



PRESS RELEASE

Issued by Corporate Communications Department
LARSEN & TOUBRO LIMITED
L&T House, Ballard Estate, Mumbai 400 001

Tel: (022) 6752 5656 Ext: 832/649/856/853
Fax: (022) 6752 5607/ 8

L&T to set up super-critical boiler manufacturing JV with Mitsubishi

Mumbai, April 17, 2007: Larsen & Toubro Limited (L&T) and Mitsubishi Heavy Industries Limited (MHI) have inked a joint venture agreement for setting up a manufacturing facility for super-critical boilers. This follows a Technology Transfer and License Agreement signed recently by L&T and MHI. Super-critical boilers, an integral component of energy efficient, coal-based power plants, will help meet the demand-supply gap for power plant equipment as India ramps up its power generation capability using super-critical technology.

The establishment of the JV represents a favorable meshing of the aspirations of both L&T and MHI. L&T has been scouting for an equipment partner possessing advanced technologies while MHI has been seeking a foothold in power generation operations within India's rapidly growing market.

Manufacturing capability for super-critical boilers integrates into L&T's existing strengths in the power sector. L&T is currently engaged in total 'engineer-procure-construct' contracts for power projects as well as manufacture of complete condensing and feed heating systems for power plants.

The proposed manufacturing JV, with a capital outlay of around Rs 300 crore, will have a product configuration catering to plant capacities ranging between 500 MW to 1000 MW. The JV will have its engineering center in New Delhi. The site for the manufacturing facility will be announced shortly, and manufacturing is expected to commence in the later part of FY 2008-09.

The new company will handle the full spectrum of activities relating to supercritical pressure boilers, from manufacture and sales to installation and after-sale service.

Background:**Larsen & Toubro Limited**

Larsen & Toubro Limited is a 4 billion USD 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 across seven decades.

Mitsubishi Heavy Industries

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.

Supercritical pressure coal-fired power generation uses higher steam temperatures and pressures than sub-critical pressure power generation, and is more fuel-efficient and environment friendly. By reducing coal consumption relative to power output, carbon dioxide (CO₂) emissions can be reduced roughly by 2.5%. Supercritical type generation requires more sophisticated technology in equipment design to withstand the high temperature and pressure levels. 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 pressure power plants are engineered to operate at steam pressures above the critical point of water: 22.12MPa and 374.15°C (705.5°F/647.3K).
