval Open Offer as per details below:-

Folio No. _____ No. of Certificates Enclosed _____ Certificate No. _____

Total No. of equity shares Enclosed _____ Copy of Delivery Instruction to DP _____

(Delete whichever is not applicable)

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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TEAR HERE

I/We have done an off market transaction for crediting the equity shares to the " Sharepro Services Escrow A/c ALIL Open Offer" whose particulars are:

DP ID IN300095	Client ID 11393717
I/We note and understand that the equity shares would remain in the said account i.e. "Sharepro Services Escrow A/c ALIL Open Offer until the Acquirer makes payment of the Offer Price as mentioned in the Letter of Offer.	

If my/our equity shares are held in a beneficiary account with CDSL, I/we enclose a copy of the 'Inter Depository Instruction' for the transfer of my/our equity shares to the Depository Escrow Account.

I/We authorise the Acquirer:

1. To acquire the equity shares so tendered by me/us in acceptance of the Offer in terms of and subject to the Letter of Offer.
2. To the extent that the equity shares tendered by me/us are not acquired (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk and specifying the reasons thereof.
3. If the equity shares so tendered are withdrawn by me/us (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the crossed account payee cheque/demand draft/pay order as purchase consideration to the sole/first holder at the address mentioned below:

Yours faithfully

Signed and Delivered

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN/GIR No. allotted under Income Tax Act 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:

Date:

In order to avoid fraudulent encashment of cheque/demand draft/pay order in transit, the applicants are requested to provide details of bank account of the sole/first shareholder and the crossed account payee cheque/demand draft/pay order will be drawn accordingly.

Name of Bank	Branch Address	Type of Account	Account Number

----- TEAR ALONG THIS LINE -----

Acknowledgement Receipt – Alfa Laval (India) Limited Open Offer For the Acquirer

Sharepro Services (India) Pvt. Ltd.

(Unit : ALFA LAVAL - OFFER)

Satam Estate, 3rd Floor, Above Bank of Baroda,

Cardinal Gracious Road, Chakala,

Andheri (E), Mumbai - 400 099

Tel No. +91 22 28215168/69, 91 22 28593443/09 Fax No. 91 22 28508927

E-mail: aliloffer@shareproservices.com

LIST OF COLLECTION CENTRES

CENTRE	ADDRESS	CONTACT PERSON	TEL.NO'S	MODE OF DELIVERY
AHMEDABAD	C/O S S Enterprises Above Avoji Showroom, Opp. Tailor Point Zaveri Wana Naka, Relief Road Ahmedabad - 380001	Mr. Hitesh Mehta	079-65431328 9825465963	Hand Delivery
NEW DELHI	C/O Sterling Services F-75, 1st Floor Bhagat Singh Market, Near Gole Market, New Delhi - 110001	Mr. Sridhar	011-65058126 9313796360 FAX :41461130	Hand Delivery
PUNE	3 Chintamani Appartment, 824/D Bhandarkar Road, Lane No 13 Off V G Kale Path, Pune - 411004	Mr.Milind Saraf Mr.K Rajeeva	020-25662855 Fax : 020-25662856	Hand Delivery
MUMBAI - NARIMAN PT.	912, Raheja Centre Free Press Journal Road, Nariman Point Mumbai - 400021	Ms. Mazrine Wadia	022-22881568/69 FAX: 22825484	Hand Delivery
MUMBAI-CHAKALA	3rd Floor, Satam Indl. Estate, Above Bank Of Baroda, Cardinal Gracious Road, Andheri E Mumbai - 400099	Mr. Ganesh Rane	022-28215168/69 FAX : 28375646 28508927	Hand Delivery / POST / COURIER

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FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrar to the Offer at its address given overleaf)

From:
Name:
Address:

OFFER	
OPENS ON	Monday, May 7, 2007
LAST DATE OF WITHDRAWAL	Wednesday, May 23, 2007
CLOSES ON	Saturday, May 26, 2007

Status: Resident / Non-resident

To,
Sharepro Services (India) Pvt. Ltd.
(Unit : ALFA LAVAL - OFFER)
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099
Tel No.+91 22 28215168/69, 91 22 28593443/09 Fax No. 91 22 28508927
E-mail: aliloffer@shareproservices.com

Cash offer at Rs. 875/- per equity share ("offer price") to acquire up to 4,702,500 fully paid-up equity shares ("offer") representing 25.89% of the equity share capital (and 25.89% of the voting capital) of Alfa Laval (India) Limited.

Dear Sir

I/We refer to the Letter of Offer dated April 26, 2007 constituting an offer to acquire the equity shares held by me/us in Alfa Laval (India) Limited. Capitalised terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered Share Certificate(s)/share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. May 23, 2007

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s)/equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

For equity shares held in physical form

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

S. No.	Folio No.	Certificate No.	Distinctive Nos.		No of Shares
			From	To	
1					
2					
3					
4					
5					
Total Number of equity shares					

(In case of insufficient space, please use additional sheet and authenticate the same)

----- TEAR ALONG THIS LINE -----

Form of withdrawal - Acknowledgement Slip : Alfa Laval (India) Limited Open Offer

Sr. No.

Received from Mr./Ms. _____ Address _____

Form of Withdrawal for Alfa Laval (India) Limited Offer as per details below:-

- copy of depository instruction slip from DP ID _____ Client ID _____
- copy of acknowledgement slip issued when depositing dematerialized equity shares
- copy of acknowledgement slip issued when depositing physical equity

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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TEAR HERE

For equity shares held in dematerialised form

I/We hold equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the "Sharepro Services Escrow A/c ALIL Open Offer ". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the DP. The particulars of the account from which my/our equity shares have been tendered are as follows:

DP Name	DP ID	Client ID	Name of Beneficiary	No of Equity Shares

I/We note that the equity shares will be credited back only to that depository account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialized equity shares, I/We confirm that the signatures have been verified by the DP as per their records and that the same have been duly attested.

Yours Faithfully,

Signed and delivered

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN/GIR No. allotted under Income Tax Act 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place :

Date :

----- TEAR ALONG THIS LINE -----

Acknowledgement Receipt – Alfa Laval (India) Limited Open Offer For the Acquirer

Sharepro Services (India) Pvt. Ltd.

(Unit : ALFA LAVAL - OFFER)

Satam Estate, 3rd Floor, Above Bank of Baroda,

Cardinal Gracious Road, Chakala,

Andheri (E), Mumbai - 400 099

Tel No. +91 22 28215168/69, 91 22 28593443/09 Fax No. 91 22 28508927

E-mail: aliloffer@shareproservices.com

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MUMBAI - NARIMAN PT.	912, Raheja Centre Free Press Journal Road, Nariman Point Mumbai - 400021	Ms. Mazrine Wadia	022-22881568/69 FAX: 22825484	Hand Delivery
MUMBAI-CHAKALA	3rd Floor, Satam Indl. Estate, Above Bank Of Baroda, Cardinal Gracious Road, Andheri E Mumbai - 400099	Mr. Ganesh Rane	022-28215168/69 FAX : 28375646 28508927	Hand Delivery / POST / COURIER

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