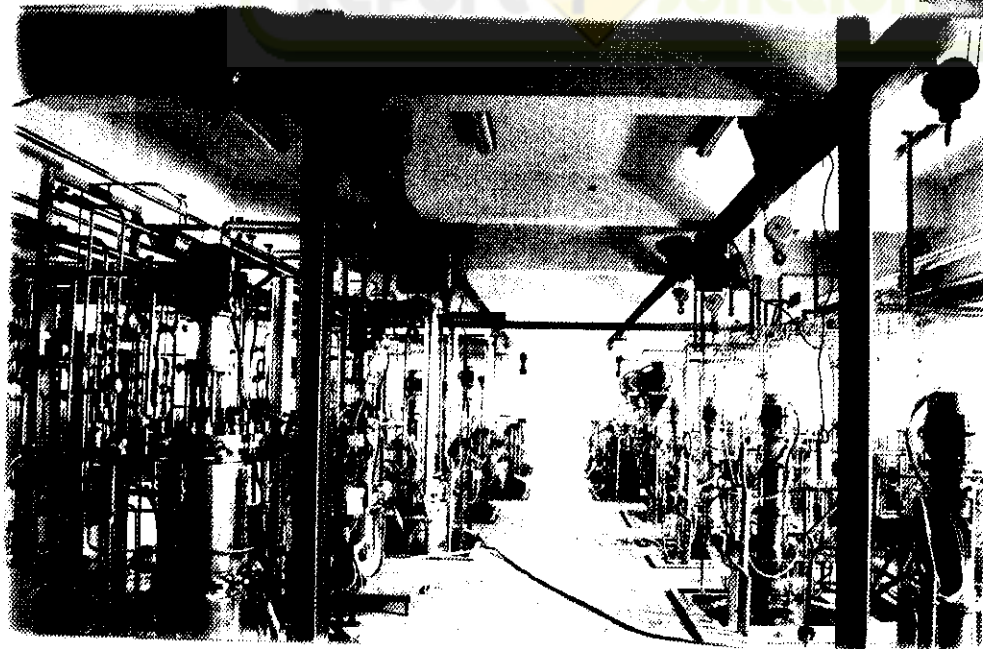
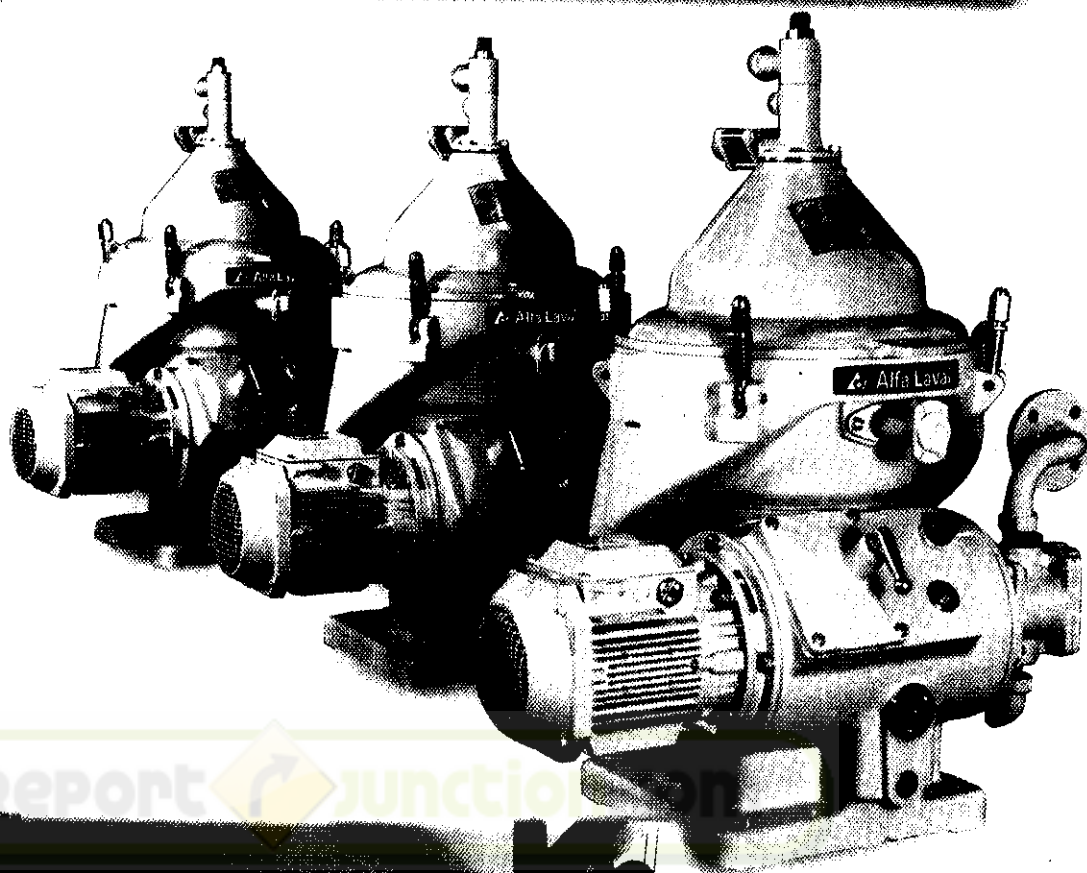


