TATA

January 13, 2016

The Secretary, Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
Maharashtra, India.
Scrip Code: **500470**

The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.
Maharashtra, India.
Symbol: **TATASTEEL**

Dear Sirs/Madam,

Sub: Intimation of Revision in Ratings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

This has reference to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the "Regulations").

The sharp fall in international steel prices due to excessive exports from China and other has triggered a review of Tata Steel's credit rating by Standard and Poor ("S&P"). The corporate credit rating has been downgraded by 1 notch.

In accordance with the said Regulation(s), please find below the details of revision in ratings for Company and its subsidiaries:-

Name of the Company	Credit Rating Agency	Type of Credit Rating	Existing	Revised
Tata Steel Limited	S&P	Long term corporate credit rating	BB	BB-
Tata Steel UK Holdings Ltd		Long term corporate credit rating	BB-	B+
ABJA Investment Co. Pte. Ltd.		Issue rating on the Company's guaranteed senior unsecured notes	BB	BB-

S&P has affirmed their 'B' short term corporate credit rating on Tata Steel UK Holdings Ltd.

The reports from the credit rating agency covering the rationale for revision in credit ratings is enclosed.

This is for your information and records.

Yours faithfully,
Tata Steel Limited

Parvatheesam

Parvatheesam K
Company Secretary

Encl: As Above

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Research Update:

Tata Steel Ltd. Downgraded To 'BB-' On Persistently Subdued Operating Performance, High Leverage; Outlook Stable

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Table Of Contents

Research Update:

Tata Steel Ltd. Downgraded To 'BB-' On Persistently Subdued Operating Performance, High Leverage; Outlook Stable

Overview

- We expect Tata Steel's cash flows to remain under pressure over the next 12-24 months because of lower steel prices, competitively priced imports, and compressed profitability.
- We anticipate that Tata Steel's cash flow leverage ratios will remain weak despite a likely gradual improvement in margins and volumes because of new capacity. This has resulted in a downward revision in the India-based steelmaker's financial risk profile assessment to highly leveraged from aggressive.
- We are lowering our long-term corporate credit rating on Tata Steel and the issue rating on the company's guaranteed senior unsecured notes to 'BB-' from 'BB'.
- The stable outlook reflects our expectation that Tata Steel's operating performance will likely recover over the next 12-15 months as profitability at the India operations gradually improves and the performance of the European operations remains stable.

Rating Action

On Jan. 13, 2016, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on India-based steelmaker Tata Steel Ltd. (Tata Steel) to 'BB-' from 'BB'. The outlook is stable. We also lowered our issue rating on the company's guaranteed senior unsecured notes to 'BB-' from 'BB'. ABJA Investment Co. Pte. Ltd. issued the notes.

Rationale

We downgraded Tata Steel because we expect the company's weak cash flows and compressed profitability to keep its leverage high over the next 12-18 months. We lowered our assessment of Tata Steel's financial risk profile to highly leveraged from aggressive to reflect the company's weakened cash flow leverage ratios. Subdued demand and low steel prices have kept operating performance weak at Tata Steel's India and European operations. We expect the company's operating performance to improve, but only gradually, beginning in fiscal 2017 (year ending March 31, 2017).

Profitability at Tata Steel's backward integrated India operations has suffered by the more than 40% fall in the average selling prices of steel in the domestic market over the past 18 months. EBITDA per ton declined to about Indian rupee (INR) 8,500 in the quarter ended Sept. 30, 2015, from INR15,000 in the previous quarter. The India operations contribute a significant part of the consolidated group EBITDA. Steel prices have come down globally in line with the decline in iron ore and coking coal prices. In addition, demand is likely to stay subdued and production volumes should remain largely stable. Exports from countries in Asia and Eastern Europe with excess capacity have further contributed to lower prices in India and Europe. Steel imports, priced competitively, increased to about 10% of domestic demand In India in fiscal 2015, further pushing down domestic prices and the profitability of local steel producers.

