

# Tata Steel to absorb seven group firms

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In a major move to consolidate its metals and mining businesses and simplify the holding structure, the Tata Steel board has approved the merger of six subsidiaries and an associate company into the steel major. The decision involves listed entities — Tata Steel Long Products, The Tinplate Company of India, Tata Metaliks, and TRF.

Tata Steel owns a majority stake in its subsidiaries — Tata Steel Long Products, The Tinplate Company of India, Tata Metaliks, The Indian Steel & Wire Products, Tata Steel Mining, and S&T Mining. The board also approved the amalgamation of associate firm TRF (34.11 equity holding) into Tata Steel.

Apart from consolidation operations, the proposed amalgamation is aimed at driving synergies. “The net present value of the synergies will be over ₹1,000-1,500 crore across all the companies that are



## REORGANISING BUSINESS

- Four listed (Tata Steel Long Products, The Tinplate Company of India Limited, Tata Metaliks and TRF) and 3 unlisted firms (Indian Steel & Wire Products, Tata Steel Mining and S&T Mining) to amalgamate into Tata Steel
- Move aimed at driving synergies, simplifying group holding and management structure, and growing strategic businesses
- Net present value of the synergies will be ₹1,000–1,500 crore

### PROPOSED SWAP RATIOS

No. of Tata steel shares for every 10 shares of :

TATA STEEL LONG PRODUCTS	THE TINPLATE COMPANY OF INDIA	TATA METALIKS	TRF
67	33	79	17

proposed to amalgamate with Tata Steel,” said Koushik Chatterjee, executive director and chief financial officer, Tata Steel.

The proposed amalgamations are

aimed at enhancing management efficiency and driving sharper strategic focus across businesses, based on the parental support from Tata Steel leadership.

“We had planned to organise operations in four verticals — long products, downstream, mining, and infrastructure. But we realised that it was best for the businesses to be part of Tata Steel. We would run the verticals as strategic business units within Tata Steel, so that they could be managed nimbly,” Chatterjee said.

He also explained that Tata Steel would now be able to provide financial strength to these businesses. “We can grow these businesses which are strategically aligned to Tata Steel,” he said.

The synergies shall be driven through raw material security, centralised procurement, optimisation of inventories, reduced logistics costs, and better facility utilisation. “On completion, there would be further opportunities towards reduction of overhead and corporate costs. Each of the proposed amalgamations would be value-accretive for shareholders,” the company statement said.

institute's Chairperson-Admissions, says: "Our focus on academic diversity has helped candidates from non-engineering backgrounds to make up a significant part of the cohort inducted every year."

Curiously, coaching institutes do not see enough reason to change their methods in the wake of the changing composite scores. Ramnath Kanakadandi, National CAT Course Director at Triumphant Institute of Management Education, or T.I.M.E, says the changes have not reduced the difficulty level of the CAT exam.

"Our mode of coaching has not changed. It is just that IIMs have introduced what is being termed as 'normalisation' across sections of the paper to nullify undue advantage to someone scoring very high in a particular section, say quantitative aptitude, but not so high in other sections, such as logical reasoning," he says. Others, too, believe that for all the changes in the selection process, CAT continues to focus on aptitude skills rather than mere calculation speed.

Meanwhile, as non-engineers like dentist Dwivedi of Kolkata choose not to pursue master's in their field and, instead, take CAT, GEMs are feeling distraught. "What is the point?" says a GEM. "Even with a 99.5 percentile in CAT, I would not have got the call from any of the top IIMs."

Last month, he boarded a plane to the United States for a master's in engineering.

## Tata Steel...

According to analysts, the

move shall result in lower iron ore cost for Tata Steel Long Products and Tata Metaliks.

The consolidation is in continuation with Tata Steel's drive to simplify the group holding structure. Since 2019, Tata Steel has reduced 116 associated entities (72 subsidiaries have ceased to exist, 20 associates and joint ventures have been eliminated, and 24 companies are currently under liquidation).

The board considered the proposal based on independent fairness and valuation opinions, and followed the process laid down under the Companies Act, 2013 and the Securities and Exchange Board of India Regulations, Tata Steel said. The proposed merger was approved by Tata Steel's board and all the amalgamating companies. An earlier scheme of amalgamation of Tata Metaliks into Tata Steel Long Products — approved in November 2020 — has been withdrawn.

The decision to withdraw it was taken because of significant changes in underlying business conditions for both companies, resulting in a dilution of the inherent benefits that were initially envisaged, Tata Metaliks said.

Board-level changes were also announced in Tata Metaliks. Sandeep Kumar will step down as managing director of the company with effect from October 31, 2022, and take up another assignment within Tata Steel system, and Alok Krishna will assume the position of managing director from November 1, 2022. He is currently the managing director of TRF. Each scheme of amalgamation shall now move into a defined regulatory approval

process, which includes approval by stock exchanges and the NCLT, Tata Steel said.

## Nestle...

The second part is to do it in sustainable manner, and Nestle has taken "significant steps" in that direction, he said.

"And the third part is to leverage new opportunities for growth, whether they are plant-based proteins, healthy ageing, healthy snacking, and leveraging some of the Indian grains into products for the company."

Schneider said Nestle India's business had maintained "consistency at very high levels" for 22 quarters, which was "outstanding".

When asked about investment and capacity details segment-wise, Narayanan said: "It is going to be secular across categories." Nestle India's revenues in 2021 stood at ₹14,709.41 crore. It had last invested around ₹700 crore to open its plant in Sanand to manufacture a range of the Maggi noodle.

"This additional investment could mean the company is looking at new levers of revenue growth... this could mean entry into a new category as well," said Sachin Bobade, vice-president, Dolat Capital.

Vishal Gutka, vice-president of research (consumer and retail sector), Phillip Capital India, agreed.

## Moonlighting...

IT major Wipro recently sacked 300 employees after finding them working for its competi-

