

August 26, 2024

Tata Steel Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Commercial paper programme	22,500.00	22,500.00	[ICRA]A1+
Total	22,500.00	22,500.00	

*Instrument details are provided in Annexure-1

Rationale

In a recent ruling, the Hon'ble Supreme Court of India upheld the state governments' power to tax mineral rights and mineral-bearing lands under Entries 49 and 50 of List II in the Constitution's Seventh Schedule. On August 14, 2024, the Supreme Court ruled that states have the discretion to decide on the retrospective application of the tax. However, any tax demand will not impact transactions conducted before April 1, 2005. In case of retrospective tax demand, payments will be spread over 12 years, starting from April 1, 2026. Additionally, interest and penalties on demands for the period before July 25, 2024, will be waived for all assesses. The states are yet to come out with their decision on imposition of such retrospective tax.

ICRA will assess the impact of the Supreme Court ruling on Tata Steel Limited given that it is involved in mining operations and take appropriate action when further clarity emerges from the states with respect to taxation of mineral rights following the Supreme court ruling.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group Support	Parent Company: Tata Sons Private Limited (Tata Sons) ICRA expects Tata Sons to be willing to extend financial support to TSL, should there be a need, given its strategic importance to the Tata Group, and out of its need to protect its reputation. Both Tata Sons and TSL share the common Tata name, which in ICRA's opinion, would persuade Tata Sons to provide financial support to TSL to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TSL, which include 128 subsidiaries/step-down subsidiaries, 21 JVs and 8 associates that are enlisted in Annexure 2

About the company

TSL is a part of the widely diversified Tata Group. TSL has an annual crude steel capacity of 35 mtpa. The company has 21.6 mt of crude steel capacity in India, and the remaining capacity is in Europe and Thailand. TSL has plans to increase its domestic steel capacity to 40 mtpa by 2030. Tata Steel Europe was formed by the takeover of the erstwhile Corus Plc by TSL. The company also has operations in Thailand. The product profile of the company comprises both long and flat products. Besides manufacturing different varieties of steel, it is a large producer of ferro-chrome products.

Key financial indicators (Audited)

TSL Consolidated	FY2023	FY2024
Operating Income (Rs. crore)	2,43,353	2,29,171
PAT (Rs. crore)	7,657	-4,852
OPBDIT/OI (%)	12.6%	9.7%
PAT/OI (%)	3.1%	-2.1%
Total Outside Liabilities/ (Tangible Net Worth+ Minority Interest) (times)	1.7	1.9
Total Debt/OPBDIT (times)	2.8	3.9
Interest Coverage (times)	4.9	3.0

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA – Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2025)		Chronology of Rating History for the past 3 years						
		Amount Rated (Rs. crore)	Date & Rating in		Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022	
			Aug 26, 2024	Jun 28, 2024	Sep 26, 2023	Jun 15, 2023	Oct 04, 2022	Jun 23, 2022	Feb 09, 2022	Sep 30, 2021
1 Commercial paper (CP)	Short Term	22,500.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper	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-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
INE081A14EV3	CP	July 01, 2024	NA	September 26, 2024	1500.00	[ICRA]A1+;
INE081A14EW1	CP	July 8, 2024	NA	August 27, 2024	1500.00	[ICRA]A1+;
INE081A14EX9	CP	July 15, 2024	NA	September 05, 2024	800.00	[ICRA]A1+;
INE081A14EY7	CP	July 15, 2024	NA	September 20, 2024	1000.00	[ICRA]A1+;
INE081A14EZ4	CP	August 16, 2024	NA	November 14, 2024	250.00	[ICRA]A1+;
Not placed	CP	NA	NA	7-365 days	17450.00	[ICRA]A1+;

