

Tata Steel Q2 results review

■ Sales growth driven by steel price increases

Steel production growth of 1.7% reflects the muted volume growth until new capacity kicks in at Jamshedpur in FY 09. Tata Steel's average steel price realisations were up 11% yoy, driving sales growth.

■ Cost pressure from raw material costs mitigated

Flat steel prices +Rs. 2800/tonne and longs +Rs. 3,000/tonne. Higher raw material costs and higher wage costs have been mitigated with margins expanding qoq and yoy. EBIT for the steel business +23% yoy for Q2 FY08.

■ Corus remains the key growth driver for the combined entity

Corus's earnings are projected to account for c.60% of FY08 consolidated operating profits. The contribution of domestic operations will increase post mid-FY09, and post stabilisation of new capacity additions.

■ Valuation

Our price target is based on DCF and assumes a WACC of 11.6% and terminal growth of 4%.

Highlights (Rsm)	03/05	03/06	03/07E	03/08E	03/09E
Revenues	152,507	165,046	197,626	1,189,609	1,198,542
EBIT (UBS)	48,005	45,168	61,540	147,496	147,452
Net Income (UBS)	34,742	35,064	42,222	81,911	87,564
EPS (UBS, Rs)	62.75	63.33	72.71	112.05	119.79
Net DPS (UBS, Rs)	13.00	14.00	15.73	17.60	18.70

Profitability & Valuation	5-yr hist av.	03/06	03/07E	03/08E	03/09E
EBIT margin %	15.5	27.4	31.1	12.4	12.3
ROIC (EBIT) %	26.6	60.1	58.8	42.3	25.9
EV/EBITDA (core) x	4.3	3.7	8.0	3.7	4.7
PE (UBS) x	8.4	6.1	13.6	8.8	8.3
Net dividend yield %	4.5	3.7	1.6	1.8	1.9

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 Rs990.60 on 26 Oct 2007 23:39 BST

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Steel

12-month rating **Buy**
Unchanged

12m price target **Rs875.00/US\$22.26**
Unchanged

Price **Rs990.60/US\$25.20**

RIC: TISC.BO BBG: TATA IN

29 October 2007

Trading data (local/US\$)

52-wk range	Rs990.60-413.00/US\$25.13-9.35
Market cap.	Rs575bn/US\$14.6bn
Shares o/s	581m (ORD)
Free float	69%
Avg. daily volume ('000)	1,110
Avg. daily value (Rsm)	818.7

Balance sheet data 03/07E

Shareholders' equity	Rs146bn
P/BV (UBS)	4.0x
Net Cash (debt)	(Rs25.5bn)

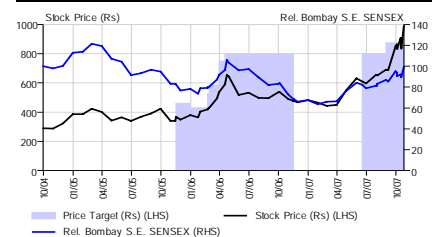
Forecast returns

Forecast price appreciation	-11.7%
Forecast dividend yield	1.6%
Forecast stock return	-10.1%
Market return assumption	11.9%
Forecast excess return	-22.0%

EPS (UBS, Rs)

	03/07E	03/06	Actual
	UBS	Cons.	
Q1E	-	-	-
Q2E	-	-	-
Q3E	-	-	-
Q4E	-	-	-
03/07E	72.71	73.06	
03/08E	112.05	107.20	

Performance (Rs)



Source: UBS

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This report has been prepared by UBS Securities India Private Ltd

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 6.

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Table 1: Tata Steel result trend – standalone

Particulars (Rs. mn.)	Q1 FY07	Q2 FY07	Q3 FY07	Q4 FY07	Q1 FY08	Q2 FY08
Steel Production (tonnes)	1,108,514	1,257,822	1,289,822	1,272,390	1,064,832	1,279,672
Steel Sales (tonnes)	1,115,066	1,183,994	1,234,404	1,260,549	1,040,963	1,218,326
Net Sales	39,159	41,858	44,700	49,804	41,976	47,851
Other expenses	7,802	7,924	9,502	10,705	8,905	9,730
Total expenses	23,346	24,809	26,864	30,769	24,984	27,597
EBITDA	15,813	17,048	17,836	19,035	16,992	20,254
EBITDAM (%)	40.4%	40.7%	39.9%	38.2%	40.5%	42.3%
PBT	14,164	15,943	15,820	16,690	19,025	17,466
PAT	9,534	11,015	10,638	11,035	12,221	11,908
EPS (Rs.)	16.4	19.0	18.3	19.0	20.1	19.5

Source: Company data

Tata Steel's standalone results for Q2FY08 have been released. We expect the consolidated results to be released near to the end of November.