**Alfa Laval (India) Limited**

'Price Fighter' Separators for Japan



State-of-the-art Fermentation Plant



Annual General Meeting, Monday, May 29, 2000

at 11.30 a.m. at Hotel Le Meridien, RBM Road, Pune - 411 001

Alfa Laval (India) Limited

CHAIRMAN EMERITUS

Kamaljit Singh

DIRECTORS

Ms. L.F. Poonawalla, *Chairperson*

Prof. Goran Grosskopf

F.A.A. Jasdanwalla

K.R. Bhatia

Jos Bellinkx

Bo Wirsén

B. Chakrabarti, *Nominee Director*

Satish Tandon, *Managing Director*

Cyrus J. Guzder

Ajay Joshi, *Director - Finance*

SECRETARY

V. Chandrasekhar

BANKERS

Bank of India

ANZ Grindlays Bank Ltd.

Bank of Maharashtra

The United Western Bank Ltd.

The Hongkong and Shanghai Banking Corporation Ltd.

LEGAL ADVISERS

Crawford Bayley & Co.

AUDITORS

Price Waterhouse

REGISTERED & HEAD OFFICE

Mumbai Pune Road,

Dapodi,

Pune 411 012

Phone : (020) 7127721

Fax : (020) 7127711

Home Page : www.alfalaval.co.in

WORKS

Dapodi, Pune 411 012

M.I.D.C. Estate, Satara 415 004

SALES & SERVICE NETWORK

Ahmedabad

Bangalore

Baroda

Calcutta

Chandigarh

Chennai

Dhaka, Bangladesh

Hyderabad

Indore

Jaipur

Jamshedpur

Kanpur

Kochi

Mumbai

New Delhi

Pune

Raipur

Vishakhapatnam

CUSTOMER SERVICE CENTER

Plot No. R-674, MIDC Rebale

TTC Industrial Area, Post Ghansoli,

Thane - 400 701

As a measure of economy the practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. Members are, therefore, requested to bring their own copies of the Report to the Meeting.



Chairperson's Communique



*D*ear Shareholders,

In 1998 I had informed you that your Company has a clear vision, of where to go, and an intense faith in its goals, missions and ideals. Tough times do not last, only tough companies do !! Alfa Laval has proved it.

We always believed that this Company has the resilience and inherent strengths. Therefore, it is not surprising that the Company has bounced back to its original high growth with profitability.

Your Company has turned out a remarkable performance, further improving all the key parameters. Profit has taken a smart leap by surpassing all past performances. This is, indeed, a very satisfying experience.

I have no doubt that all of you must be delighted with the decision of the Board to pay the highest ever dividend on your investments. The Company is definitely poised for a major growth in the coming years.

The success in Exports has set a new standard of performance.

The strategy, of becoming a Group Manufacturing Unit, initiated a decade ago, has started to give results.

Alfa Laval globally has expressed its immense confidence in the capabilities of the Indian operations. They clearly see the synergy in further enhancing the co-operation.

All this has been made possible by the spirit of togetherness and innovation that exist at all levels. As one walks through the Company, one sees this reflected in every operation.