Source: Company

Annexure-2: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
ABJA Investment Co. Pte. Ltd.	100.00%	Full consolidation
The Indian Steel & Wire Products Ltd.	98.33%	Full consolidation
Tata Steel Utilities and Infrastructure Services Limited	100.00%	Full consolidation
Haldia Water Management Limited	60.00%	Full consolidation
Tata Steel Business Delivery Centre Ltd. (Formerly known as Kalimati Global Shared Services Limited)	100.00%	Full consolidation
Tata Steel Special Economic Zone Limited	100.00%	Full consolidation
The Tata Pigments Limited	100.00%	Full consolidation
Adityapur Toll Bridge Company Limited	88.50%	Full consolidation
Mohar Export Services Pvt. Ltd	66.46%	Full consolidation
Rujuvalika Investments Limited	100.00%	Full consolidation
Tata Korf Engineering Services Ltd.	100.00%	Full consolidation
Neelachal Ispat Nigam Limited	99.66%	Full consolidation
T Steel Holdings Pte. Ltd.	100.00%	Full consolidation
T S Global Holdings Pte. Ltd	100.00%	Full consolidation
Orchid Netherlands (No.1) B.V.	100.00%	Full consolidation
The Siam Industrial Wire Company Ltd.	100.00%	Full consolidation
TSN Wires Co., Ltd.	60.00%	Full consolidation
Tata Steel Europe Limited	100.00%	Full consolidation
Apollo Metals Limited	100.00%	Full consolidation
00030048 Limited	100.00%	Full consolidation
C V Benine	76.92%	Full consolidation
Catnic GmbH	100.00%	Full consolidation
Tata Steel Mexico SA de CV	100.00%	Full consolidation
Cogent Power Limited	100.00%	Full consolidation
Corbeil Les Rives SCI	67.30%	Full consolidation
Corby (Northants) & District Water Company Limited	100.00%	Full consolidation
Corus CNBV Investments	100.00%	Full consolidation
Corus Engineering Steels (UK) Limited	100.00%	Full consolidation
Corus Engineering Steels Limited	100.00%	Full consolidation
Corus Group Limited	100.00%	Full consolidation
Corus Holdings Limited	100.00%	Full consolidation
Corus International (Overseas Holdings) Limited	100.00%	Full consolidation
Corus International Limited	100.00%	Full consolidation
Corus International Romania SRL.	100.00%	Full consolidation
Corus Ireland Limited	100.00%	Full consolidation
Corus Property	100.00%	Full consolidation
Corus UK Healthcare Trustee Limited	100.00%	Full consolidation
Crucible Insurance Company Limited	100.00%	Full consolidation
Degels GmbH	100.00%	Full consolidation
Demka B.V.	100.00%	Full consolidation
00026466 Limited	100.00%	Full consolidation
Fischer Profil GmbH	100.00%	Full consolidation
Gamble Simms Metals Limited	100.00%	Full consolidation
Grijze Poort B.V.	100.00%	Full consolidation
H E Samson Limited	100.00%	Full consolidation
Hadfields Holdings Limited	100.00%	Full consolidation

Company Name	Ownership	Consolidation Approach
Halmstad Steel Service Centre AB	100.00%	Full consolidation
Hille & Muller GmbH	100.00%	Full consolidation
Hille & Muller USA Inc.	100.00%	Full consolidation
Hoogovens USA Inc.	100.00%	Full consolidation
Huizenbezit Breesaap B.V.	100.00%	Full consolidation
Layde Steel S.L.	100.00%	Full consolidation
Montana Bausysteme AG	100.00%	Full consolidation
Naantali Steel Service Centre OY	100.00%	Full consolidation
Norsk Stal Tynnplater AS	100.00%	Full consolidation
Norsk Stal Tynnplater AB	100.00%	Full consolidation
Oremco Inc.	100.00%	Full consolidation
Rafferty-Brown Steel Co Inc Of Conn.	100.00%	Full consolidation
Runblast Limited	100.00%	Full consolidation
S A B Profiel B.V.	100.00%	Full consolidation
S A B Profiel GmbH	100.00%	Full consolidation
Service Center Gelsenkirchen GmbH	100.00%	Full consolidation
Service Centre Maastricht B.V.	100.00%	Full consolidation
Societe Europeenne De Galvanisation (Segal) Sa	100.00%	Full consolidation
Surahammar Bruks AB	100.00%	Full consolidation
Tata Steel Belgium Packaging Steels N.V.	100.00%	Full consolidation
Tata Steel Belgium Services N.V.	100.00%	Full consolidation
Tata Steel France Holdings SAS	100.00%	Full consolidation
Tata Steel Germany GmbH	100.00%	Full consolidation
Tata Steel IJmuiden BV	100.00%	Full consolidation
Tata Steel International (Americas) Holdings Inc	100.00%	Full consolidation
Tata Steel International (Americas) Inc	100.00%	Full consolidation
Tata Steel International (Czech Republic) S.R.O	100.00%	Full consolidation
Tata Steel International (France) SAS	100.00%	Full consolidation
Tata Steel International (Germany) GmbH	100.00%	Full consolidation
Tata Steel International (South America) Representacoes LTDA	100.00%	Full consolidation
Tata Steel International (Italia) SRL	100.00%	Full consolidation
Tata Steel International (Middle East) FZE	100.00%	Full consolidation
Tata Steel International (Nigeria) Ltd.	100.00%	Full consolidation
Tata Steel International (Poland) sp Zoo	100.00%	Full consolidation
Tata Steel International (Sweden) AB	100.00%	Full consolidation
Tata Steel International (India) Limited	100.00%	Full consolidation
Tata Steel International Iberica SA	100.00%	Full consolidation
Tata Steel Istanbul Metal Sanayi ve Ticaret AS	100.00%	Full consolidation
Tata Steel Maubeuge SAS	100.00%	Full consolidation
Tata Steel Nederland BV	100.00%	Full consolidation
Tata Steel Nederland Consulting & Technical Services BV	100.00%	Full consolidation
Tata Steel Nederland Services BV	100.00%	Full consolidation
Tata Steel Nederland Technology BV	100.00%	Full consolidation
Tata Steel Nederland Tubes BV	100.00%	Full consolidation
Tata Steel Netherlands Holdings B.V.	100.00%	Full consolidation
Tata Steel Norway Byggsystemer A/S	100.00%	Full consolidation
Tata Steel UK Consulting Limited	100.00%	Full consolidation
Tata Steel UK Limited	100.00%	Full consolidation
Tata Steel USA Inc.	100.00%	Full consolidation
The Newport And South Wales Tube Company Limited	100.00%	Full consolidation
Thomas Processing Company	100.00%	Full consolidation
Thomas Steel Strip Corp.	100.00%	Full consolidation
TS South Africa Sales Office Proprietary Limited	100.00%	Full consolidation
U.E.S Bright Bar Limited	100.00%	Full consolidation
UK Steel Enterprise Limited	100.00%	Full consolidation
Unitol SAS	100.00%	Full consolidation
Fischer Profil Produktions -und-Vertriebs - GmbH	100.00%	Full consolidation
Al Rimal Mining LLC	51.00%	Full consolidation
TSMUK Limited	100.00%	Full consolidation
T S Canada Capital Ltd	100.00%	Full consolidation
Tata Steel Minerals Canada Limited	82.00%	Full consolidation
Tata Steel (Thailand) Public Company Ltd.	67.90%	Full consolidation
Tata Steel Manufacturing (Thailand) Public Company Limited	67.83%	Full consolidation
T S Global Procurement Company Pte. Ltd.	100.00%	Full consolidation

