

UBS Investment Research

Tata Steel Ltd.

Consolidated results beat UBSe

■ Q209 results better than UBSe

Tata Steel Q209 consolidated revenues grew 36% yoy to Rs442.0bn (UBSe Rs331.9bn), despite flat volume growth driven by improved realizations (36% yoy) and mix improvements. EBITDA grew 79% yoy to Rs82.5bn (UBSe Rs65.4bn) and margins improved 450bps yoy to 18.7%. Net profit grew 42% yoy to Rs47.0bn (UBSe Rs34.4bn). Tata Steel has achieved 124% of total consolidated FY09E PAT in 1HFY09. Corus has achieved 99% of our FY09E EBITDA estimate in 1HFY09.

■ Key takeaways from the conference call

(1) Indian volumes in 2H09 to be higher than 1H09 (2) Capex expected to be Rs10bn in 2H09 and Rs30bn in FY10E incl. Orissa and Jamshedpur expansions (3) Working capital will decline in 2H09 as Tata Steel will not purchase raw material and will liquidate its inventory. (4) Tata Steel is in compliance with all covenants in India and UK.

■ Pension funds surplus at UK increases

Tata Steel UK pension fund surplus increased by £127mn during the quarter to £819mn. Tata Steel has reduced its pension assets' exposure in equity markets marginally from 26% in Mar08 to 25% in Sep08, while increased its exposure to bonds by 4% to 69%. We believe that pension surplus/deficits can be volatile; and are not reflective of the underlying operations.

■ Valuation: Rate Neutral with a PT of Rs230

We rate Tata Steel Neutral with a DCF-based PT of Rs230 assuming WACC of 13.5%, medium term growth rate of 10.0% and terminal growth of 5.0%.

Highlights (Rsm)	03/07	03/08	03/09E	03/10E	03/11E
Revenues	197,626	1,315,359	1,553,438	1,281,146	1,414,604
EBIT (UBS)	61,540	138,562	142,273	125,147	136,723
Net Income (UBS)	42,222	55,973	69,705	60,997	69,852
EPS (UBS, Rs)	72.71	85.36	95.39	74.20	84.97
Net DPS (UBS, Rs)	15.73	16.28	16.44	15.53	17.64
Profitability & Valuation	5-yr hist av.	03/08	03/09E	03/10E	03/11E
EBIT margin %	24.6	10.5	9.2	9.8	9.7
ROIC (EBIT) %	52.1	29.5	18.2	15.7	16.0
EV/EBITDA (core) x	3.7	4.0	2.7	2.7	2.3
PE (UBS) x	5.7	8.4	1.6	2.0	1.7
Net dividend yield %	4.2	2.3	11.1	10.4	11.9

Source: Company accounts, Thomson Financial, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs148.65 on 02 Dec 2008 23:37 EST

Sunita Sachdev

Analyst
sunita.sachdev@ubs.com
+91-22-2286 2059

Nupur Agarwal

Associate Analyst
nupur.agarwal@ubs.com
+91-22-2286 2105

Global Equity Research

India

Steel

12-month rating **Neutral**
Unchanged

12m price target Rs230.00/US\$4.60
Unchanged

Price Rs148.65/US\$2.97

RIC: TISC.BO BBG: TATA IB

2 December 2008

Trading data (local/US\$)

52-wk range	Rs934.80-148.65/US\$23.79-2.97
Market cap.	Rs109bn/US\$2.17bn
Shares o/s	731m (ORD)
Free float	69%
Avg. daily volume ('000)	2,783
Avg. daily value (Rsm)	770.1

Balance sheet data 03/09E

Shareholders' equity	Rs380bn
P/BV (UBS)	0.3x
Net Cash (debt)	(Rs424bn)

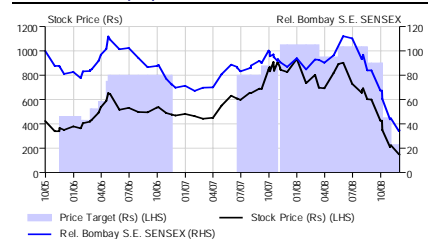
Forecast returns

Forecast price appreciation	+54.7%
Forecast dividend yield	11.1%
Forecast stock return	+65.8%
Market return assumption	13.4%
Forecast excess return	+52.4%