I firmly believe that it is this team spirit, of a highly motivated group of people, with the right Leadership of the Managing Director, that has enabled the Company to grow. And, it is this spirit, coupled with technological inputs available from the Group Company, that will ensure achievement of bigger goals.

I congratulate the Management and all the employees for achieving such brilliant results.

I would like to specially appreciate, on behalf of the Board and myself the direction provided by the Managing Director, Mr. Satish Tandon, to wrest the Company from the downtrend it was experiencing a couple of years ago.

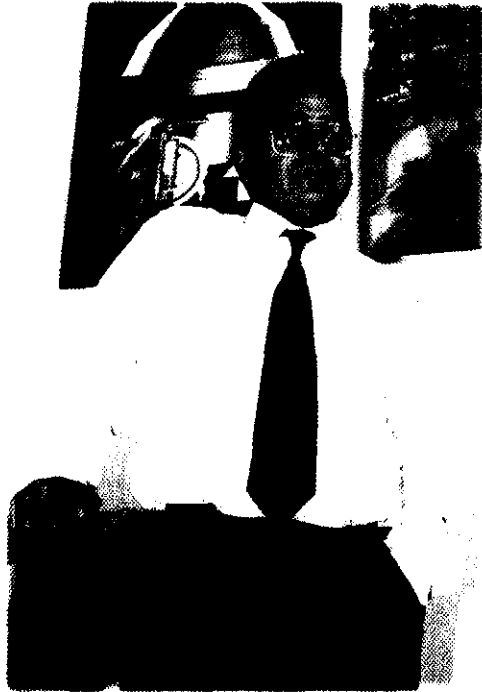
My special appreciation also goes to our shareholders who stood by us in difficult times and, today, are experiencing the bliss of success. Same can be said about the Financial Institutions, our Principals in Sweden, and all our customers, vendors and business associates.

Lastly, my special thanks to the Board Members for their support.

Lila Poonawalla



MD's Communique



Dear Shareholders,

It is my privilege to share with you the remarkable performance of your Company in the year 1999. The Company recorded the highest net profit since its inception and matched this record performance with the announcement of a record dividend of 90%. This significant achievement was mainly due to our strategic vision of focusing on our core competency and aided by the improvement in factory results, better capital management, cost control, selection of right customers and above all employee satisfaction.

Our strategy of focusing on the Company's core business of supplying components like decanters, separators, plate heat exchangers and edible oil refining plants continues while our focus on project orders in Brewery and Pharma sectors, Chemical Fabrication, Spray Driers etc., is based on profitability rather than on volumes. The Company has recently entered the business of supplying Water Desalination Plant and the potential in this business looks good in the years to come. Development of new models of Decanters is in the process and when introduced in the market will give the Company a competitive edge in the water sewage and environment markets in India and South East Asia.

Exports have always been a thrust area for the Company and this is reflected in the successes achieved in Bangladesh and East Africa for the Oil Refining Plants business. The Company has also uncovered growing export opportunities in Japan for Marine separators. The Company's exports to its Principals are set for a marked improvement in the future years with the development of new models of Separators for their markets in Thailand, Indonesia, Malaysia, Europe etc.

Being a market driven company, our intrinsic strength lies in the ability to understand, attract and retain valuable customers and thus establish a profitable relationship. We have learnt to identify and discourage customers who are a drain on our profits. Our business is built on values of deep loyalty rooted in mutual trust, bilateral commitments, two way communication, innovative technologies and stringent quality control. It is my strong belief that the Company will be successful only if its customers are successful and we are deeply focussed on the process of delivering better value for our customers.

It is our strong belief that, in the long term asset base will not be important. The future will see the importance of human capital, intellectual capital, R & D, brand building and corporate values and we are working in these directions consciously. We are convinced that it is not the technology per se that gives the competitive edge but it is the human element which creates this edge in the market place. Ultimately, I am of the opinion that only satisfied employees can satisfy the customers and thus sustain and improve the Company's growth. The new wage agreement signed with the workers recently with Productivity, Flexibility and Self-discipline as the main thrust thereof depicts the industrial relations prevailing in the Company.

No CEO is a Superman and his greatest strength lies in the capabilities of his team. I am sure this team will continue to achieve greater heights in the years to come.