The India operations also faced some regulatory challenges in fiscal 2015, which we believe Tata Steel has largely addressed. Disruptions in the mining of iron ore, coal, and ferro chrome increased raw material costs and lowered EBITDA in the past 12-15 months. We expect the resumption of mining to partly help restore profitability. However, profitability is unlikely to revert to the historical highs (of about INR13,000-INR15,000 a ton) over the next two years, given the steep fall in steel prices. Tata Steel's new steel facility in the state of Odisha in India has been delayed and will now come on-stream in the last quarter of fiscal 2016, more than a year later than we had previously expected. This delay has pushed back the potential improvement in the company's financial ratios. Even with incremental production from Odisha and possibly higher margins in India, Tata Steel's ratio of funds from operations (FFO) to debt will still remain below 10% over the next two years. We expect the company's debt to remain high and free operating cash flows to remain negative until fiscal 2018.

Tata Steel's European operations continue to face tough operating conditions. Volumes were slightly low as demand remained sluggish and imports increased. Fixed costs stayed high at certain facilities and currency movements were unfavorable for profitability. In our view, Tata Steel's intent to restructure its weaker operations in Europe could usher in operating stability and better margins. However, downside risks remain for European operations due to competitively priced imports, high costs, anemic demand, and potential delays in meaningful restructuring.

In our view, any significant improvement in steel demand in India is tied to several factors. These include the implementation of various infrastructure projects and restarting the capital expenditure cycle to enable job creation, which could result in growth in both housing and auto demand. The Indian government's steps in this direction, although well intentioned, could take some time to result in real demand growth. While global steel capacity utilization remains at less than 70%, low raw material prices help marginal producers in maintaining their production levels, causing a supply glut. Therefore, an improvement in prices will be only gradual and imports will likely remain competitive.

Our base-case scenario assumes:

- Steel sales at the India operations to increase to about 10.5 million tons in fiscal 2017 and about 12 million tons in fiscal 2018, from the estimated about 9.5 million tons in fiscal 2016, propelled by production from the new Odisha facility.
- EBITDA per ton at the India operations to remain close to INR8,000 in fiscal 2016 and gradually improve to about INR10,500 over the subsequent two years. EBITDA per ton at the European operations to be about US$10 in fiscal 2016 and improve to US$25-US$40 over the subsequent two years.
- Capital expenditure to be about INR100 billion in fiscal 2016 and reduce to INR80 billion in fiscal 2017 and thereafter.
- No material deleveraging by asset sales or strategic non-debt fund raising.

Based on these assumptions, we arrive at the following credit metrics:

- Ratio of FFO to debt of about 5% in fiscal 2016 and 8%-10% in fiscals 2017 and 2018.
- EBITDA interest coverage to be below 2.0x in fiscal 2016 but improve to above 2.0x over the subsequent two years.
- FOCF likely to turn positive after only after fiscal 2017.

We expect Tata Steel's financial risk profile to approach the stronger end of the highly leveraged category over the next two years. The gradual recovery in profitability at the India operations and stability at the European operations will support the improvement in financial ratios. Also, when compared with peers, Tata Steel is at the upper end for the rating. We therefore assign a positive score to Tata Steel in our comparable rating analysis.

Liquidity

We assess Tata Steel's liquidity as adequate because we expect the company's sources of liquidity to cover its uses of liquidity by more than 1.2x over the next 12 months. We anticipate that the ratio of sources to uses will remain more than 1.0x even if EBITDA falls by 15%.

Principal liquidity sources include:

- Cash and cash equivalents of INR73 billion as of Sept. 30, 2015.
- FFO that we estimate at about INR50 billion over next 12 months.
- An INR56 billion project finance facility as of Sept. 30, 2015, to fund capital expenditure of the first phase at the new Odisha facility. Capital expenditure of about INR40 billion at this facility indicates that some of this investment that Tata Steel made from its own cash flows can be recovered from the unutilized capital expenditure loan.