Company Name	Ownership	Consolidation Approach
Tata Steel International (Shanghai) Ltd.	100.00%	Full consolidation
Tata Steel Downstream Products Limited	100.00%	Full consolidation
Tata Steel Advanced Materials Limited	100.00%	Full consolidation
Ceramat Private Limited	90.00%	Full consolidation
Tata Steel TABB Limited	100.00%	Full consolidation
Tata Steel Foundation	100.00%	Full consolidation
Jamshedpur Football and Sporting Private Limited	100.00%	Full consolidation
Bhubaneswar Power Private Limited	100.00%	Full consolidation
Angul Energy Limited	99.99%	Full consolidation
Tata Steel Support Services Limited	100.00%	Full consolidation
Bhushan Steel (South) Ltd.	100.00%	Full consolidation
Tata Steel Technical Services Limited	100.00%	Full consolidation
Bhushan Steel (Australia) PTY Ltd.	100.00%	Full consolidation
Bowen Energy PTY Ltd.	100.00%	Full consolidation
Bowen Coal PTY Ltd.	100.00%	Full consolidation
Creative Port Development Private Limited	51.00%	Full consolidation
Subarnarekha Port Private Limited	50.67%	Full consolidation
Medica TS Hospital Pvt. Ltd.	51.00%	Full consolidation
mjunction services limited	50.00%	Equity Method
Tata NYK Shipping Pte Ltd.	50.00%	Equity Method
Tata NYK Shipping (India) Pvt. Ltd	50.00%	Equity Method
TM International Logistics Limited	51.00%	Equity Method
International Shipping and Logistics FZE	51.00%	Equity Method
TKM Global China Ltd.	51.00%	Equity Method
TKM Global GmbH	51.00%	Equity Method
TKM Global Logistics Limited	51.00%	Equity Method
Industrial Energy Limited	26.00%	Equity Method
Naba Diganta Water Management Limited	74.00%	Equity Method
Jamipol Ltd.	42.00%	Equity Method
Himalaya Steel Mills Services Private Limited	26.00%	Equity Method
Air Products Llanwern Limited	50.00%	Equity Method
Laura Metaal Holding B.V.	49.00%	Equity Method
Ravenscraig Limited	33.33%	Equity Method
Tata Steel Ticaret AS	50.00%	Equity Method
Texturing Technology Limited	50.00%	Equity Method
Hoogovens Court Roll Service Technologies VOF	50.00%	Equity Method
Minas De Benga (Mauritius) Limited	35.00%	Equity Method
Tata BlueScope Steel Private Limited	50.00%	Equity Method
Jamshedpur Continuous Annealing & Processing Company Private Limited	51.00%	Equity Method
Strategic Energy Technology Systems Private Limited	25.00%	Equity Method
TRF Limited	34.11%	Equity Method
TRF Singapore Pte Limited	34.11%	Equity Method
TRF Holding Pte Limited	34.11%	Equity Method
Malusha Travels Pvt Ltd.	33.23%	Equity Method
European Profiles (M) Sdn. Bhd.	20.00%	Equity Method
GietWals Onderhoud Combinatie B.V.	50.00%	Equity Method
Wupperman Staal Nederland B.V.	30.00%	Equity Method

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