Many thanks to all our customers who have kept faith in us, my colleagues who have worked as a unified team, the Board of Directors who have been the pillars of our strength, our principals who have given all the help in technological improvements and market developments and the shareholders who have shown patience, trust and confidence in us.

Satish Tandon
Satish Tandon



Notice

Notice is hereby given that the 62nd Annual General Meeting of the Shareholders of Alfa Laval (India) Limited will be held at Hotel Le Meridien, RBM Road, Pune 411 001, on Monday, 29th May, 2000 at 11.30 a.m. to transact the following business:

1. To receive, consider, and adopt the audited Balance Sheet as at 31st December, 1999, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
 2. To declare a dividend for the year ended 31st December, 1999.
 3. To appoint a Director in the place of Mr. Jos Bellinkx who retires by rotation and being eligible, offers himself for re-appointment.
 4. To appoint a Director in the place of Mr. Bo Wirsén who retires by rotation and being eligible, offers himself for re-appointment.
 5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
 6. To appoint a Director in the place of Mr. Ajay Joshi who under Article 117 (a) of the Company's Articles of Association holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received a joint notice in writing from some shareholders signifying their intention to propose him as a candidate for the office of Director and who is eligible for appointment.
 7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-
"RESOLVED that, consent of the Company be and it is hereby accorded, pursuant to Sections 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, to the appointment of Mr. Ajay Joshi as Wholetime Director of the Company with the designation "Director - Finance" for a period of three years with effect from 29th February, 2000 on the following terms of remuneration:
 1. A basic salary of Rs.40,000/- [rupees forty thousand only] per month.
 2. A commission based on performance, as may be approved by the Board of Directors of the Company, subject to a ceiling of an amount equal to 20% of the annual basic salary of Mr. Ajay Joshi;
 3. Perquisites:-
 - i) Housing-
 - a) rent free residential accommodation;
 - b) reimbursement of gas, electricity and water charges at actuals;
 - c) reimbursement of furnishing expenses and house maintenance expenses as per the rules of the Company;
 - ii) Medical Reimbursement-
 Reimbursement of expenses incurred by Mr. Ajay Joshi for himself and his family, subject to a ceiling of one month's basic salary in a year or three months' basic salary over a period of three years;
 - iii) Leave Travel-
 Leave travel allowance for himself and his family once in a year in accordance with the rules of the Company;
Explanation:-
 Family means, the spouse and the dependent children of Mr. Ajay Joshi;
 - iv) Insurance-
 In accordance with the rules of the Company;
 - v) Club Fees
 Fees and subscription of a maximum of two clubs. These will, however, not include admission and life membership fees;
 - vi) Provision of a chauffeur driven car and telephone at residence;
 - vii) Contributions to Provident Fund, Superannuation or annuity fund in accordance with the rules of the Company to the extent these put together do not exceed 27% of the basic salary of Mr. Ajay Joshi;
 - viii) Gratuity not exceeding half a month's salary for each completed year of service;
 - ix) Provision of capital goods at the residence of Mr. Joshi over the contract period as per the rules of the Company;
 - x) Other allowances aggregating upto Rs.5,000/- per month;
 - xi) Encashment of accumulated leave at the end of the tenure as per the rules of the Company;*The expenditure incurred by the Company on the perquisites shall be valued as per the Income Tax Rules, 1962, as amended from time to time;*
- RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Ajay Joshi as Wholetime Director of the Company, the remuneration as specified above, shall be paid as minimum remuneration for such year to Mr. Joshi;*
- AND RESOLVED FURTHER that the Directors of the Company be and they are hereby authorised to do all such acts, matters, deeds and things including entering into an agreement with Mr. Joshi in terms of the draft placed before this Meeting and initialled by the Secretary for the purpose of identification, under the Common Seal of the Company, to give effect to this resolution."*
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-
"RESOLVED, subject to the approval of the Central Government, that consent of the Company be and it is hereby accorded pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 to the payment of an additional performance bonus of Rs.1,08,000/- to Mr. Satish Tandon, Managing Director, for the accounting year ended 31st December, 1999."