EPS (UBS, Rs)

	03/09E	03/08	Actual
Q1E	-	-	-
Q2E	-	-	-
Q3E	-	-	-
Q4E	-	-	-
03/09E	95.39	118.81	
03/10E	74.20	74.36	

Performance (Rs)



Source: UBS

www.ubs.com/investmentresearch

This report has been prepared by UBS Securities India Private Ltd

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 7.

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Table 1: Tata Steel consolidated results summary

	Q2FY08	Q4FY08	Q1FY09	%YoY	%QoQ
Net sales	324,416	435,083	441,990	36.2%	1.6%
Material cost	146,153	201,770	212,056	45.1%	5.1%
Staff cost	40,061	49,012	47,545	18.7%	-3.0%
Other expenses	92,173	114,425	99,892	8.4%	-12.7%
Total expenses	278,386	365,207	359,493	29.1%	-1.6%
EBITDA	46,030	69,876	82,497	79.2%	18.1%
EBITDA margin (%)	14.2	16.1	18.7		
PBT (Pre-ex)	22,903	51,110	63,662	178.0%	24.6%
PBT	42,465	48,076	59,700	40.6%	24.2%
PAT	33,424	39,009	47,717	42.8%	22.3%

Source: Company data

Table 2: Tata Steel consolidated results details

	2QFY09			2QFY08			% growth		
	Consolidated	Corus + Other Business	Tata Steel Standalone	Consolidated	Corus + Other Business	Tata Steel Standalone	Consolidated	Corus + Other Business	Tata Steel Standalone
Net Sales	441,990	374,548	67,442	324,416	276,565	47,851	36.2%	35.4%	40.9%
Material Cost	212,056	200,877	11,179	146,153	137,241	8,911	45.1%	46.4%	25.4%
Total expenses	359,493	322,816	36,677	278,386	250,790	27,597	29.1%	28.7%	32.9%
EBITDA	82,497	51,732	30,765	46,030	25,775	20,254	79.2%	100.7%	51.9%
EBITDA Margin (%)	18.7	13.8	45.6	14.2	9.3	42.3			
EBIT	71,027	42,750	28,276	35,815	17,611	18,204	98.3%	142.8%	55.3%
PBT (Pre-X)	63,662	34,485	29,177	22,903	5,777	17,126	178.0%	496.9%	70.4%
PBT (Post-X)	59,700	33,977	25,723	42,465	24,999	17,466	40.6%	35.9%	47.3%
Tax	12,664	4,819	7,845	9,389	3,831	5,558	34.9%	25.8%	41.1%
PAT	47,717	29,839	17,878	33,424	21,515	11,908	42.8%	38.7%	50.1%

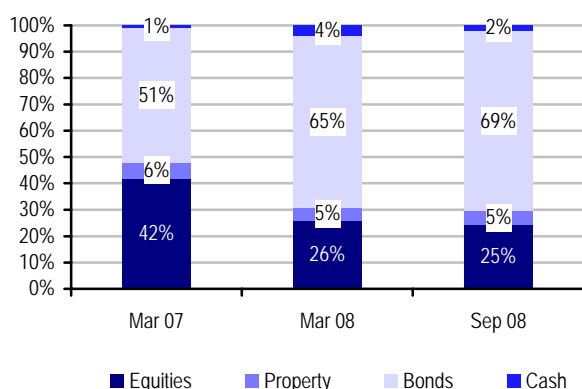
Source: Company data

Table 3: EBITDA per ton analysis

	1HFY09			FY08		
	EBITDA	Sales volume	EBITDA per ton	EBITDA	Sales volume	EBITDA per ton
	US\$ mn	Mn tns	US\$	US\$ mn	Mn tns	US\$
UK & European operations	1,767	11.90	148	2,274	23.08	99
Natsteel	74	1.60	46	57	2.49	23
Tata Steel Thailand	103	0.60	172	126	1.43	88
Group	3,322	16.50	201	4,640	31.99	145

