

October 04, 2023

Tata Steel Downstream Products Limited (erstwhile Tata Steel Processing and Distribution Limited): Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund-based facilities	100.00	100.00	[ICRA]AA (Stable); Withdrawn
Short term - Non-fund based facilities	50.00	50.00	[ICRA]A1+; Withdrawn
Total	150.00	150.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Tata Steel Downstream Products Limited (erstwhile Tata Steel Processing and Distribution Limited), at the request of the company and in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position, Rating Sensitivities and Key Financial Indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on withdrawal of Credit Ratings Rating Methodology for Entities in the Ferrous Metals Industry
Parent/Group support	Parent Company: Tata Steel Limited (TSL) TSDPL is supported by the strong parentage of TSL, which has a 100% stake in the company and the presence of top Tata Steel Group executives on the board of TSDPL. There are considerable operational, financial and managerial linkages between TSDPL and TSL.
Consolidation/Standalone	The consolidated financials have not been prepared by the company as these entities are consolidated at the TSL level. However, the ratings are based on TSDPL's consolidated financial profile, for which ICRA has consolidated the financials of TSDPL, along with its two JVs - Jamshedpur Continuous Annealing & Processing Co. Pvt Ltd (JCAPCPL) and Tata Blue Scope Steel Private Limited (TBSPL), which have been consolidated under the equity method by ICRA.

About the company

Tata Steel Downstream Products Limited (TSDPL), a wholly-owned subsidiary of Tata Steel Limited (TSL), was initially established in 1997 under the name of Tata Ryerson Limited, a 50:50 joint venture between TSL and Ryerson Inc., primarily to cater to TSL's processing requirements. Ryerson Inc. sold its equity stake to TSL in June 2009. The company was subsequently renamed as Tata Steel Processing and Distribution Limited in 2009. With nine processing centres spread across the country, TSDPL has a production capacity of around 4.2 million tonnes per annum. At present, around 72% of TSDPL's volume is generated from the tolling work carried out for TSL. The balance volume is generated from its distribution division, which operates under two models — Vendor Service Model (VSM) and Branded Goods. Under the distribution business, the company

primarily purchases hot rolled /cold-rolled coils and supplies processed steel mainly to the auto industry. The company was renamed as Tata Steel Downstream Products Limited in December 2019.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)			Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021	
				Oct 04, 2023	Jan 05, 2023	Oct 26, 2021	Sep 06, 2021	Jan 12, 2021	Jul 17, 2020
1 Fund-based facilities	Long term	100.00	-	[ICRA]AA (Stable); Withdrawn	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA - (Stable)	[ICRA]AA- (Stable)
2 Non-fund based facilities	Short term	50.00	-	[ICRA]A1+; Withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1 +	[ICRA]A1+
3 Fund based – Term Loans	Long term	0.00	-	-	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA - (Stable)	[ICRA]AA- (Stable)
4 Commercial Paper	Short term	0.00	-	-	-	-	-	-	[ICRA]A1+; Withdrawn

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based facilities	Simple
Non-fund based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based facilities	-	-	-	100.00	[ICRA]AA (Stable); Withdrawn
NA	Non-fund based facilities	-	-	-	50.00	[ICRA]A1+; Withdrawn

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Jamshedpur Continuous Annealing and Processing Company Private Limited	51.00%	Equity Method
Tata BlueScope Steel Private Limited	50.00%	Equity Method

Source: Company Data

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