9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-
 “RESOLVED, subject to the approval of the Central Government, that consent of the Company be and it is hereby accorded, pursuant to Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, to the revision in the terms of remuneration of Mr. Satish Tandon, Managing Director, with effect from 1st January, 2000, as under:-

1. A basic salary of Rs.85,000/- [rupees eighty five thousand only] per month with effect from 1st January, 2000;
2. A commission based on performance, as may be approved by the Board of Directors of the Company, subject to a ceiling of an amount equal to 40% of the annual basic salary of Mr. Satish Tandon;
3. Perquisites:
 - i. Housing-
 - a) a fully maintained rent free furnished residential accommodation;
 - b) reimbursement at actuals, of gas, electricity and water charges;
 - ii. Medical Reimbursement-
 Reimbursement of expenses incurred by Mr. Satish Tandon for himself and his family, in accordance with the rules of the Company;
 - iii. Leave Travel-
 Leave travel allowance for himself and his family once in a year in accordance with the rules of the Company;
 Explanation:
 Family means, spouse and the dependent children of Mr. Tandon.
 - iv. Insurance-
 In accordance with the rules of the Company;
 - v. Club fees -
 Fees and subscription of a maximum of two clubs. These will, however, not include admission and life membership fees;
 - vi. Provision of a chauffeur driven car and telephone at residence;
 - vii. Contributions to Provident Fund, Superannuation or annuity fund in accordance with the rules of the Company to the extent these put together do not exceed 27% of the basic salary of Mr. Tandon;
 - viii. Gratuity - not exceeding half a month's salary for each completed year of service;
 - ix. Other allowances aggregating Rs.7,000/- per month;
 - x. Encashment of accumulated leave at the end of the tenure as per the rules of the Company;

The expenditure incurred by the Company on the perquisites shall be valued as per the Income-Tax Rules, 1962, as amended from time to time;

RESOLVED FURTHER that in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Satish Tandon as Managing Director of the Company, the remuneration as specified above, shall be paid as minimum remuneration for such year to Mr. Tandon;

AND RESOLVED FURTHER that the Directors of the Company be and they are hereby authorised to do all such acts, matters, deeds and things including entering into a second supplementary agreement with Mr. Satish Tandon as may be necessary or expedient to give effect to this resolution.”

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a special resolution:-
 “RESOLVED, pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification thereto or any re-enactment thereof for the time being in force), that the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below:

Article 2 of the Articles of Association shall include the following interpretations at appropriate places:

Interpretations:

Beneficial Owner

‘Beneficial Owner’ means beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

Bye-laws

‘Bye-laws’ mean bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act, 1996

‘Depositories Act, 1996’ includes statutory modification, amendment or re-enactment thereof.

Depository

‘Depository’ means a Depository as defined under clause (c) of sub-section (1) of Section 2 of the Depositories Act, 1996.

SEBI

‘SEBI’ means the Securities and Exchange Board of India.

SEBI Board

‘SEBI Board’ means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Regulations:

‘Regulations’ mean regulations made by SEBI.

Record

‘Record’ includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board.



In Article 2 of the Articles of Association, the definition of 'Member' shall be altered as follows:

"Member means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996".

The following Article shall be inserted as Article 11A of the Articles of Association and shall read as follows:

Company entitled to dematerialise / rematerialise its shares

"Notwithstanding anything contained in this Articles of Association, the Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any".

Article 12 of the Articles of Association shall be substituted by the following Article:

"The Company shall maintain a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 and the rules framed thereunder with the details of shares held in material and dematerialised form in any media as may be permitted by law including any form of electronic media".

Article 13 of the Articles of Association shall be substituted by the following Article:

"The Shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinafter mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished".

Article 20 (a) of the Articles of Association shall include the words "provided however, no share certificate(s) shall be issued for shares held in a Depository or opted in dematerialised form" after the words "the date of issue" mentioned in the last sentence.

Article 23 of the Articles of Association shall be substituted by the following article:-

"Save as otherwise provided by Articles of Association or by the Act, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such shares on that part of any other person, whether or not the Company shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply accordingly".

The following Articles shall be inserted as Article 23A and 23B of the Articles of Association and shall be read as follows:

Nomination:

"Every holder of shares in, or debentures of the Company may, at any time, nominate, in the prescribed manner, a person including a minor, to whom his shares in, or debentures of the Company shall vest in the event of his death. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders. The provisions of Section 109A of the Act shall apply to such nomination".

"Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as provided in Section 109 B of the Act, elect, either --

- (a) to be registered himself as holder of the shares or debentures of the Company as the case may be, or
- (b) to make such transfer of the shares or debentures, as the case may be as the deceased shareholder or debenture holder as the case may be, could have made.

All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares shall be applicable to such transmission of shares or debentures as the case may be. A person, being a nominee, becoming entitled to a share by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered a member in respect of his share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company".

Article 53 of the Articles of Association shall be substituted by the following Article:

Register of Transfers

"The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form".

The following Article shall be inserted as Article 64A of the Articles of Association and shall read as follows:

"In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply".

The following Article shall be inserted as Article 65A of the Articles of Association and shall read as follows:

"Notwithstanding anything contained in the Articles of Association, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares on behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of shares held by it; and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its shares held by a Depository".

Article 140 of the Articles of Association shall be substituted by the following Article:

"The Managing Director and/or the Wholetime Director (if any) shall not while they continue to hold that office be subject to retirement by rotation, in accordance with Article 128 nor shall they be required to hold any qualification shares. If either of them ceases to be a Managing Director or Wholetime Director as the case may be he shall ipso facto and immediately cease to hold the office of Director".

The following sub article shall be inserted as Article 155 (16) (a) of the Articles of Association and shall read as follows:

"To revoke the appointment of / remove the Managing Director and or Wholetime Director in accordance with the terms of the service contract of such Managing Director and/or Wholetime Director".



Article 170 of the Articles of Association shall be substituted by the following Article:

"Dividend remaining unclaimed after having been declared shall be transferred to special dividend account in accordance with Section 205 A (1) of the Act. Any money transferred to such special dividend account of the Company in pursuance of Section 205 A (1) of the Act, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205 C (i) of the Act".

11. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:-

"RESOLVED, pursuant to Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Memorandum and Articles of Association of the Company, that consent of the Company be and it is hereby accorded to the Board of Directors of the Company ("the Board") to contribute monies to charitable and other funds not directly relating to the business of the Company or the welfare of its employees provided, however, that the aggregate amount of such contributions in any one financial year shall not exceed Rs.5,00,000/- (rupees five lakhs only) or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three immediately preceding financial years, whichever is greater;

RESOLVED FURTHER that the contributions amounting to Rs.3,95,503/- made by the Company during the year ended 31st December, 1999 be and is hereby ratified and approved".

Dated : 27th April, 2000

By Order of the Board of Directors
Alfa Laval (India) Limited

Regd. Office:

Mumbai-Pune Road
Dapodi, Pune 411 012

V. CHANDRASEKHAR
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 6 to 11 set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 16th May, 2000 to Monday, 29th May, 2000, both days inclusive.
4. The dividend, when declared, will be paid on or after 29th May, 2000 to those Members whose names appear in the Company's Register of Members on 29th May, 2000.
5. The Company's equity shares have been admitted into the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Accordingly, the Company has signed tripartite agreements with the two Depositories, ie. NSDL and CDSL wherein Intime Spectrum Registry Pvt. Ltd., shall offer depository based connectivity services, to enable the investors to hold and trade in the Company's equity shares in electronic form. Securities and Exchange Board of India have added the Company's equity shares in the compulsory demat mode for all investors with effect from 21st March, 2000.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

Items 6 and 7

The Board of Directors of the Company at their meeting held on 29th February, 2000 appointed Mr. Ajay Joshi as a Wholtime Director of the Company with the designation 'Director - Finance' for a period of three years with effect from 29th February, 2000, subject to the consent of the shareholders of the Company under the provisions of the Companies Act, 1956.

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 the past four years. Mr. Joshi has a broad multi faceted experience of about eighteen years in financial institutions. Prior to his appointment on the Board, he held the position of Vice President - Finance. Mr. Joshi joined the Company at the same time when the Company initiated business restructuring and as a member of the top management team played a very important role in the successful restructuring. The experience gained therein should stand him in good stead in his new role as a Wholtime Director of the Company.

Mr. Ajay Joshi being an Additional Director holds office only upto the date of the 62nd Annual General Meeting but is eligible for appointment.

