SUPPLEMENTAL PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF ALFA LAVAL (INDIA) LIMITED

(Registered Office: Alfa Laval India Ltd. Mumbai Pune Road, Dapodi Pune, 411 012, India)

This Supplemental Public Announcement is issued to the shareholders of Alfa Laval (India) Limited ("Target Company") by HSBC Securities and Capital Markets (India) Private Limited ("HSBC" or the "Manager to the Offer") on behalf of Alfa Laval Corporate AB (the "Acquirer") and Alfa Laval AB (publ) as the Person Acting in Concert with the Acquirer ("PAC") and is to be read in continuation of and in conjunction with the original Public Announcement dated February 27, 2007, the subsequent public announcement dated April 23, 2007 (hereinafter collectively referred to as the "PAs") and the Letter of Offer dated April 25, 2007 (the "Letter of Offer"), issued in compliance with Regulations 11(2A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "Takeover Regulations").

The shareholders of the Target Company are requested to kindly note the following amendments with respect to the PAs and the Letter of Offer:

1. **Upward Revision of Offer:** In accordance with Regulation 26 of Takeover Regulations, the Acquirer intends to make an upward revision of the price of the Offer (the "Offer Price") to the shareholders of the Target Company as follows:

A. Offer Price (per fully paid-up equity share of Target Company)	Original Offer	Revised Offer
a. Offer Price per fully paid-up equity share of Target Company	Rs.875.00 (Rupees Eight hundred and seventy five)	Rs.1300.00 (Rupees One thousand and three hundred)

2. The Offer is for the acquisition of upto 4,702,500 fully paid up equity shares of face value of Rs.10 each of the Target Company representing 25.89% of the Voting Capital of the Target Company at a revised Offer Price of Rs. 1300.00 per fully paid up equity share (the "Revised Offer"). Please refer to the Letter of Offer for details on Withholding taxes / Tax to be Deducted at Source (TDS).
3. Consequent to the upward revision in the Offer Price, the total monetary value of the Revised Offer would be Rs. 611,32,50,000.00 (Rupees Six hundred and eleven crores , thirty two lakhs and fifty thousand .)
4. **Financial Arrangements:** As mentioned in the Letter of Offer, the Acquirer has previously created an Escrow Account in the form of a Bank Guarantee issued by The Hong Kong & Shanghai Bank Corporation Plc, London, (Address 8, Canada Square London E14 5 HQ, UK) in favor of the Manager to the Offer which is valid upto June 26, 2007 ("Bank Guarantee") for an amount of US$30million (Rs. 122,79,00,000.00, i.e. Rupees One hundred and twenty two crores and seventy nine lakhs) which is more than 25% of the total consideration upto Rs.100 crores and 10% thereafter. In addition to this the Acquirer has deposited a sum of US$1.2million (Rs. 4,91,16,000.00, i.e. Rupees Four crores, ninety one lakhs and sixteen thousand) with HSBC Bank Plc. London, ("Bank Account") being more than 1% of the total consideration and a lien has been marked thereon in favor of the Manager to the Offer.

   Pursuant to the upward revision of the Offer Price, the Acquirer has enhanced the cash deposit to US$1.55million (Rs. 6,34,41,500.00, i.e. Rupees Six crores, thirty four lakhs, forty one thousand and five hundred), which is in excess of 1% of the value of the total consideration payable under the Revised Offer (assuming full acceptances).

   Further, the Bank Guarantee for the amount of US$30million is already in excess of the 10% of the value of the total consideration payable upon such revision in the Offer Price in terms of Regulation 28(9) of the Takeover Regulations.

   (The Rupee equivalents quoted above are calculated based on the exchange rate of US$1 = INR40.93 as on May 14, 2007)

   HSBC, as Manager to the Offer, has been duly authorized to realize the value of the Bank Account and the Bank Guarantee in terms of the Takeover Regulations.

   The total financial obligation of the Acquirer, considering the Revised Offer above is well within the limits of the Acquirer's banker HSBC Bank, Sweden's confirmation (vide letter dated Feb 22, 2007) that the Acquirer has adequate resources available to meet the financial requirements of the Offer. Based on the above, HSBC is satisfied with the ability of the Acquirer to implement the Revised Offer in accordance with the Takeover Regulations as firm financial arrangements are in place to fulfill the obligations under the Takeover Regulations.

The Directors of the Acquirer and PAC on behalf of the Acquirers and the PAC respectively accept full responsibility for the information contained in this Announcement and for the obligations laid down in the Takeover Regulations.

Issued by MANAGER TO THE OFFER

HSBC

HSBC Securities and Capital Markets (India) Private Limited
52/60 Mahatma Gandhi Road,
Fort, Mumbai – 400 001.
Tel: (22) 2268 1264, Fax: (22) 2263 1984
Contact Person: Shikha Garg,
Email: alfalavalopenoffer@hsbc.co.in

CONCEPT

Date: May 16, 2007 Place: Mumbai

Size: 12 x 18 sq. cm