



PRESS RELEASE

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L&T-Tata Steel's Dhamra Port Project To Boost Orissa Infrastructure

Bhubaneshwar, September 22, 2005: Mr. A.M. Naik, Chairman & Managing Director of Larsen & Toubro Limited (L&T), and Mr. B. Muthuraman, Managing Director, Tata Steel, in a joint statement said that the proposed Rs. 2000-crore port at Dhamra, would be a boost to the state's infrastructure and industry as well as enhance its marine trade prospects. Work on the project, scheduled for completion by mid-2008, is progressing well. The port has received all statutory approvals and clearances for commencement of construction including the environment clearance.

L&T and Tata Steel had formed a 50:50 joint venture in October 2004 for setting up the port.

To be executed in two phases, the port will initially have a capacity of 12-15 million tonnes per annum (tpa) for bulk cargo such as coking coal, coal and iron ore. It will be equipped with state-of-the-art facilities for mechanised loading and unloading systems, capable of handling modern high capacity cape size vessels. Handling capacity is expected to be increased to 25 million tpa in the second phase. In addition, development of a Clean Cargo Berth to handle finished steel and intermediaries is also proposed.

The project includes laying of 65 km of rail line connecting the existing broad gauge line at Bhadrak to the port. The land acquisition process is well under way and the Government of Orissa has committed to handing over the land in time for the project commencement. The Government has already handed over land at the port area for construction and land acquisition process for the railway corridor is proceeding in a fast pace, with the government deputing additional teams to speed up the process.

Major financial institutions and banks have expressed interest in lending for the project. The Financial Closure process, which has already commenced, is expected to be completed by end December 2005. Construction would start immediately thereafter.

The Master Plan, which is in the pipeline, envisages construction of 13 berths over a period of 10 years, which will take the total port capacity to 80 million tonnes. The first phase will see development of 700 metres of quay line to handle very large bulk carriers with a capacity of 180,000 DWT.

FN: Dhamra Port.doc