

November 24, 2020

Tata Metaliks Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
CP Programme ¹	100.00	100.00	[ICRA]A1+&; Rating placed on watch with developing implications
LT- Fund-based limits	318.00	318.00	[ICRA]AA- &; Rating placed on watch with developing implications
ST- Non-fund-based limits	340.00	340.00	[ICRA]A1+&; Rating placed on watch with developing implications
Total	758.00	758.00	

LT- Long term; ST- Short term; *Instrument Details are provided in Annexure 1; &: Rating placed on watch with developing implications

Material Event

The board of directors of Tata Metaliks Limited (TML) in their meeting held on November 13, 2020 considered and approved a scheme of amalgamation of TML into and with Tata Steel Long Products Limited (TSLPL, rated at [ICRA]A1+), subject to the receipt of requisite statutory and regulatory approvals. The merger would be entirely through a stock swap² arrangement and is expected to be completed within a period of 6 - 9 months.

Impact of the Material Event

ICRA has taken note of the above event and has placed the outstanding ratings of [ICRA]AA- (pronounced ICRA double A minus) and [ICRA]A1+ (pronounced ICRA A one plus) on rating watch with developing implications. ICRA will continue to monitor the development of the merger process and the timelines involved and will take appropriate action as may be required.

Following the completion of merger, the shareholding of Tata Steel Limited in the amalgamated entity is expected to be 69.3%³.

The previous detailed rating rationale is available on the following link: [Click Here](#)

¹ While assigning the rating, ICRA notes that the proceeds from the rated CP Programme are intended to be utilized for funding the working capital requirements, as per the objects of the issue. A deviation from the above that has the effect of exerting pressure on the asset-liability position of the company would be a rating sensitivity.

² Considering swap ratio of 12 equity shares of TSLPL for 10 equity shares of TML

³ Considering the shares to be issued to the shareholders of The Indian Steel & Wires Products Limited (ISWPL, rated at [ICRA]A&/[ICRA]A1&), another Tata group entity simultaneously getting amalgamated with TSLPL and also assuming sale of 4.51 lakh shares of TSLPL by Tata Steel Limited to meet the minimum SEBI prescribed public holding of 25% by December 15, 2020

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