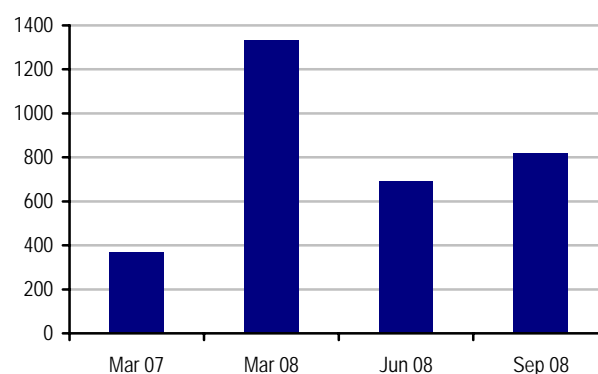
Source: Company data

Chart 1: Asset mix of British Steel Pension Scheme



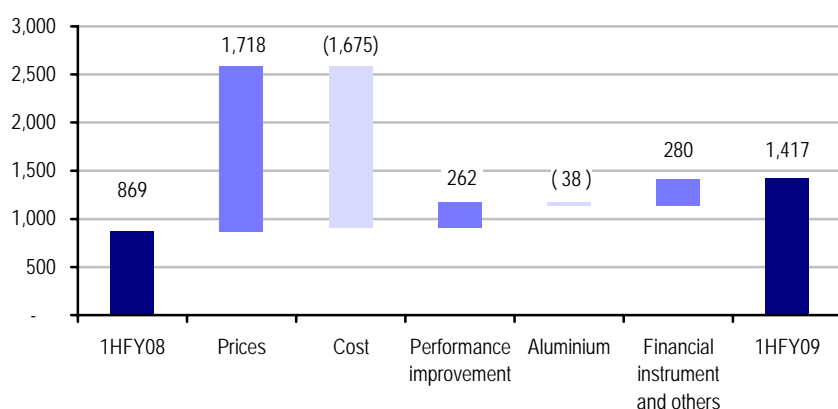
Source: Company data

Chart 2: Pension surplus at Tata Steel UK, £mn



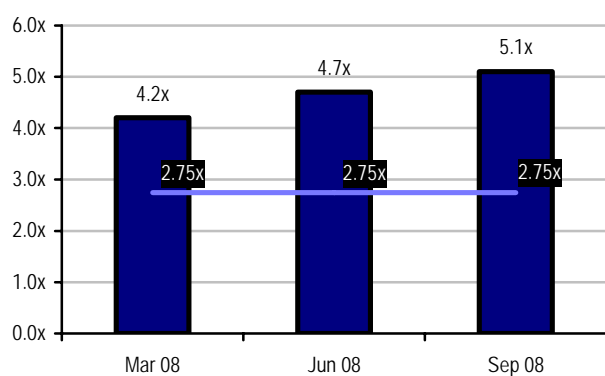
Source: Company data

Chart 3: Corus operating profit reconciliation



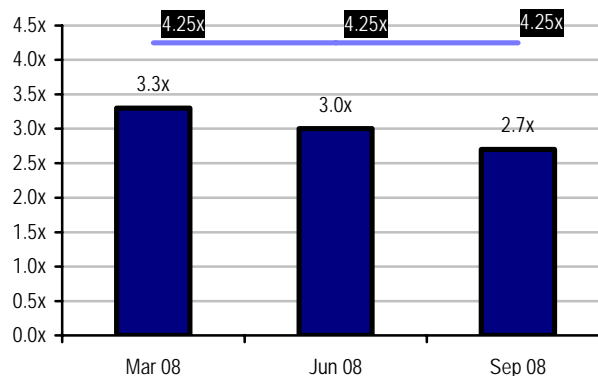
Source: Company data

Chart 4: Tata Steel UK covenant: EBITDA/finance charges



Source: Company data

Chart 5: Tata Steel UK covenant: Net debt/EBITDA



Source: Company data

Tata Steel Ltd.

