

Press Release

for Immediate publication

Jaypee Group and L&T sign agreement

for

Supply of super critical equipment for Jaypee Nigrie Super Thermal Power Project

Contract valued at Rs 4000 crore approximately

Highlights

- 2X660 MW super-critical units will be set up by JPVL (Jaypee Group Company) at a site in Nigrie Village, Singrauli District in M.P.
- Order for the boiler, turbine and generator (BTG) packages being given to L&T and L&T – MHI Pvt. Ltd. (JV Company formed between L&T Ltd. and Mitsubishi Heavy Industries Limited, Japan)
- Cost of BTG is approximately Rs 4,000 crore
- Boilers to be installed are with super-critical steam parameters with high efficiency resulting in less fuel consumption and less environmental pollution
- International Competitive Bidding (ICB) were invited for the Boiler and Turbine generator and L&T-MHI were successful bidders for both packages

New Delhi; August 12, 2009: Jaiprakash Power Ventures Ltd (JPVL), the designated power vehicle of Jaypee Group and Larsen & Toubro (L&T) today signed an agreement for the supply and erection of the Boiler and Steam Turbine and Generator (STG) islands for the 2x660MW Jaypee Nigrie Super Thermal Power Project.

In first of its kind private sector order for super-critical technology boilers in the country to non Chinese suppliers, Jaypee Group has entered into an agreement with L&T-MHI Pvt. Ltd. (JV between L&T Ltd. And Mitsubishi heavy Industries Limited, Japan) for supply of super-critical, environmental friendly, more energy efficient Boiler, Turbines and Generator (BTG) packages for their Jaypee Nigrie Super Thermal Power project comprising 2 X 660 MW super-critical unit being set up by Jaiprakash Power Ventures Limited (JPVL) at a site in Nigrie village in Deosar Tehsil of Singrauli District in Madhya Pradesh.

While, the contract for the Boiler Island has been given to L&T-MHI Boilers Pvt. Ltd. (LMBPL), the Steam Turbine Generator Island has been given to L&T. L&T will in turn source the equipment from its JV L&T-MHI Turbine Generators Pvt. Ltd. (LMTGPL). LMBPL and LMTGPL are both 51:49 joint ventures between L&T and Mitsubishi Heavy Industries of Japan, which is world's leading producer of power equipment.

The approximate cost of BTG package which is Rs 4000 crores has been awarded through International Competitive Bidding (ICB). The expected date of commissioning for unit I and unit II are 45 months and 51 months respectively.

Commenting on the importance of power generation, Shri Jaiprakash Gaur, Founder Chairman, Jaypee Group said, "India, is a growing economy, and has immense requirement of power to sustain its growth. Jaypee Group is the pioneer of private power generation in India and with its objective of serving the nation through power generation has always worked to reduce the gap in demand and supply. Today's agreement ensures that we are on track towards achieving this objective. We believe in using the best technology and selecting the right partner. The reliable and proven track record of L&T coupled with excellent execution skills will help us towards the fulfillment of our objectives. This agreement will



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dedicate towards the power generation for our country with a much efficient technology which is the need of the hour”.

Commenting on the development, Mr. Manoj Gaur, Executive Chairman, Jaiprakash Associates Limited, said, “This is very prestigious project for the group, we will be investing Rs 8000 crore (Financial closure already achieved with ICICI Bank as lead financial institution) for setting up the thermal power plant and we will be adding 2,000 MW power generation capacity, comprising a mix of hydro and thermal, in the current five-year plan period ending 2012. In-fact, Jaypee Group will be the only group in the private sector which will contribute 2,000 MW in the 11th five year plan to the nation. We intend to take our total capacity to over 13,470 MW with a mix of thermal and hydro in 60:40 in less than seven years from now. As a group it has always been our endeavor to not only add capacities to our power generation but also to give the best of return on equity to our shareholders, our 300 MW Baspa II HEP (Hydro-electric project) in Himachal Pradesh and 400 MW Vishnuprayag HEP in Uttarakhand are already delivering 31%-35% ROE.”

