

RNS Number : 8319C
Tata Steel Limited
20 November 2009

Tata Steel Completes Exchange Offer for CARS™

Mumbai, November 20, 2009 - Tata Steel Limited (the "**Company**") had launched on 11th November 2009, an exchange offer (the "**Exchange Offer**") of new foreign currency convertible bonds for any or all of the existing US\$875 Million Convertible Alternative Reference Securities due 2012 (the "**CARS™**"). The CARS™ have a yield to maturity of 5.15% p.a. and are convertible into Qualifying Securities or ordinary shares of the Company. Under the Exchange offer, the Company invited holders of the CARS™ ("**Holder**s") to offer to exchange any or all of their CARS™ for new convertible bonds due 2014 (the "**Exchange Bonds**"). The Exchange Bonds have a coupon (and yield to maturity) of 4.5% each and will mature on 21 November 2014 (5 years and 1 day from date of issue). They are convertible into fully paid up ordinary shares of the Company at INR 605.5325 per share at a fixed exchange rate of INR46.36 = US\$1.00 (the "**Conversion Price**") which was 15% in excess of the closing share price of the Company at launch.

The period for Holders to offer to exchange their CARS™ for the Exchange Bonds under the Exchange Offer pursuant to the terms of the Offering Memorandum (the "**Exchange Offer Period**") has expired. Following the expiry of the Exchange Offer Period, the Company wishes to announce the following in respect of the Exchange Offer:

- a. The aggregate principal amount of CARS™ accepted by the Company for exchange pursuant to the Exchange Offer is US\$493,000,000. This comprises US\$473,500,000 and US\$19,500,000 in aggregate principal amount of CARS™ accepted in the Early Offer and in the Late Offer respectively.
- b. The aggregate principal amount of Exchange Bonds to be issued by the Company in exchange for the CARS™ pursuant to the Exchange Offer is US\$546,935,000. This comprises US\$525,585,000 and US\$21,350,000 in aggregate principal amount of Exchange Bonds issued for CARS™ accepted in the Early Offer and in the Late Offer respectively.
- c. The aggregate principal amount of CARS™ remaining outstanding after this

Exchange Offer is expected to be US\$382,000,000.

Commenting on the successful execution of the Exchange Offer, Mr. Koushik Chatterjee, Group Chief Financial Officer of the Company said, "While Tata Steel does not have any near term material repayment requirements over the next 12-15 months, as part of our long term financing strategy, we continue to seek market opportunities to reduce the financing costs on a pro-active basis. In line with the above, the Company had launched this Exchange Offer to exchange part or all of the existing CARS for a fresh set of convertible bonds. This not only reduces the overall finance charges for the Company, but also extends the maturity of the bonds by two years. In addition, the lower conversion premium makes the Exchange Bonds more equity-like which is in line with the Company's overall de-leveraging strategy. The successful execution of this issue reaffirms the credit standing of Tata Steel in global financial markets as the majority of the CARS which enjoyed credit protection have been exchanged for these new convertible bonds enjoying direct equity and credit upside on the Company".

The Company also wishes to announce that it has received the approval of the Reserve Bank of India to conduct the Exchange Offer in accordance with the terms of the Offering Memorandum on 16 November 2009. The settlement date for the issue of Exchange Bonds pursuant to the Exchange Offer is currently expected to be 20 November 2009.

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