Principal liquidity uses include:

- Debt maturities of about INR63 billion-INR65 billion over next 12 months, including short-term working capital debt of about INR43 billion mostly at the India facilities and current maturities of long-term debt of about

INR20 billion.
- Minimum capital expenditure of about INR60 billion and dividend of INR10 billion over next 12 months.

Tata Steel has a good standing in capital market and track record of multiple banking relationships. We expect the company to maintain its good financial flexibility.

Outlook

The stable outlook reflects our expectation that Tata Steel's operating performance will gradually recover over the next 12-15 months. A gradual improvement in profitability at the India operations as mining operations revert to pre-disruption levels and demand and steel prices pick up from current lows should support the recovery in the company's financial ratios. The stable outlook also envisages the additional production from the new Odisha facility and stable operating performance in Europe over the next 12 months to improve the company's currently weak EBITDA interest coverage to 2.0x in fiscal 2017.

Downside scenario

We could lower the rating if the improvement in Tata Steel's operating performance is weaker than we anticipated, such that we expect EBITDA interest coverage to remain below 2.0x for a prolonged period. EBITDA per ton stagnating below INR8,000 at the India operations will likely result in such weakness in operating and financial metrics.

Upside scenario

Rating upside is unlikely over the next 12 months because we expect the improvement in Tata Steel's operating and financial performance to come only gradually. Nevertheless, we could upgrade the company if the FFO-to-debt ratio stabilizes near 15%. This could happen if EBITDA per ton at the India operations reaches INR15,000 sustainably; strategic fund raising could further help swifter deleveraging.

Ratings Score Snapshot

Corporate Credit Rating: BB-/Stable/--

Business risk: Satisfactory
- Country risk: Moderately high
- Industry risk: Moderately high
- Competitive position: Satisfactory

Financial risk: Highly Leveraged
- Cash flow/Leverage: Highly Leveraged

Anchor: b+

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: bb-

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Metals And Mining Downstream Industry, Dec. 20, 2013
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Downgraded

	To	From
Tata Steel Ltd.		
Corporate Credit Rating	BB-/Stable/--	BB/Stable/--
ABJA Investment Co. Pte. Ltd.		
Senior Unsecured	BB-	BB

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Research Update:

Tata Steel UK Holdings Ratings Lowered To 'B+' From 'BB-' Following Similar Action On Parent; Outlook Stable

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Table Of Contents

Research Update:

Tata Steel UK Holdings Ratings Lowered To 'B+' From 'BB-' Following Similar Action On Parent; Outlook Stable

Overview

- We have lowered our corporate credit rating on Tata Steel to 'BB-' from 'BB' because we expect the company's operating and financial performance to remain subdued over the next two-three years.
- We assess TSUKH as a "highly strategic" subsidiary of Tata Steel and the rating factors two notches of support.
- We are lowering our corporate credit rating on TSUKH to 'B+' from 'BB-'. We are affirming our 'B' short-term corporate credit rating on the company.
- The stable outlook on TSUKH reflects the outlook on the company's parent.

Rating Action

On Jan. 13, 2016, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on Tata Steel UK Holdings Ltd. (TSUKH) to 'B+' from 'BB-'. The outlook is stable. At the same time, we affirmed our 'B' short term corporate credit rating on the U.K.-based company.

Rationale

We lowered the rating on TSUKH following the downgrade of the company's parent Tata Steel Ltd. (BB-/Stable/--). We assess that TSUKH is a "highly strategic" subsidiary of Tata Steel and expect the parent to continue to support TSUKH. We therefore rate TSUKH two notches above its stand-alone credit profile (SACP).

We believe Tata Steel is fully committed to supporting TSUKH because it considers the subsidiary to be a strategic investment. The companies share a common name. Tata Steel also intends to maintain good banking relationships with TSUKH's lenders. Nevertheless, TSUKH's operating performance is weak, and the company has a significantly weaker competitive position than the overall group. We assess Tata Steel's group credit profile as 'bb-'.