Steel production was up 1.7% yoy to 1,279,672 tonnes for Q2 FY08 and saleable steel growth was up 2.9% yoy to 1,218,326 tonnes for the same period. The new G blast furnace was available at a higher capacity level from 89% last year to 93% this year. Most maintenance shutdowns have been postponed from H2 FY08 into Q1 FY09 and we expect our volume growth estimates to be sustained over FY08E. The management team remains committed to 4.9-5mt of steel production for FY08E.

For the steel industry, realizations have grown 10-11% yoy, but have remained flat sequentially, with some cost pressure from ferro alloy prices. Tata Steel's ferro alloy revenues grew 24.1% yoy, increasing total net sales growth to 14.9% yoy. For Tata Steel, realizations for flat products are up Rs 2,500-2,800 per tonne yoy, and for long products are up Rs 3,000 per tonne. Tata's product realizations are up 11.4% yoy and down 3.8% qoq. EBIT margins in the steel business were up yoy from 36.4% for Q2 FY07 to 39.1% for Q1 FY08 and also sequentially from 37.1% for Q2 FY08.

The raw material cost ratio increased sequentially from 17.9% in Q1 FY08 to 18.6% in Q2 FY08. Zinc prices also went up during the quarter, as did coke prices, increasing pressure on raw materials prices. Tata Steel is in the process of re-negotiating a wage settlement with the trade unions from January 2007. This process is expected to be completed by March 2008 and charges have therefore been accrued in the previous and current quarter's earnings to reflect higher costs. Employee costs have an Rs 300 mn charge taken every quarter from March 2007 to March 2008.

EBITDA margins are up sequentially from 40.5% Q1 FY08 to 42.3% Q2 FY08, and operating profits grew 18.8% yoy. EBIT grew 20.6% yoy in Q2FY08.

However, interest costs have increased from Rs 478 mn in Q2FY07 and Rs 800 mn in Q1 FY08 to Rs 2,050 mn in Q2 FY08. The entire cost of the Corus acquisition debt financing on Tata Steel's balance sheet has been affected as the loans have been drawn down.

Marginal growth in steel production (2% for Q2) until capacity expansion comes on stream in mid-2008

Tata Steel is recording positive realisation growth yoy which is margin-accretive

Cost pressure on raw materials and wages, currently mitigated

Currency gains on hedging foreign currency debt have been booked under forex gains in extraordinary income of Rs 903 mn.

Net of the high interest charge and extraordinary gains, PBT grew 9.6% and PAT has grown 8.1%.

The dilution by way of a rights issue to promoters on 1 April 2007 has brought about lower EPS growth of 3.1% yoy.

Table 2: Realization trends

Particulars (Rs. mn.)	Q1 FY07	Q2 FY07	Q3 FY07	Q4 FY07	Q1 FY08	Q2 FY08
Realization / tonne	31,133.4	31,656.0	32,236.1	35,135.4	36,665.0	35,280.5
Raw material / tonne	6,851.8	6,972.4	6,995.0	8,223.2	7,228.0	7,314.3
Staff cost/ tonne	2,720.9	3,063.4	2,925.1	3,408.5	3,617.7	3,093.8
Power cost/ tonne	2,049.0	1,905.5	1,831.4	1,916.1	2,236.2	1,959.1
Freight cost/tonne	2,318.2	2,319.9	2,313.7	2,369.4	2,364.5	2,297.9
Total other expenses/ tonne	6,996.5	6,692.7	7,697.2	8,492.0	8,554.5	7,986.0
Total expenses/tonne	20,936.4	20,953.9	21,762.4	24,409.3	24,000.9	22,651.2
Growth in realization /tn (yoy)	-12.3%	6.0%	8.5%	23.9%	17.8%	11.4%
Growth in realization /tn (qoq)	63.8%	5.0%	-2.1%	2.4%	18.1%	-0.3%

Source: Company data, UBS estimates

Tata Steel Ltd.