Mr A M Naik, Chairman & Managing Director, L&T said: “Availability of abundant power is key to the industrial growth of a country, and is a measure of its economic development. The large gap that exists between the demand for power in India and the installed capacity offers us a great business opportunity. We have expanded the scope of our capabilities in the power sector to offer our customers world class plants with attractive project completion schedules”.

L&T has identified power as major growth area and recently entered into the two JVs with MHI, one for Boilers and other for Turbine Generators with the objective to bring world-class technology to India. Both the JVs have been signed for design and manufacturing of power equipment for use in supercritical power plants (which are superior to conventional sub-critical plants in terms of fuel efficiency and environment-friendliness).

With this order, L&T has expanded its list of super-critical equipment supply orders, after having won the 2x800MW steam turbine generator order from the Andhra Pradesh Power Development Corporation.

While L&T is investing around Rs 1700cr in these two JVs, it is also investing around Rs 1600cr in building manufacturing capabilities for other power plant equipment including critical piping, ESPs, coal pulverizes and heavy foundry. L&T also has a long standing JV with Sargent & Lundy of USA for engineering of Power Plants.

Jaypee Group in the recent years in order to diversify from the hydropower sector has taken up the task of exploiting the rich coal resources that exist within the state of Madhya Pradesh. To this effect the company has formed a Joint Venture company with Madhya Pradesh State Mining Corporation Limited (MPSMCL) to undertake coal production and sale of coal from coal block/blocks which might be allotted to MPSMCL. The joint venture has been formed in the name and style of MADHYA PRADESH JAYPEE MINERALS LIMITED. Two coal blocks viz. Amelia North and Dongrital II are with the joint venture with total coal reserves of 250 MT of coal.

While all the clearances have been obtained for Amelia North and coal mining is schedule to begin in December 2009, all statutory approvals for thermal power plant are in place. Land Acquisition has been completed; sanctions for water and other activities have been obtained



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from state government. Jaypee group has already set up basic infrastructure facilities which include accommodation for 2500 people (ready) on site.

Mr. Gaur further added, "We are determined to establish the power project with at least first unit ahead of schedule and given the track record of JAL including sourcing of quality equipments, the projects would epitomize high standards of quality, productivity & efficiency".

Nigrie Thermal Project

The 1320 MW Nigrie Thermal project in the Singrauli district in the State of Madhya Pradesh is expected to comprise two 660 MW units, each deploying supercritical technology and is expected to be commissioned in 2013. This project will be developed by JPVL. The Nigrie Thermal Project is expected to utilize coal from two captive coal blocks, the Amelia (North) and Dongri Tal – II coal block with total coal reserves of 250 MT of coal. These coal blocks contain sufficient coal reserves to fuel the Nigrie Thermal project over the long term. JAL is expected to develop and mine this coal in a joint venture with MPSMCL. The joint venture has been allotted these two coal blocks solely for the purpose of supplying fuel to the Nigrie Thermal Project.

About Jaypee Group

The Group is a diversified infrastructure conglomerate with a market capitalization of over USD 7 billion and has a formidable presence in Engineering & Construction along with interests in the power, cement, hospitality, real estate, expressways and education (not for profit). For more details please visit <http://www.jalindia.com>

About L&T

Larsen & Toubro Group (L&T) is a USD 8.5 billion technology-driven engineering and construction organisation, and one of the largest companies in India's private sector. It has further interests in manufacturing, services and Information Technology. A strong, customer-focused approach and the constant quest for top-class quality have enabled the Company to attain and sustain leadership in its major lines of business over seven decades.

As a technology-driven engineering conglomerate, L&T's capabilities cover large process plants, construction, electrical distribution, electronics and information technology. L&T is in a position to offer its customers a single window for meeting a variety of industrial requirements. L&T has a successful track record in building plant and equipment used in the oil & gas sector, refineries, infrastructure and power projects, and has technology relationships with world leaders that have enabled it to execute world-class projects.

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