Income statement (Rsm)	03/04	03/05	03/06	03/07	03/08	03/09E	% ch	03/10E	% ch	03/11E	% ch
Revenues	113,316	152,507	165,046	197,626	1,315,359	1,553,438	18.1	1,281,146	-17.5	1,414,604	10.4
Operating expenses (ex deprn)	(84,256)	(98,315)	(112,127)	(127,893)	(1,135,428)	(1,363,913)	20.1	(1,101,751)	-19.2	(1,215,412)	10.3
EBITDA (UBS)	29,060	54,192	52,919	69,733	179,931	189,525	5.3	179,395	-5.3	199,192	11.0
Depreciation	(6,251)	(6,188)	(7,751)	(8,193)	(41,370)	(47,252)	14.2	(54,248)	14.8	(62,468)	15.2
Operating income (EBIT, UBS)	22,809	48,005	45,168	61,540	138,562	142,273	2.7	125,147	-12.0	136,723	9.3
Other income & associates	5,072	6,837	8,416	2,816	5,742	7,061	23.0	8,379	18.7	8,529	1.8
Net interest	(1,222)	(1,868)	(1,184)	(1,739)	(41,838)	(48,997)	17.1	(46,032)	-6.1	(45,012)	-2.2
Abnormal items (pre-tax)	0	0	0	0	6,000	0	-	0	-	0	-
Profit before tax	26,660	52,973	52,400	62,617	108,466	100,337	-7.5	87,494	-12.8	100,240	14.6
Tax	(9,197)	(18,231)	(17,336)	(20,395)	(46,493)	(30,631)	-34.1	(26,497)	-13.5	(30,388)	14.7
Profit after tax	17,462	34,742	35,064	42,222	61,973	69,705	12.5	60,997	-12.5	69,852	14.5
Abnormal items (post-tax)	0	0	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	0	0	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	17,462	34,742	35,064	42,222	61,973	69,705	12.5	60,997	-12.5	69,852	14.5
Net Income (UBS)	17,462	34,742	35,064	42,222	55,973	69,705	24.5	60,997	-12.5	69,852	14.5
Tax rate (%)	34	34	33	33	43	31	-28.8	30	-0.8	30	0.1
Pre-abnormal tax rate (%)	34	34	33	33	45	31	-32.7	30	-0.8	30	0.1
Per share (Rs)	03/04	03/05	03/06	03/07	03/08	03/09E	% ch	03/10E	% ch	03/11E	% ch
EPS (local GAAP)	31.54	62.75	63.33	72.71	94.51	95.39	12.5	74.20	-22.2	84.97	14.5
EPS (UBS)	31.54	62.75	63.33	72.71	85.36	95.39	11.7	74.20	-22.2	84.97	14.5
Net DPS	6.66	13.00	14.00	15.73	16.28	16.44	0.9	15.53	-5.5	17.64	13.6
Cash EPS	42.83	73.92	77.33	86.82	148.45	160.05	7.8	140.18	-12.4	160.95	14.8
BVPS	81.78	127.50	176.18	250.66	467.65	520.63	11.3	582.19	11.8	641.84	10.2
Balance sheet (Rsm)	03/04	03/05	03/06	03/07	03/08	03/09E	% ch	03/10E	% ch	03/11E	% ch
Net tangible fixed assets	78,579	91,122	98,651	144,922	367,175	372,505	1.5	450,966	21.1	511,843	13.5
Net intangible fixed assets	0	0	0	0	232,956	232,956	0.0	232,956	0.0	232,956	0.0
Net working capital (incl. other assets)	(106)	3,517	3,938	8,378	210,047	146,586	-30.2	162,237	10.7	117,562	-27.5
Other liabilities	(24,030)	(23,437)	(23,457)	(22,957)	0	0	-	0	-	0	-