Income statement (Rsm)	03/02	03/03	03/04	03/05	03/06	03/07E	% ch	03/08E	% ch	03/09E	% ch
Revenues	71,231	92,233	113,316	152,507	165,046	197,626	19.7	1,189,609	502.0	1,198,542	0.8
Operating expenses (ex deprn)	(63,363)	(74,913)	(84,256)	(98,315)	(112,127)	(127,893)	14.1	(1,001,425)	683.0	(1,009,594)	0.8
EBITDA (UBS)	7,868	17,320	29,060	54,192	52,919	69,733	31.8	188,185	169.9	188,948	0.4
Depreciation	(5,248)	(5,555)	(6,251)	(6,188)	(7,751)	(8,193)	5.7	(40,689)	396.6	(41,496)	2.0
Operating income (EBIT, UBS)	2,621	11,765	22,809	48,005	45,168	61,540	36.2	147,496	139.7	147,452	0.0
Other income & associates	3,587	3,908	5,072	6,837	8,416	2,816	-66.5	6,140	118.1	5,036	-18.0
Net interest	(3,698)	(3,048)	(1,222)	(1,868)	(1,184)	(1,739)	46.8	(36,428)	1994.8	(36,509)	0.2
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	2,510	12,625	26,660	52,973	52,400	62,617	19.5	117,209	87.2	115,979	-1.0
Tax	(461)	(2,502)	(9,197)	(18,231)	(17,336)	(20,395)	17.6	(35,298)	73.1	(28,415)	-19.5
Profit after tax	2,049	10,123	17,462	34,742	35,064	42,222	20.4	81,911	94.0	87,564	6.9
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)	2,049	10,123	17,462	34,742	35,064	42,222	20.4	81,911	94.0	87,564	6.9
Net Income (UBS)	2,049	10,123	17,462	34,742	35,064	42,222	20.4	81,911	94.0	87,564	6.9
Tax rate (%)	18	20	34	34	33	33	-1.5	30	-7.5	25	-18.6
Pre-abnormal tax rate (%)	18	20	34	34	33	33	-1.5	30	-7.5	25	-18.6
Per share (Rs)	03/02	03/03	03/04	03/05	03/06	03/07E	% ch	03/08E	% ch	03/09E	% ch
EPS (local GAAP)	3.70	18.28	31.54	62.75	63.33	72.71	14.8	112.05	54.1	119.79	6.9
EPS (UBS)	3.70	18.28	31.54	62.75	63.33	72.71	14.8	112.05	54.1	119.79	6.9
Net DPS	2.69	5.33	6.66	13.00	14.00	15.73	12.4	17.60	11.9	18.70	6.3
Cash EPS	13.18	28.32	42.83	73.92	77.33	86.82	12.3	167.71	93.2	176.55	5.3
BVPS	62.41	57.70	81.78	127.50	176.18	250.66	42.3	323.51	29.1	356.59	10.2
Balance sheet (Rsm)	03/02	03/03	03/04	03/05	03/06	03/07E	% ch	03/08E	% ch	03/09E	% ch
Net tangible fixed assets	75,437	75,438	78,579	91,122	98,651	144,922	46.9	409,891	182.8	440,959	7.6
Net intangible fixed assets	0	0	0	0	0	0	-	0	-	0	-
Net working capital (incl. other assets)	18,580	5,844	(106)	3,517	3,938	8,378	112.8	179,576	2043.4	151,633	-15.6
Other liabilities	(23,799)	(22,842)	(24,030)	(23,437)	(23,457)	(22,957)	-2.1	(22,457)	-2.2	(21,957)	-2.2
Operating invested capital	70,218	58,440	54,443	71,202	79,131	130,344	64.7	567,010	335.0	570,635	0.6
Investments	9,127	11,946	21,941	24,327	40,700	40,700	0.0	102,693	152.3	103,756	1.0
Total capital employed	79,346	70,385	76,384	95,529	119,831	171,044	42.7	669,702	291.5	674,390	0.7
Shareholders' equity	34,460	31,860	45,159	70,599	97,553	145,552	49.2	236,484	62.5	260,671	10.2
Minority interests	0	0	0	0	0	0	-	0	-	0	-
Total equity	34,460	31,860	45,159	70,599	97,553	145,552	49.2	236,484	62.5	260,671	10.2
Net debt / (cash)	44,886	38,525	31,225	24,930	22,277	25,491	14.4	433,219	1599.5	413,719	-4.5
Debt deemed provisions	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	79,346	70,385	76,384	95,529	119,831	171,044	42.7	669,702	291.5	674,390	0.7
Cash flow (Rsm)	03/02	03/03	03/04	03/05	03/06	03/07E	% ch	03/08E	% ch	03/09E	% ch
Operating income (EBIT, UBS)	2,621	11,765	22,809	48,005	45,168	61,540	36.2	147,496	139.7	147,452	0.0
Depreciation	5,248	5,555	6,251	6,188	7,751	8,193	5.7	40,689	396.6	41,496	2.0
Net change in working capital	37	8,242	(4,085)	4,092	(82)	(8,554)	10331.6	(182,596)	2034.6	28,533	-
Other (operating)	18,803	142	556	(1,726)	(162)	(1,442)	787.9	(500)	-65.3	(500)	0.0
Operating cash flow	26,708	25,703	25,531	56,558	52,674	59,737	13.4	5,089	-91.5	216,981	4163.4
Net interest received / (paid)	(3,698)	(3,048)	(1,222)	(1,868)	(1,184)	(1,739)	46.8	(23,648)	1259.9	(25,960)	9.8
Dividends paid	(1,862)	(1,849)	(3,425)	(4,708)	(8,806)	(8,380)	-4.8	(3,400)	-59.4	(10,634)	212.7
Tax paid	(209)	394	97	(29,192)	(17,674)	(17,797)	0.7	(8,934)	-49.8	(15,289)	71.1
Capital expenditure	(4,843)	(6,514)	(8,757)	(17,858)	(15,097)	(53,523)	254.5	(274,968)	413.7	(43,568)	-84.2
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	(658)	(2,818)	(9,996)	(2,385)	(16,373)	0	-100.0	(61,993)	61965672354180184.0	0	-
Share issues	0	0	0	0	0	0	-	0	-	0	-
Cash flow (inc)/dec in net debt	19,027	15,777	7,301	7,384	1,957	(18,886)	-	(361,714)	1815.3	121,530	-
FX / non cash items	(19,583)	(9,416)	(2)	(1,088)	695	15,672	2153.4	(46,013)	-	(102,030)	121.7
Balance sheet (inc)/dec in net debt	(556)	6,361	7,300	6,296	2,652	(3,214)	-	(407,728)	12586.8	19,500	-
Core EBITDA	7,868	17,320	29,060	54,192	52,919	69,733	31.8	188,185	169.9	188,948	0.4
Maintenance capital expenditure	0	0	0	0	0	0	-	0	-	0	-
Maintenance net working capital	0	0	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	7,868	17,320	29,060	54,192	52,919	69,733	31.8	188,185	169.9	188,948	0.4

