

November 24, 2020

Tata Steel Long Products 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	700.00	700.00	[ICRA]A1+ outstanding
Total	700.00	700.00	

Material Event

The board of directors of Tata Steel Long Products Limited (TSLPL) in their meeting held on November 13, 2020 considered and approved a scheme of amalgamation of Tata Metaliks Limited (TML) and The Indian Steel & Wire Products Limited (ISWPL) into TSLPL, subject to the receipt of requisite statutory and regulatory approvals. The merger would be entirely through a stock swap¹ arrangement and is expected to be completed within a period of 6 - 9 months.

Impact of the Material Event

ICRA has noted the merger announcement of the three companies, and expects that the credit profile of TSLPL is unlikely to weaken given the benefits likely to accrue to the merged entity in terms of an increase in scale of operations, diversification of products and addressable markets, operational synergies at the upstream and downstream part of the steelmaking value chain, and pooling of cash flows. Following the completion of the aforesaid merger, the shareholding of Tata Steel Limited in TSLPL is expected to decline from 75.9% to 69.3%².

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

¹ Considering swap ratio of 12 equity shares of TSLPL for 10 equity shares of TML, and 10 equity shares of TSLPL for 16 equity shares of ISWPL

² 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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