

**Advance into Indian Heat Treatment Market**

Accelerates overseas operations by acquiring controlling interest in the leading local heat treatment company

DOWA Thermotech Co., Ltd. (14-1, Sotokanda 4-Chome, Chiyoda-ku, Tokyo; Capital: ¥1,000 million; President: Toshiro Sumida), a subsidiary of DOWA Holdings Co., Ltd. (same location; Capital: ¥36,400 million; President: Masao Yamada), has entered today into an agreement with the shareholders (owners) of Hightemp Furnaces Ltd. (hereinafter “HTF”), a heat treatment and industrial furnace manufacturer in India, to acquire shares in HTF. The share acquisition date is scheduled for the end of September, with DOWA Thermotech acquiring up to 80% of shares outstanding in HTF at that time.

HTF is the largest heat treatment and industrial furnace manufacturer in India, established in 1971 and operating five plants in India including the one in Bangalore. HTF has maintained a relationship with the DOWA Group for over 20 years, including the licensing of technology in 1985 and capital participation in 1991. DOWA Thermotech will now penetrate the fast-growing Indian automobile market in earnest with controlling interest in HTF to be acquired by increasing the stake up to 80% (shareholding ratio of DOWA Thermotech is 16.1% as of the end of June 2011).

In India, with its continually developing economy, the heat treatment market is expected to grow significantly in association with the expansion of automobile production, and its compound average growth rate to 2015 is forecast at around 12%. After acquiring the controlling interest, the DOWA Group will establish a firm position in the expanding Indian market by adding DOWA Thermotech’s considerable manufacturing technologies and its network with Japanese customers to HTF’s business base. The Group will seek to promote the sales to existing customers of HTF centering on local and foreign-affiliated manufacturers and meet demand from DOWA Thermotech’s Japanese customers for advancement and business expansion in India by enhancing the lineup of batch furnaces and introducing new manufacturing technologies, such as continuous furnace, from Japan, in addition to the existing licensing of technologies.

With this strategic move of DOWA Thermotech, India will be the fourth operating base, after North America, Thailand and China, to penetrate overseas markets in earnest in the heat treatment business. DOWA Thermotech will continue to develop overseas operations by meeting market and user needs.

(Reference Information)

Overview of HTF

- 1) Corporate name: Hightemp Furnaces Ltd.
- 2) Location: Five plants in India including the one in Bangalore
- 3) Representative: M. Gopal
- 4) Established: April 1971
- 5) Ownership structure: (After acquiring shares)

DOWA Thermotech Co., Ltd.	80%
M. Gopal	20%

- 6) Capital: 44 million rupees (approximately ¥75 million)

\*Converted at 1 rupee = ¥1.7, hereinafter the same

- 7) Number of employees: Approximately 300

- 8) Net sales: FY2011/3: 875 million rupee (approximately ¥1.5 billion)

Locations of HTF's Bases