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.

12-month rating

Buy

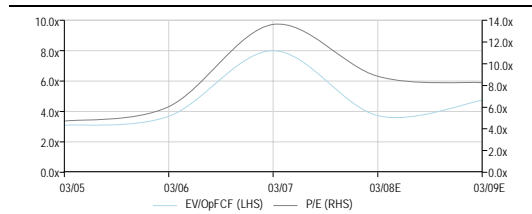
12m price target

Rs875.00

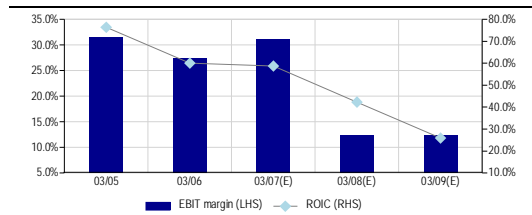
Company profile

Established in 1907, Tata Steel - the Tata group's flagship company - is India's largest integrated private sector steel company. Its 5m ton Jamshedpur plant produces both flat and long products, and completed a 1m ton expansion in April 2005. Tata Steel has captive iron ore and coal mines and one of the world's most modern steel making and finishing facilities at Jamshedpur in eastern India. In August 2004, the company announced its first major overseas investment, in NatSteel, Singapore, giving it a manufacturing footprint in six countries in Asia Pacific.

