

Tata Steel rejigs structure

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Calcutta: Tata Steel has transferred its stake in two joint ventures to a wholly owned subsidiary in an attempt to simplify the group corporate structure.

Listed entity Tata Steel held 51 per cent in Jamshedpur Continuous Annealing and Processing Company Private Ltd (JCAPCPL) and 50 per cent in Tata BlueScope Steel Private Ltd (TBSPL). These shares are now transferred to the books of Tata Steel Downstream Products Ltd (TSDPL), a wholly owned subsidiary of Tata Steel.

The transactions were car-

ried out on a non-cash basis; TSDPL issued shares to Tata Steel as consideration for acquiring the stakes. While Nippon Steel of Japan is the other shareholder in JCAPCPL, BlueScope Steel of Australia is the partner in TBSPL.

In a communication to the bourses, Tata Steel informed that the exercise is part of "reorganising the India footprint into four clusters to drive scale, synergies and simplification and to create value for all stakeholders".

In November, the company informed that it would merge Tata Metaliks and Indian Steel and Wire Products to Tata Steel Long Products as part of this exercise.

RECAST PLAN

- Stakes transferred in Jamshedpur Continuous Annealing and Processing Co Pvt Ltd and Tata BlueScope Steel Pvt Ltd
- Shares transferred to Tata Steel Downstream Products Limited
- Move part of reorganising Tatas' downstream business

The four verticals Tata Steel proposes to create will be focusing on long products, downstream, mining and services. Tata Steel Long Products Ltd, formerly Tata

Sponge Ltd, is the lead entity for long products business. TSDPL, formerly Tata Ryerson Ltd, is the flagship for the downstream activities.

Set up in 2012, JCAPCPL has an installed a capacity of 600,000 tonnes of cold rolling sheets targeting the auto sector. The latest balance sheet shows Tata Steel has invested Rs 689.5 crore in the venture as on March 31, 2020 and booked a loss of Rs 3.49 crore on this account. For the inter-se transfer, the stake was valued at Rs 834 crore.

In contrast, TBSPL, which manufactures colour roofing sheets, earned Rs 70.16 crore profit for Tata Steel in the last fiscal. The parent had invested

Rs 433 crore in the venture which was set up in 2005. In contrast, TSL's stake in this profit making JV was valued at Rs 1,411.57 crore, while transferring it to TSDPL.

Even though TSDPL remains an unlisted company, it is one of the bigger subsidiaries in the Tata Steel India universe. It has a pan-India presence with 10 steel processing plants and 13 distribution and sales locations.

The offerings of TSDPL include slitting, cut-to-length, blanking, corrugation, plate burning, fabrication, component manufacturing and steel intensive products and applications. It had posted a net profit of Rs 61 crore in 2019-20.