The resolution set out at Item 7 of the accompanying Notice together with this explanatory statement are and should be read as an abstract under Section 302 of the Companies Act, 1956. The draft agreement between the Company and Mr. Ajay Joshi is available for inspection by the Members of the Company at the Registered Office of the Company between 10.00 AM and 12 Noon on any working day (except Saturday).

None of the Directors except Mr. Ajay Joshi is interested in this item of business concerning his appointment

Item 8

The Board of Directors of the Company ("the Board") at their meeting held on 29th February, 2000 reviewed the performance of the Company for the year ended 31st December, 1999. Considering the all round improvement in the operations of the Company and in particular, the achievement of a record net profit for the year 1999, the Board considered and approved the payment of an additional



performance related bonus to Mr. Satish Tandon, Managing Director, of an amount equal to 15% of his annual basic salary, i.e. Rs.1,08,000/-, subject to the approval of the Shareholders of the Company and the Central Government under the provisions of the Companies Act, 1956.

The resolution set out at Item 8 of the accompanying Notice together with this explanatory statement are and should be read as an abstract under section 302 of the Companies Act, 1956.

The Board commends the resolution at Item 8 of the accompanying Notice for the approval of the Members.

Save and except the interest of Mr. Satish Tandon in varying his terms of remuneration, as aforesaid, no other Director of the Company is concerned or interested in this item of business.

Item 9

The Board of Directors of the Company ("the Board") at their meeting held on 29th February, 2000 reviewed the terms of remuneration of Mr. Satish Tandon and revised the same as indicated in the resolution at Item 9 of the accompanying Notice, subject to the consent of the Shareholders of the Company and the Central Government under the provisions of the Companies Act, 1956.

The resolution set out at Item 9 of the accompanying Notice together with this explanatory statement are and should be read as an abstract under Section 302 of the Companies Act, 1956. The Service Contract between the Company and Mr. Satish Tandon is available for inspection by the Members at the Registered Office of the Company between 10.00 A.M. and 12.00 Noon on any working day except Saturday.

The Board commends the resolution at Item 9 of the accompanying Notice for the approval of the Members.

Save and except the interest of Mr. Satish Tandon in varying his terms of remuneration, as aforesaid, no other Director of the Company is concerned or interested in this item of business.

Item 10

Consequent to the enactment of the Depositories Act, 1996, and the introduction of the Depository System, some of the provisions of the Companies Act, 1956 relating to issue, holding, transfer and transmission and dealing in shares and other securities as also certificates thereof have been amended to facilitate the Depository System. A few articles in the Articles of Association pertaining to the aforesaid issues which were in line with the erstwhile provisions of the Companies Act, 1956 may be in conflict with the provisions of the Depositories Act, 1996 and therefore the relevant articles are being amended. Further, the enactment of the Companies (Amendment) Act, 1999 has necessitated the insertion and alteration of certain relevant Articles in the Articles of Association of the Company.

A copy of the existing Memorandum and Articles of Association of the Company together with the proposed amendments/alterations is available to the Members of the Company for inspection at the Registered Office of the Company between 10.00 AM and 12 Noon on any working day (except Saturday) upto the date of the meeting.

The Board commends the resolution at item No.10 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company are interested or concerned in this item of business except as a shareholder.

Item 11

During the year ended 31st December, 1999, the Company had made contributions to certain charitable and other funds not directly relating to the business of the Company which were in excess of the limits prescribed under Section 293(1)(e) of the Companies Act, 1956. Accordingly, the contributions of Rs. 3,95,503/- (including a sum of Rs. 3,60,639/- to Army Central Welfare Fund) made by the Company during the year 1999 require to be ratified and approved by the Shareholders of the Company in accordance with the provisions of Section 293 (1) (e) of the Companies Act, 1956.

The Company may, in future also, make contributions to charitable and other funds not directly related to the business of the Company or the welfare of its employees. Accordingly, approval of the shareholders of the Company is also sought for making such contributions in future subject to the limits specified in the resolution at Item 11 of the accompanying Notice.

None of the Directors is concerned or interested in this item of business.

Dated : 27th April, 2000

Regd. Office:

Mumbai-Pune Road
Dapodi, Pune 411 012

By Order of the Board of Directors
Alfa Laval (India) Limited

V. CHANDRASEKHAR
Company Secretary