



News for Immediate Release

ELECTROVAYA SIGNS MEMORANDUM OF UNDERSTANDING (“MOU”) TO ESTABLISH INDIA’S FIRST LITHIUM ION POLYMER BATTERY PLANT JV plant will supply the Zero Emission Electric vehicle market in India and elsewhere

Toronto, Ontario, October 18, 2007-- Electrovaya (TSX: EFL) today announced that it has entered into a non-binding MOU with Electrotherm India Ltd. to establish an Advanced Lithium SuperPolymer® battery plant in India, with a capacity of up to 10 Megawatt hours per month.

Pursuant to the MOU, a new Company will be established, with shared ownership between Electrotherm and Electrovaya, to manufacture battery packs for electric two-wheelers, three-wheelers and four-wheelers produced in India. Electrotherm and Electrovaya will have the right to appoint the Managing Director and Chairman for the new Company on an alternate basis. The financial conditions of the arrangement include an initial payment by the new Company for Electrovaya’s technology and equity participation by Electrovaya, as well as a royalty fee based on production from the new battery plant. Electrovaya will have the exclusive right to export batteries from this plant to overseas customers.

Mukesh Bhandari, CEO of Electrotherm, says: “Electrotherm is the leading manufacturer of electric vehicles in India and is listed on the BSE (Bombay Stock Exchange) and the NSE (National Stock Exchange) of India. With the new Lithium Superpolymer® technology, we will be able to produce electric vehicles which are the best in the world.” Mr. Bhandari continues: “Electrotherm’s target market is global and includes India, the neighbouring countries in Asia and also North America and Europe.”

Dr. Sankar Das Gupta, CEO of Electrovaya says: “We are extremely excited about the opportunity to partner with Electrotherm, as it is a rapidly growing, well managed Company with access to capital resources to establish and operate a new and cost-competitive plant.” Dr. DasGupta continues “this further establishes Electrovaya’s capabilities to develop and support Zero Emission Clean Transportation projects and supply its technology, globally. Pursuant to the MOU, we have the opportunity to receive additional cash or shares in the Joint Venture Company in exchange for machinery and engineering services. We are pleased to have access to the fast growing Indian market and a low cost manufacturing location.”

About Electrovaya:

Electrovaya (TSX: EFL) is a developer and manufacturer of portable power solutions with its proprietary Lithium Ion SuperPolymer® battery technology. Its goal is to become the preferred provider of tablet PCs, portable power for aerospace, defence and wireless sectors, and the developer of alternative energy applications including UPS, stand-by power, plug-in hybrids and zero-emission vehicles. The Company's shares trade on the



Toronto Stock Exchange under the symbol EFL. For more information about Electrovaya and its products, please visit: www.electrovaya.com

About Electrotherm:

Electrotherm is an established Industrial House in India with growing manufacturing facilities in Gujarat and Sales, Service and Distribution Network throughout the country, and is a leading engineering and projects company, having high level of engineering capabilities and engaged in, amongst other high technology items, manufacture of Battery Operated Vehicles in India.

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