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TATA METALIKS ENTERS INTO AGREEMENT FOR DIVESTMENT OF REDI FACILITIES

As part of the strategic review of its portfolio, Tata Metaliks Board has decided to divest its 300,000 ton pig iron making facility at Redi in Maharashtra with three mini-blast furnaces serving mainly the Western and Southern India markets.

The Redi facilities were acquired in 2006 by Tata Metaliks through an auction. Following the acquisition the company undertook several initiatives including refurbishing the Blast Furnaces, create better infrastructure and extensive training of people. However, the structural competitiveness of the facilities was severely affected with the increase in global raw material prices in the last 5 years. While the Company made earnest attempt to secure raw material at the Dongarpal mines in Maharashtra, it is estimated that it would take significant time to commercially mine the iron ore including its quality and suitability for use at Redi.

Following the above, Tata Metaliks today has signed an agreement with Fomento Resources Group who has presence in iron ore mining in Goa, Karnataka and Maharashtra for divestment of the Redi facilities as a going concern for a consideration of Rs 180 crores (book value around Rs 114 crores) plus working capital at closing. The above agreement is subject to the shareholders and regulatory approval. The proceeds from the divestment would be utilized for reshaping the Balance Sheet and future strategic investments. The Company would continue to focus its efforts on consolidating its Kharagpur operations and invest in the facilities to make the operations more competitive. The Company will also continue to look at other long term value creating options.

About Tata Metaliks Limited

Established in 1990 began its commercial production in 1994 in Kharagpur, Tata Metaliks is a leading producer of foundry grade pig iron in the country which offers a range of customized products to domestic and international customers. Through its joint venture with Kubota Corporation of Japan has promoted a new company called Tata Metaliks Kubota Pipes Ltd (TMKPL) for manufacture of ductile iron pipes. For more information, please visit our website www.tatametaliks.com.