Operating invested capital	54,443	71,202	79,131	130,344	810,178	752,046	-7.2	846,159	12.5	862,361	1.9
Investments	21,941	24,327	40,700	40,700	33,674	52,754	56.7	52,754	0.0	52,754	0.0
Total capital employed	76,384	95,529	119,831	171,044	843,853	804,800	-4.6	898,912	11.7	915,115	1.8
Shareholders' equity	45,159	70,599	97,553	145,552	341,740	380,459	11.3	478,623	25.8	527,663	10.2
Minority interests	0	0	0	0	0	0	-	0	-	0	-
Total equity	45,159	70,599	97,553	145,552	341,740	380,459	11.3	478,623	25.8	527,663	10.2
Net debt / (cash)	31,225	24,930	22,277	25,491	502,113	424,341	-15.5	420,289	-1.0	387,452	-7.8
Debt deemed provisions	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	76,384	95,529	119,831	171,044	843,853	804,800	-4.6	898,912	11.7	915,115	1.8
Cash flow (Rsm)	03/04	03/05	03/06	03/07	03/08	03/09E	% ch	03/10E	% ch	03/11E	% ch
Operating income (EBIT, UBS)	22,809	48,005	45,168	61,540	138,562	142,273	2.7	125,147	-12.0	136,723	9.3
Depreciation	6,251	6,188	7,751	8,193	41,370	47,252	14.2	54,248	14.8	62,468	15.2
Net change in working capital	(4,085)	4,092	(82)	(8,554)	(229,140)	63,352	-	(16,410)	-	42,943	-
Other (operating)	556	(1,726)	(162)	(1,442)	0	0	-	0	-	0	-
Operating cash flow	25,531	56,558	52,674	59,737	(49,209)	252,877	-	162,985	-35.5	242,135	48.6
Net interest received / (paid)	(1,222)	(1,868)	(1,184)	(1,739)	(41,838)	(48,997)	17.1	(46,032)	-6.1	(45,012)	-2.2
Dividends paid	(3,425)	(4,708)	(8,806)	(8,380)	(11,506)	(13,534)	17.6	(13,747)	1.6	(14,741)	7.2
Tax paid	97	(29,192)	(17,674)	(17,797)	(40,493)	(30,631)	-24.4	(26,497)	-13.5	(30,388)	14.7
Capital expenditure	(8,757)	(17,858)	(15,097)	(53,523)	(497,098)	(52,582)	-89.4	(132,709)	152.4	(123,345)	-7.1
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	(9,996)	(2,385)	(16,373)	0	131,301	(19,079)	-	0	-100.0	0	100.0
Share issues	0	0	0	0	147,523	(17,343)	-	51,673	-	(4,340)	-
Cash flow (inc)/dec in net debt	7,301	7,384	1,957	(18,886)	(355,578)	77,772	-	4,052	-94.8	32,837	710.4
FX / non cash items	(2)	(1,088)	695	15,672	(121,043)	0	-100.0	0	-25.0	0	-
Balance sheet (inc)/dec in net debt	7,300	6,296	2,652	(3,214)	(476,622)	77,772	-	4,052	-94.8	32,837	710.4
Core EBITDA	29,060	54,192	52,919	69,733	179,931	189,525	5.3	179,395	-5.3	199,192	11.0
Maintenance capital expenditure	0	0	0	0	(27,027)	(32,190)	19.1	(34,790)	8.1	(35,732)	2.7
Maintenance net working capital	0	0	0	0	(229,140)	63,352	-	(16,410)	-	42,943	-
Operating free cash flow, pre-tax	29,060	54,192	52,919	69,733	(76,236)	220,687	-	128,195	-41.9	206,402	61.0

