

Moody's upgrades Tata Steel outlook, rating

Our Bureau

Mumbai

Moody's Investors Service revised Tata Steel outlook to 'stable' and upgraded its long-term rating on expectation of higher profit and efforts to reduce debt.

The steelmaker's long-term rating was upgraded to Baa3 from Ba1, the ratings agency said in a statement Monday.

"The upgrade reflects our expectation of the continued strength in Tata Steel's credit profile due to the company's solid market position in India. We expect the company's profitability to increase even as softer steel prices dent revenues," says Kaustubh Chaubal, a Moody's Senior Vice-President.

"The upgrade also reflects the company's considerable deleveraging through gross debt reduction and our expectation that Tata Steel will maintain conservative financial policies with a well-balanced capital allocation, he added.

The domestic steel demand is expected to rise 7 per cent a



year until 2030 on the back of large infrastructure investments and consumption from the auto sector, according to Moody's.

This will be a key driver of Tata Steel's credit profile, it added.

An improvement at its European operations and the company's close association with parent Tata Sons are also important reasons for the revision, it said.

Earlier this month, Tata Steel agreed to work with the UK government to help Tata Steel overhaul Britain's biggest steelworks and keep it running. The move is expected to help Tata trim costs and reduce earnings volatility.