

KIRLOSKAR BROTHERS LIMITED

September 29, 2006

Press Release

Kirloskar Brothers Ltd. (KBL) has acquired 100 % of the equity share capital of the Chennai based Aban Constructions Private Ltd. The Share Purchase Agreement has been signed in Chennai today.

KBL is India's largest manufacturer and exporter of centrifugal pumps with a product range from 0.10 KW to 12000 KW. KBL is the only Indian pump manufacturer to have transformed itself from a product manufacturer to a total turnkey solution provider in order to meet customer expectations of single point responsibility. In the last financial year, KBL's project and engineered pumps strategic business group grew by more than 50% to contribute sales of Rs. 620 crores in the company's total turnover of Rs. 925 crores.

In 2003, KBL had acquired SPP Pumps Ltd. of the United Kingdom in order to meet its short term goal of becoming one of the top 15 pump companies in the world. The operations of SPP Pumps have since been integrated successfully and the company is on profitability path. In order to strengthen its focus on Pump business, KBL has recently exited from its hermetically sealed compressors business by selling its stake in the joint venture company to its JV partner.

Aban Constructions Private Ltd. a part of the well known Aban Group of companies, Chennai was set up in 1969. It is mainly into the business of oil and gas cross country pipe lines and civil construction projects such as tunnels, bridges and roads, 'water and sewerage, and other industrial plants. The present turnover of the company is about Rs 90 crores. The company caters to various reputed customers such as IOCL, GAIL, SPCL, Port Trusts and State Electricity Boards and so on.

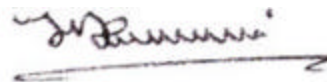
In order to meet customer expectations, KBL had been considering the possibility of entering civil and construction business that is complementary to that of KBL. There is good growth potential for infrastructure companies in the years to come. KBL has also moved from a product company to total system solution provider. With this acquisition the company is poised to become Engineering, Procurement and Construction Company with the opportunity to participate in the Oil and Gas sector, therefore achieving its objective of synergy of operations along with diversification.

Mr. Sanjay Kirloskar, Chairman and Managing Director, KBL stated "We see significant synergy benefits between the core businesses of KBL and the construction business. KBL plans to aggressively grow the areas of business of Aban Construction by combining the focus on quality of both Companies and by leveraging the capabilities developed in the people and systems of Aban Construction."

ICICI Securities Ltd., acted as the Sole Advisor to KBL on this transaction.

For any additional information you are advised to get in touch with Mr G P Kulkarni, Company Secretary of KBL at gpk@kbl.co.in or + 91-20-24402001.

For Kirloskar Brothers Limited



G.P. Kulkarni, Company Secretary