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

Global Equity Research

India

Steel

12-month rating

Neutral

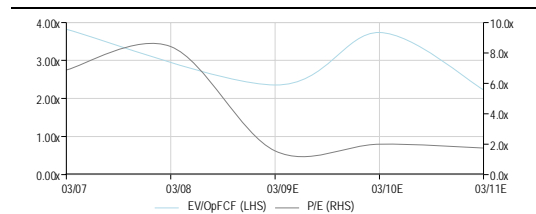
12m price target

Rs230.00

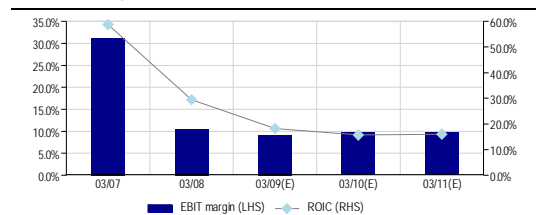
Company profile

Established in 1907, Tata Steel, the Tata Group's flagship company, is the world's sixth largest steel company with presence in 50 countries and crude steel production capacity of 30mtpa, following the acquisition of Corus Group in 2007. It plans to increase production capacity in its Jamshedpur plant, one of the world's most modern steel making and finishing facilities, from 6.8mtpa to 10mtpa by 2010. Tata Steel has captive iron ore and coal mines. It has plans for greenfield expansion in Jharkhand, Orissa and Chhattisgarh.

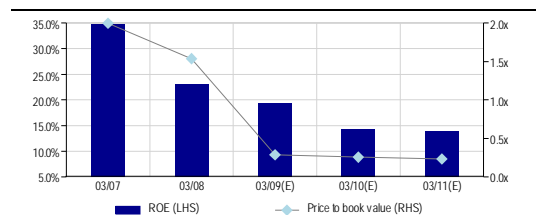
Value (EV/OpFCF & P/E)



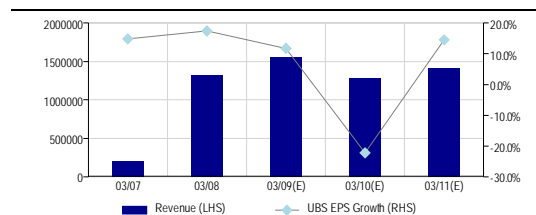
Profitability



ROE v Price to book value



Growth (UBS EPS)



Tata Steel Ltd.

Valuation (x)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
P/E (local GAAP)	5.7	6.9	8.5	1.6	2.0	1.7
P/E (UBS)	5.7	6.9	8.4	1.6	2.0	1.7
P/CEPS	4.5	5.8	4.8	0.9	1.1	0.9
Net dividend yield (%)	4.2	3.1	2.3	11.1	10.4	11.9
P/BV	2.1	2.0	1.5	0.3	0.3	0.2
EV/revenue (core)	1.1	1.3	0.5	0.3	0.4	0.3
EV/EBITDA (core)	3.7	3.8	4.0	2.7	2.7	2.3
EV/EBIT (core)	4.4	4.3	5.1	3.6	3.8	3.4
EV/OpFCF (core)	3.7	3.8	NM	2.4	3.7	2.2
EV/op. invested capital	2.3	2.5	1.5	0.7	0.6	0.5

Enterprise value (Rsm)	03/07	03/08	03/09E	03/10E	03/11E
Average market cap	283,395	482,281	108,668	108,668	108,668
+ minority interests	0	0	0	0	0
+ average net debt (cash)	23,884	263,802	463,227	422,315	403,871
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(40,700)	(33,674)	(52,754)	(52,754)	(52,754)
Core enterprise value	266,579	712,409	519,142	478,230	459,785

Growth (%)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
Revenue	21.0	19.7	NM	18.1	-17.5	10.4
EBITDA (UBS)	41.7	31.8	158.0	5.3	-5.3	11.0
EBIT (UBS)	51.2	36.2	125.2	2.7	-12.0	9.3
EPS (UBS)	41.2	14.8	17.4	11.7	-22.2	14.5
Cash EPS	32.3	12.3	71.0	7.8	-12.4	14.8
Net DPS	31.1	12.4	3.5	0.9	-5.5	13.6
BVPS	44.4	42.3	86.6	11.3	11.8	10.2

Margins (%)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
EBITDA / revenue	29.5	35.3	13.7	12.2	14.0	14.1
EBIT / revenue	24.6	31.1	10.5	9.2	9.8	9.7
Net profit (UBS) / revenue	18.4	21.4	4.3	4.5	4.8	4.9

Return on capital (%)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
EBIT ROIC (UBS)	52.1	58.8	29.5	18.2	15.7	16.0
ROIC post tax	-	39.6	16.1	12.7	10.9	11.2
Net ROE	42.5	34.7	23.0	19.3	14.2	13.9