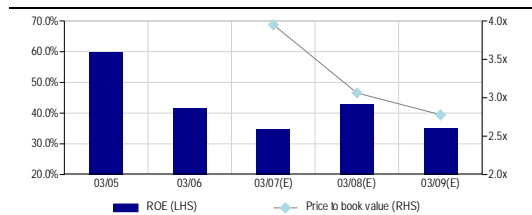
Value (EV/OpFCF & P/E)



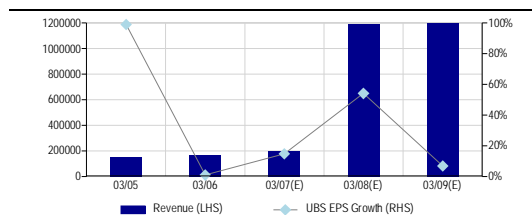
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
P/E (local GAAP)	8.4	4.7	6.1	13.6	8.8	8.3
P/E (UBS)	8.4	4.7	6.1	13.6	8.8	8.3
P/CEPS	4.2	4.0	5.0	11.4	5.9	5.6
Net dividend yield (%)	4.5	4.4	3.7	1.6	1.8	1.9
P/BV	1.6	2.3	2.2	4.0	3.1	2.8
EV/revenue (core)	1.0	1.1	1.2	2.8	0.6	0.7
EV/EBITDA (core)	4.3	3.1	3.7	8.0	3.7	4.7
EV/EBIT (core)	5.6	3.5	4.3	9.1	4.8	6.1
EV/OpFCF (core)	4.3	3.1	3.7	8.0	3.7	4.7
EV/op. invested capital	1.5	2.7	2.6	5.3	2.0	1.6

Enterprise value (Rsm)	03/05	03/06	03/07E	03/08E	03/09E
Average market cap	163,476	212,156	575,241	575,241	575,241
+ minority interests	0	0	0	0	0
+ average net debt (cash)	28,078	23,603	23,884	229,355	423,469
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(24,327)	(40,700)	(40,700)	(102,693)	(103,756)
Core enterprise value	167,227	195,059	558,426	701,903	894,954

Growth (%)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
Revenue	20.5	34.6	8.2	19.7	NM	0.8
EBITDA (UBS)	46.4	86.5	-2.3	31.8	169.9	0.4
EBIT (UBS)	62.6	110.5	-5.9	36.2	139.7	0.0
EPS (UBS)	58.3	99.0	0.9	14.8	54.1	6.9
Cash EPS	40.7	72.6	4.6	12.3	93.2	5.3
Net DPS	38.4	95.0	7.7	12.4	11.9	6.3
BVPS	9.5	55.9	38.2	42.3	29.1	10.2

Margins (%)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
EBITDA / revenue	21.5	35.5	32.1	35.3	15.8	15.8
EBIT / revenue	15.5	31.5	27.4	31.1	12.4	12.3
Net profit (UBS) / revenue	11.9	22.8	21.2	21.4	6.9	7.3

Return on capital (%)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
EBIT ROIC (UBS)	26.6	NM	60.1	58.8	42.3	25.9
ROIC post tax	-	50.1	40.2	39.6	29.6	19.6
Net ROE	30.5	60.0	41.7	34.7	42.9	35.2

Coverage ratios (x)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
EBIT / net interest	13.2	29.8	NM	NM	4.2	4.2
Dividend cover (UBS EPS)	3.4	4.8	4.5	4.6	6.4	6.4
Div. payout ratio (% , UBS EPS)	35.8	20.7	22.1	21.6	15.7	15.6
Net debt / EBITDA	1.5	0.5	0.4	0.4	2.3	2.2

