



PRESS RELEASE

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L&T & MHI (Japan) enter into a JV to manufacture Super-Critical Steam Turbine & Generator in India

Tokyo /Mumbai, November 05, 2007: Larsen & Toubro Limited (L&T) and Mitsubishi Heavy Industries Limited (MHI) have inked a Joint Venture agreement for setting up a manufacturing facility to supply super-critical Steam Turbine & Generator facility in India. This follows a Technology Licensing and Technical Assistance Agreement for manufacture of super-critical Turbine & Generator, signed between L&T MHI, and Mitsubishi Electric Corporation (Mitsubishi Electric). The product, an integral component of energy efficient coal based power plants, is expected to meet the demand / supply gap for power plant equipment as envisaged in the country's plan for a mega ramp up in power generation capacity using super-critical technology.

The establishment of the Joint Venture (JV) represents further strengthening of already established relationship with MHI. L&T already has a JV with MHI for manufacture of Super Critical Boilers. L&T & Mitsubishi Group has been seeking a foothold in power generation core equipment sector to meet India's rapidly growing power demand while L&T has been looking for a technology partner possessing state-of-the-art technologies and willing to invest and work together to serve Indian power demand.

The proposed manufacturing JV, with a capital outlay of around Rs. 880 crore, will have a product configuration catering to plant capacities ranging between 500 MW to 1000 MW. The manufacturing operation expected to commence sometime during the later part of FY 2008-09.

Mitsubishi Heavy Industries, Ltd. (MHI), headquartered in Tokyo, Japan, is one of the world's leading heavy machinery manufacturers, with consolidated sales of around USD 25 billion. MHI's diverse lineup of products and services encompass shipbuilding, power plants, chemical plants, environmental equipment, steel structures, industrial and general machinery, aircraft, space rocketry and air-conditioning systems.

Mitsubishi Electric Corporation (Mitsubishi Electric), headquartered in Tokyo, Japan, is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. The company recorded consolidated group sales of 3,855 billion yen (US\$ 32.7billion*) in the fiscal year ended March 31, 2007.

**At an exchange rate of 118 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2007*

Supercritical turbine uses higher steam temperatures and pressures than sub-critical pressure power generation, and are more fuel-efficient and environment friendly. Super Critical Technology Coal based Plants reduce coal consumption relative to power output, carbon dioxide (CO₂) emissions can be reduced roughly by 2.5%. However, supercritical type generation requires more sophisticated technology in equipment design to withstand the high temperature and pressure levels, and machining of high-strength component materials is a complex task. MHI has vast experience with these systems, having already delivered approximately 70 units in Japan and abroad. Supercritical Turbines are engineered to operate at steam pressures above the critical point of water: 22.12MPa and 374.15°C (705.5°F/647.3K).

Background:

Larsen & Toubro Limited is a USD 5 billion technology, engineering and construction company, with global operations. It is one of the largest and most respected companies in India's private sector.

A strong, customer-focussed approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business over seven decades.
