

February 12, 2024

Tata Metaliks Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Fund-based limits	230.00	230.00	[ICRA]AA; Rating Watch with Developing Implications; Withdrawn
Short-term - Non-fund based facilities	428.00	428.00	[ICRA]A1+; Rating Watch with Developing Implications; Withdrawn
Total	658.00	658.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Tata Metaliks Limited (TML) based on the No Objection Certificate (NOC) received from the bankers and post its amalgamation into Tata Steel Limited (rated at [ICRA]A1+), in accordance with ICRA's withdrawal policy.

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Position, Rating Sensitivities and Key Financial Indicators have not been captured as the rated instruments are being withdrawn.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 Iron & Steel
Parent/Group support	Parent/Group Company: Tata Steel Limited (TSL) ICRA expected TSL to be willing to extend financial support to TML, should there be a need, given its strategic importance to the Tata Steel Group, and out of its need to protect its reputation. Both TML and TSL had shared the common Tata name, which in ICRA's opinion, would have persuaded TSL to provide financial support to TML to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA had earlier analysed TML on a standalone basis

About the company

TML was set up as a joint venture (JV) between TSL and West Bengal Industrial Development Corporation (WBIDC) in 1991 to manufacture pig iron. The company had two manufacturing units, one in Kharagpur, West Bengal and the other in Redi, Maharashtra. However, the Redi unit was closed in FY2013 due to sustained losses. TML is a part of the Tata Group of Companies, with TSL owning a 60.03% stake of the company's equity capital. TML also manufactures DIP at its Kharagpur plant, a forward integration unit of the pig iron business. The DIP business was set up in 2007 in collaboration with Kubota Corporation of Japan (KC) and Metal One Corporation of Japan (MOC). The respective stakes of TML, KC and MOC in the JV stood at 51%, 44% and 5%, respectively. Subsequently, TML increased its stake in the DIP business to 100%, making it a wholly-owned subsidiary. TML merged the wholly-owned subsidiary, Tata Metaliks DI Pipes Limited, with itself, with effect from April 1, 2016. TML has been amalgamated into Tata Steel Limited, effective February 1, 2024, after receiving necessary regulatory approvals.

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		
				Feb 12, 2024	Oct 06, 2023	Oct 4, 2022	July 11, 2022	Jun 20, 2022	Apr 29, 2022	April 8, 2021	Nov 24, 2020	June 29, 2020	
1	Fund-based limits	230.00	-	[ICRA]AA; Rating Watch with Developing Implications; Withdrawn	[ICRA]AA; Rating Watch with Developing Implications	[ICRA]AA; Rating Watch with Developing Implications	[ICRA]AA; Rating Watch with Developing Implications	[ICRA]AA; Rating Watch with Developing Implications	[ICRA]AA; Rating Watch with Developing Implications	[ICRA]AA-; Rating Watch with Developing Implications	[ICRA]AA-; Rating Watch with Developing Implications	[ICRA]AA-; Rating Watch with Developing Implications	[ICRA]AA- (Stable)
2	Term Loan	0.00	-	-	-	-	-	-	-	-	-	-	[ICRA]AA- (Stable) Withdrawn
3	Non-fund based facilities	428.00	-	[ICRA]A1+; Rating Watch with Developing Implications; Withdrawn	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+
4	Commercial Paper	0.00	-	-	-	-	-	-	-	[ICRA]A1+; Rating Watch with Developing Implications; Withdrawn	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+; Rating Watch with Developing Implications	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based limits	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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund-based limits	NA	NA	NA	230.00	[ICRA]AA Rating Watch with Developing Implications; Withdrawn
NA	Non-fund based facilities	NA	NA	NA	428.00	[ICRA]A1+ Rating Watch with Developing Implications; Withdrawn

Source: Company

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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