Efficiency ratios (x)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
Revenue / op. invested capital	1.5	2.4	2.2	1.9	3.4	2.1
Revenue / fixed assets	1.3	1.8	1.7	1.6	4.3	2.8
Revenue / net working capital	9.4	89.4	44.3	32.1	12.7	7.2

Investment ratios (x)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
OpFCF / EBIT	1.3	1.1	1.2	1.1	1.3	1.3
Capex / revenue (%)	8.7	11.7	9.1	27.1	23.1	3.6
Capex / depreciation	1.6	2.9	1.9	6.5	6.8	1.0

Capital structure (%)	5Yr Avg	03/05	03/06	03/07E	03/08E	03/09E
Net debt / total equity	79.6	35.3	22.8	17.5	NM	NM
Net debt / (net debt + equity)	44.3	26.1	18.6	14.9	64.7	61.3
Net debt (core) / EV	37.6	16.8	12.1	4.3	32.7	47.3

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 Rs990.60 on 26 Oct 2007 23:39 BST Market cap(E) may include forecast share issues/buybacks.

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■ **Tata Steel Ltd.**

Established in 1907, Tata Steel - the Tata group's flagship company - is India's largest integrated private sector steel company. Its 5m ton Jamshedpur plant produces both flat and long products, and completed a 1m ton expansion in April 2005. Tata Steel has captive iron ore and coal mines and one of the world's most modern steel making and finishing facilities at Jamshedpur in eastern India. In August 2004, the company announced its first major overseas investment, in NatSteel, Singapore, giving it a manufacturing footprint in six countries in Asia Pacific.

■ **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**

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	55%	40%
Neutral	Hold/Neutral	36%	35%
Sell	Sell	9%	22%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	0%	29%
Sell	Sell	0%	0%

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 2007.

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

US Closed-End Fund ratings and definitions are: Buy: Higher stability of principal and higher stability of dividends; Neutral: Potential loss of principal, stability of dividend; Reduce: High potential for loss of principal and dividend risk.

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; Reduce: 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 Companies Mentioned or Company Disclosure table in the relevant research piece.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Tata Steel Ltd. ^{5, 13}	TISC.BO	Buy	N/A	Rs990.60	26 Oct 2007

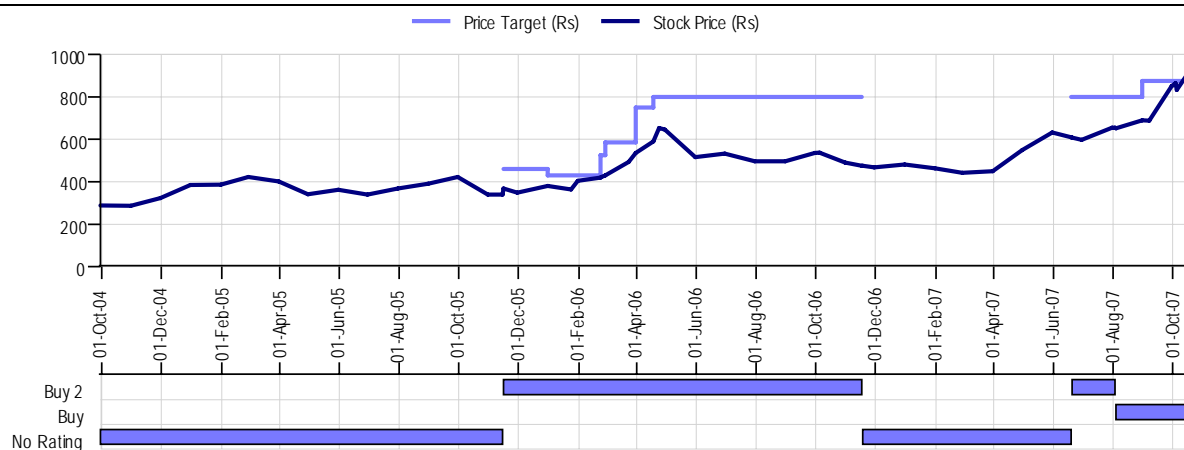
Source: UBS. All prices as of local market close.

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

5. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
13. UBS AG, its affiliates or subsidiaries beneficially owned 1% or more of a class of this company's common equity securities as of last month's end (or the prior month's end if this report is dated less than 10 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 26 Oct 2007

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%.

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