Coverage ratios (x)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
EBIT / net interest	28.8	NM	3.4	3.0	2.9	3.2
Dividend cover (UBS EPS)	4.4	4.6	5.2	5.8	4.8	4.8
Div. payout ratio (% , UBS EPS)	22.9	21.6	19.1	17.2	20.9	20.8
Net debt / EBITDA	0.6	0.4	2.8	2.2	2.3	1.9

Efficiency ratios (x)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
Revenue / op. invested capital	2.0	1.9	2.8	2.0	1.6	1.7
Revenue / fixed assets	1.6	1.6	3.5	2.6	2.0	2.0
Revenue / net working capital	27.0	32.1	12.0	8.7	8.3	10.1

Investment ratios (x)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
OpFCF / EBIT	1.2	1.1	NM	1.6	1.0	1.5
Capex / revenue (%)	14.1	27.1	NM	3.4	10.4	8.7
Capex / depreciation	3.0	6.5	NM	1.1	2.4	2.0

Capital structure (%)	5Yr Avg	03/07	03/08	03/09E	03/10E	03/11E
Net debt / total equity	36.5	17.5	NM	NM	87.8	73.4
Net debt / (net debt + equity)	26.7	14.9	59.5	52.7	46.8	42.3
Net debt (core) / EV	18.4	9.0	37.0	89.2	88.3	87.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items.

Valuations: based on an average share price that year, (E): based on a share price of Rs148.65 on 02 Dec 2008 23:37 EST Market cap(E) may include forecast share issues/buybacks.

Sunita Sachdev

Analyst

sunita.sachdev@ubs.com

+91-22-2286 2059

Nupur Agarwal

Associate Analyst

nupur.agarwal@ubs.com

+91-22-2286 2105

■ Tata Steel Ltd.

Established in 1907, Tata Steel, the Tata Group's flagship company, is the world's sixth largest steel company with presence in 50 countries and crude steel production capacity of 30mtpa, following the acquisition of Corus Group in 2007. It plans to increase production capacity in its Jamshedpur plant, one of the world's most modern steel making and finishing facilities, from 6.8mtpa to 10mtpa by 2010. Tata Steel has captive iron ore and coal mines. It has plans for greenfield expansion in Jharkhand, Orissa and Chhattisgarh.

■ Statement of Risk

Our earnings estimates and valuation are subject to fluctuations, based on global and domestic steel prices and the prices of key raw materials such as coking coal which are difficult to predict. Tata Steel's backward integration for key raw materials such as iron ore and downstream expansion into value added products would only partly mitigate the impact of these variables.

■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

This report has been prepared by UBS Securities India Private Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit www.ubs.com/disclosures. The figures contained in performance charts refer to the past; past performance is not a reliable indicator of future results. Additional information will be made available upon request.

UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	56%	36%
Neutral	Hold/Neutral	35%	33%
Sell	Sell	8%	27%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	32%
Sell	Sell	less than 1%	14%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2008.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are :

Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE) : Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Research analysts contributing to this report who are employed by any non-US affiliate of UBS Securities LLC are not registered/qualified as research analysts with NASD and NYSE and therefore are not subject to the restrictions contained in the NASD and NYSE rules on communications with a subject company, public appearances, and trading securities held by a research analyst account. The name of each affiliate and analyst employed by that affiliate contributing to this report follows.

UBS Securities India Private Ltd: Sunita Sachdev; Nupur Agarwal.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Tata Steel Ltd. ²²	TISC.BO	Neutral	N/A	Rs148.65	02 Dec 2008

