



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

8th November 2003

Press Release

Kirloskar acquires a pump company in UK
Saturday, 08 November 2003 (Press Release)

Kirloskar to increase exports...

In the last couple of years, Kirloskar Group has worked relentlessly to increase exports in sustainable way and also de-risk them by concentrating on sales to OEMs and institutions. Once such breakthroughs are achieved, the revenues are stable year after year. Towards this objective, Kirloskar has positioned itself as cost competitive producer of high quality products and is constantly on look out to increase exports. A significant step in that direction was announced today by Kirloskar – acquisition of certain assets and businesses of SPP Pumps Ltd. in United Kingdom through a joint venture company which would be henceforth called SPP Pumps Ltd. SPP Pumps Ltd. was a part of Thyssen Bornemiscza Group in UK.

SPP sells pumping packages in a variety of market segments like construction, irrigation, fire-fighting, and water supply and sewage. In fact SPP enjoys a dominant market share in the United Kingdom fire-fighting market. It is recognised in Europe and Commonwealth countries in Asia and Africa as a supplier of quality equipment. It is currently supplying engineered fire fighting pump packages in the oil fields of Central Asia. It is also a significant player in the Middle East markets for the water supply, sewage and the oil field sectors. SPP Pumps registered a Sales Revenue of Sterling Pounds 27 Million in 2002.

Kirloskar Brothers Ltd. (KBL), the Kirloskar Group company in the business of providing fluid handling solutions, has had a 30 year relationship with SPP for supply of components required for pump manufacturing. Initially, in 1973 SPP signed an agreement with KBL for supply of castings and components for SPP designed pumps. Over the years KBL has supplied SPP with components for hundreds of thousands of such pumps, in addition to supplying a large number of the same pumps around the world.

In 1980s, KBL and SPP worked on the joint development of a new range of split casing pumps for world markets. The pumps were jointly designed, and manufacturing facilities were augmented at the Kirloskarvadi plant. These pumps are currently exported all over the world, with the biggest export markets being the United States, South East Asia and Europe. With the experience gained from its relationship with SPP, KBL also distributes its own products to over 65 countries around the world, including nine pump companies in Europe. KBL's export business constitutes about 18% of its turnover.

After the acquisition, SPP Pumps Ltd. will be run as an independent company. Mr. Owen Shevlin has been appointed as the Managing Director. Mr Shevlin was formerly the Managing Director of SPP Pumps Ltd.

Mr. Sanjay Kirloskar emphasised that “there is an explicit understanding between the managements of KBL and SPP Pumps that SPP would be run as an independent company and all transactions between the two companies would be at an arms length basis. Moreover, KBL will continue to maintain and protect the existing close relationship with its own customers in Europe.”

Mr. Atul Kirloskar said, “We believe that the current synergy between SPP and KBL would bring greater benefits to Customers worldwide. And that, this acquisition will help the Kirloskar Group grow globally”.

ICICI Securities Ltd. were the advisors to KBL for the transaction.

The Kirloskar Group:

Rs. 24 billion engineering group driving critical industries like power, construction and mining, agriculture, industry and transport, oil and gas and environment protection with a range of world class industrial products and turnkey services.

It comprises of five companies in India, each led by talented engineers and managers. The group continues to focus on engineering sector, and strives to offer world-class products based on over 100 years of engineering excellence.

The multi-unit, multi-product, multi-location group is built on the plinth of Experience, Expertise, Quality, Innovation and Values in the business and aims at creating a new industrial order. All the Group companies are ISO 9001 certified since 1992 and some are ISO 14001 and QS 9000 certified.

The motto of the Group is: “Invent before time, provide before it is needed and give life The Cushion it needs”.