Tata Steel's plan to restructure some of its operations in Europe could provide operating stability to TSUKH and improve the company's margins. However, we believe any improvement in TSUKH's profitability continues to have significant downside risks. Operating conditions have been unfavorable for the company over the past few quarters. Pick-up in demand in Europe has been sluggish, imports in Europe have increased and remain competitively priced, and fixed costs at some of the TSUKH's facilities remain high. Moreover, any meaningful restructuring of some of TSUKH's facilities is likely to take time, and currency trends have been unfavorable. We have lowered our assessment of TSUKH's stand-alone credit profile (SACP) to 'b-' from 'b'.

TSUKH's good market position as the second-largest steel producer in Europe and the largest in the U.K. supports its SACP. The company's good product mix and distribution network, and a large proportion of value-added products also underpin its operating performance. TSUKH also continues to receive ongoing support from Tata Steel to meet its regular funding requirements.

Our base case assumes the following:

- Real GDP growth will be 2.2%-2.4% for the U.K. and 1.5%-1.8% for the eurozone over the next two years.
- Output at TSUKH's European operations will be flat at 13 million tons (MT) annually over fiscal 2016 (year ending March 31, 2016) to fiscal 2018. Our base case does not expect any change in volumes due to the planned restructuring.
- EBITDA per ton for the European operations will be weak at £6-£7 in fiscal 2016 and gradually improve to £20-£25 over the next two years.
- Annual capital expenditure will be about £300 million.
- Tata Steel will provide financial support for any funding gap.

Based on these assumptions, we arrive at the following credit measures:

- Debt-to-EBITDA ratio will remain more than 10.0x until fiscal 2017, compared with about 8.5x in fiscal 2015. In our calculation of adjusted debt, we keep aside the shareholder loans provided by Tata Steel.
- EBITDA interest coverage will be less than 1.0 over the next two years and TSUKH will need parent support to service debt.

Liquidity

The short-term corporate credit rating is 'B'. We assess TSUKH's liquidity as "less than adequate." We expect TSUKH's sources of liquidity on a stand-alone level to fall materially short of its uses over next 12 months.

Historically, funding support from Tata Steel has supported TSUKH's liquidity. This funding support is in the form of subordinated shareholder loans.

Principal liquidity sources include:

- Cash and short-term investments of £140 million as of Sept. 30, 2015.

Principal liquidity uses include:

- Minimum capital expenditure of £250 million.
- Negative operating cash flow of £250 million or more.
- No major working capital investments or dividends.

TSUKH's bank loans have very few and light covenants. The company was in compliance with all its covenants as of March 31, 2015.

Outlook

The stable outlook on TSUKH reflects our rating outlook on Tata Steel. The stable outlook on Tata Steel reflects our expectation that the company's operating performance will recover over the next 12-15 months. Profitability at Tata Steel's India operations are likely to improve as mining operations revert to past levels and demand and steel prices pick up. We estimate that the company's EBITDA interest coverage will reach 2.0x in fiscal 2017 from close to 1.5x in fiscal 2016.

Downside scenario

We will lower the rating on TSUKH if: (1) we lower the rating on Tata Steel; or (2) Tata Steel shows signs of reducing support to TSUKH, although we believe this is unlikely.

Upside scenario

We may raise the rating on TSUKH if we upgrade Tata Steel and the parent's support and relationship with TSUKH remains unchanged.

Ratings Score Snapshot

Corporate Credit Rating: B+/Stable/B

Business risk: Weak
- Country risk: Very low
- Industry risk: Moderately high
- Competitive position: Weak

Financial risk: Highly leveraged
- Cash flow/Leverage: Highly leveraged

Anchor: b-

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Less Than Adequate (no impact)
- Management and governance: Fair (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: b-

Group credit profile: b+
Entity status within group: Highly strategic (+2 notches from SACP)

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios and Adjustments, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Key Credit Factors For The Metals And Mining Downstream Industry, Dec. 20, 2013
- Group Rating Methodology, Nov. 19, 2013
- Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

Ratings List

Downgraded

	To	From
Tata Steel UK Holdings Ltd.		
Corporate Credit Rating	B+/Stable/B	BB-/Stable/B

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.