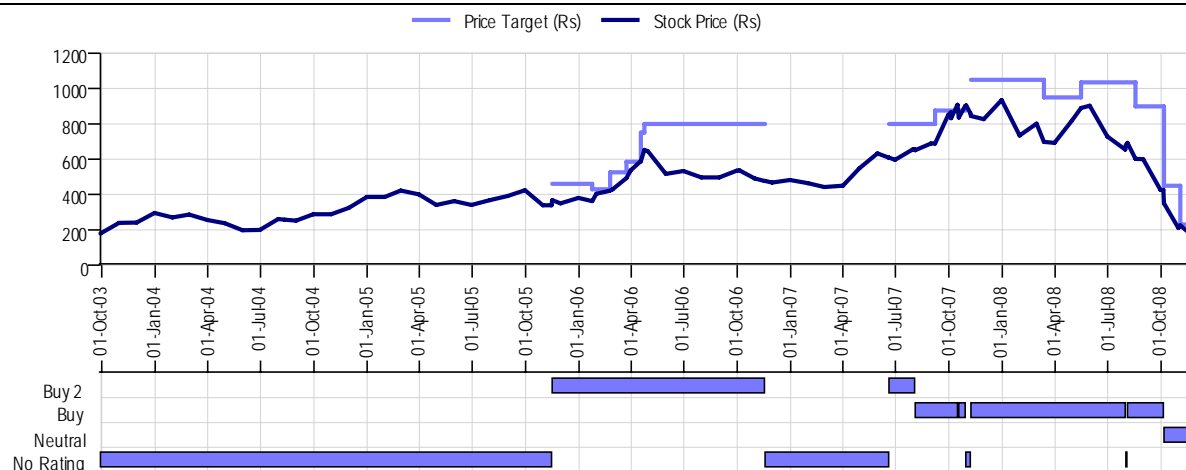
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

22. UBS AG, its affiliates or subsidiaries held other significant financial interests in this company/entity as of last month's end (or the prior month's end if this report is dated less than 10 working days after the most recent month's end).

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Tata Steel Ltd. (Rs)



Source: UBS; as of 02 Dec 2008

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

Global Disclaimer

This report has been prepared by UBS Securities India Private Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS. In certain countries, UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. UBS does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. Research will initiate, update and cease coverage solely at the discretion of UBS Investment Bank Research Management. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. UBS is under no obligation to update or keep current the information contained herein. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC and/or UBS Capital Markets LP) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this research report. UBS and its affiliates and employees may have long or short positions, trade as principal and buy and sell in instruments or derivatives identified herein.

Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect UBS's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by UBS or any other source, may yield substantially different results.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, retail clients. UBS Limited is authorised and regulated by the Financial Services Authority (FSA). UBS research complies with all the FSA requirements and laws concerning disclosures and these are indicated on the research where applicable. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France SA. UBS Securities France S.A. is regulated by the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this report, the report is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Turkey:** Prepared by UBS Menkul Değerler AS on behalf of and distributed by UBS Limited. **Russia:** Prepared and distributed by UBS Securities CJSC. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A.. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this report, the report is also deemed to have been prepared by UBS Italia Sim S.p.A.. **South Africa:** UBS South Africa (Pty) Limited (Registration No. 1995/011140/07) is a member of the JSE Limited, the South African Futures Exchange and the Bond Exchange of South Africa. UBS South Africa (Pty) Limited is an authorised Financial Services Provider. Details of its postal and physical address and a list of its directors are available on request or may be accessed at <http://www.ubs.co.za>. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a 'non-US affiliate'), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Pte. Ltd or UBS AG, Singapore Branch. **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. Where this report has been prepared by UBS Securities Japan Ltd, UBS Securities Japan Ltd is the author, publisher and distributor of the report. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services License No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services License No. 231098) only to 'Wholesale' clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd. An investment adviser and investment broker disclosure statement is available on request and free of charge by writing to PO Box 45, Auckland, NZ. **China:** Distributed by UBS Securities Co. Limited. **Portugal:** Prepared by UBS Limited and distributed by UBS Limited and UBS Bank, SA, Sucursal em Portugal. UBS Bank, SA, Sucursal em Portugal, is regulated by Comissão do Mercado de Valores Mobiliários (CMVM). Where an analyst of UBS Bank, SA, Sucursal em Portugal has contributed to this report, the report is also deemed to have been prepared by UBS Bank, SA, Sucursal em Portugal.

The disclosures contained in research reports produced by UBS Limited shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this material in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. © UBS 2008. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

