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Indian Tractor Industry Leader Tafe Makes a Greenfield Investment in Manisa Industrial Zone

Istanbul, October 13, 2008 - The Investment Support and Promotion Agency of Turkey (ISPAT) and India's leading tractor manufacturer Tractors and Farm Equipment Limited (TAFE), today jointly announced TAFE's decision to invest in a tractor assembly/manufacturing facility in Manisa Organized Industrial Zone, with plans to manufacture 15,000 tractors per year. While investment plans are being finalized, in order to launch a full range of tractors (from 45 to 80 HP) for the Turkish market at the earliest, production will start initially with the support of aggregates from TAFE's plants in India, while production is expected to start in the first quarter of 2009.

TAFE, an Indian JV based at Chennai, is the world's second largest manufacturer of tractors in the sub 100 HP range with an annual production and sales of 80,000 units in India, South Asia, Africa and North America. With a history of designing, manufacturing and marketing tractors around fifty years, and nearly a million satisfied tractor customers, TAFE has vast experience in manufacturing tractors to suit every possible type of agro-climatic condition and operation in the small and medium HP range.

TAFE is the first Indian manufacturer to set up a manufacturing base in Turkey. The company has chosen to locate its new plant in Manisa, which in addition to its strategic location, has excellent infrastructure. Commenting on the issue, Mallika Srinivasan, TAFE's Director and CEO said, **"The tractor market in Turkey is of great significance to us as its composition is well within our experience and manufacturing range. Turkey is an investor friendly country and we have been welcomed and assisted in our investment proposals by the authorities at the Manisa Organized Industrial Zone as well as directly by the Prime Minister's office at Ankara. With ISPAT's support, we are confident in beginning manufacturing operations by the first quarter of 2009"**. Manisa is well located in terms of proximity to the well-developed automotive component manufacturing base in Turkey and TAFE is expected to leverage this for its local as well as global requirements. It is worth noting that over 2,000 TAFE tractors are already in operation in Turkey and that negotiations for sales and distribution of tractors from the new plant are in progress with a world leader in agricultural equipment, while final arrangements are expected to be announced shortly.

Alpaslan Korkmaz, President of ISPAT, said that since India is one of the largest tractor producers in the world, he is particularly delighted that India's leading company, TAFE has decided to make its greenfield investment in Turkey. He expressed satisfaction that the collaborative work between TAFE and ISPAT has resulted in this significant project coming to Turkey. Mr. Korkmaz also underlined the importance of 'greenfield' investment projects, for the rapid development of Turkey's industrial base. He further added, **"If we examine FDI flows worldwide, we see that the 'greenfield' investments play a key role. Our Agency has been instrumental in bringing this project to Turkey - a project on which the Investment Support and Promotion Agency of Turkey has been working for months, and which will contribute to both industrial and agricultural development of the country"**.

