MORNING INSIGHT

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Kotak Securities

PRIVATE CLIENT RESEARCH

OCTOBER 1, 2012

Economy News

- The Parthasarathi Shome panel, looking into the taxation issues relating to GAAR (General Anti-Avoidance Rules), is likely to submit its final report to Finance Minister P. Chidambaram Today. (BL)
- Telecom companies whose licences were quashed by the Supreme Court will be required to pay a minimum earnest money deposit (EMD) of Rs 13.3 bn to bid for pan-Indian spectrum in the auction that starts on November 12. (BS)
- The environment ministry will strongly oppose any government proposal to dilute its clearance procedures, a move that may put in jeopardy the government's plan to create a National Investment Board (NIB) to expedite approvals for large projects. (Mint)
- Kelkar committee has come up with many innovative proposals towards fiscal consolidation including speeding up disinvestment, revamping tax laws and tax administration, monetising vast reserves of land owned by the government and public sector agencies, curbing subsidies and moving to a system of cash transfers. (ET)

Corporate News

- **Cadila Healthcare** (Zydus Cadila) has received the US drug regulator's nod to market Irbesartan tablets, an anti-hypertension drug, in the US market in strengths of 75 mg, 150 mg and 300 mg. (BS)
- A government-controlled panel has approved **Reliance Industries'** Revised Field Development Plan for MA oilfield in the predominately gas-rich KG-D6 block that will help the firm boost gas production. (BL).
- In a move that could transform **Cox and Kings Ltd's** tour business in India and also the way subjects like history and geography are taught in the country's schools, the travel company is set to introduce education tours in India. (BS)
- **Hindalco** has stopped work in Mali Parbat, just miles away from the Vedanta project in Niyamgiri after protest from locals. (BS)
- **Maruti Suzuki** has decided to shift its export strategy to emerging markets in Asia, Africa and Latin America, as sales in Europe took a hit after European governments discontinued their car scrappage schemes in 2009. (BS)
- **Videocon Industries Ltd,** which had plans to sell a 40 per cent stake in its electronics and durables retail chain Next by November, has tweaked the plan in the wake of the government's decision to allow 51 per cent foreign direct investment (FDI) in multi-brand retail. (BS)
- **Thermax** has won a Rs 2.8 bn EPC order for a combined cycle extension power project from a leading Government of India Enterprise in the North East.(BS)
- **Maruti Suzuki India Ltd (MSIL)** is planning to offer low-cost houses to its 5,000 employees, as it tries to walk the extra mile to improve relations with workers. (BS)
- **Reliance Industries Ltd** has agreed to buy BP Plc's Malaysian petrochemical plant for $230 million. (Mint)
- A section of engineers of the near-bankrupt **Kingfisher Airlines** went on a strike over non-payment of salaries, affecting the flight operations. (ET)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

Equity

		% Chg		
	28 Sep 12	1 Day	1 Mth	3 Mths
Indian Indices				
SENSEX Index	18,763	1.0	6.4	10.4
NIFTY Index	5,703	1.0	6.9	10.8
BANKEX Index	13,139	0.4	13.8	14.2
BSET Index	5,923	0.6	2.2	4.1
BSETCG INDEX	10,958	0.2	14.1	13.3
BSEOIL INDEX	8,662	0.9	3.1	9.1
CNXMcap Index	7,841	1.2	10.7	8.9
BSESMCAP INDEX	7,018	0.9	9.3	8.7
World Indices				
Dow Jones	13,437	(0.4)	2.6	4.3
Nasdaq	3,116	(0.6)	1.6	6.2
FTSE	5,742	(0.6)	0.5	3.1
NIKKEI	8,870	(0.9)	(0.4)	(2.3)
HANGSENG	20,762	1.1	7.0	7.2

Value traded (Rs cr)

	28 Sep 12	% Chg - Day
Cash BSE	2,638	(3.1)
Cash NSE	14,149	(25.4)
Derivatives	89,827	(67.14)

Net inflows (Rs cr)

	27 Sep 12	% Chg	MTD	YTD
FII	631	(21.7)	23,145	76,426
Mutual Fund	(180)	(57.5)	(803)	(8,851)

FII open interest (Rs cr)

	27 Sep 12	% Chg
FII Index Futures	14,246	10.5
FII Index Options	39,485	4.2
FII Stock Futures	28,821	5.3
FII Stock Options	757	530.8

Advances / Declines (BSE)

28 Sep 12	A	B	T	Total	% total
Advances	151	1,204	277	1,632	54
Declines	49	947	245	1,241	41
Unchanged	3	107	39	149	5

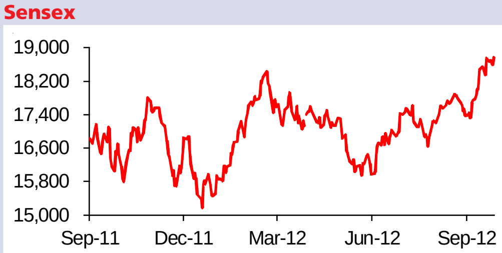
Commodity

		% Chg		
	28 Sep 12	1 Day	1 Mth	3 Mths
Crude (NYMEX) (US$/BBL)	91.4	(0.9)	(5.3)	7.6
Gold (US$/OZ)	1,772.0	(0.3)	4.9	10.4
Silver (US$/OZ)	34.5	(0.5)	9.2	24.4

Debt / forex market

	28 Sep 12	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	8.3	N/A	8.4	N/A
Re/US$	52.7	53.0	55.7	56.8

Sensex



INITIATING COVERAGE

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TATA STEEL

PRICE: RS.401 **RECOMMENDATION: REDUCE**

TARGET PRICE: RS.402 **FY13E P/E: 11.6X; EV/EBITDA: 6.3X**

Stock details

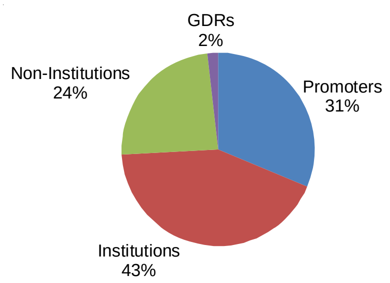
BSE code	:	500470
NSE code	:	TATASTEEL
Market cap (Rs mn)	:	406422
Free float (%)	:	69
52-wk Hi/Lo (Rs)	:	501/332
Avg. daily volume (mn)	:	5672
Shares o/s diluted (mn)	:	1013.52

Summary table - Consolidated

(Rs mn)	FY12	FY13e	FY14e
Sales (Rs. mn)	1328997	1331669	1405789
Growth (%)	11.9	0.2	5.6
EBITDA (Rs. mn)	124168	139714	158736
EBITDA Margins (%)	9.3	10.5	11.3
PBT	85850	63941	77039
Net Profit (Rs. mn)	52165	35180	46283
EPS (Rs.)	51.5	34.7	45.7
Growth (%)	-42.6	-32.6	31.6
CEPS (Rs.)	77.2	60.8	76.6
BV (Rs./share)	424.9	444.5	473.4
Dividend per share (Rs.)	12.0	13.6	15.1
ROE (%)	13.3	8.0	9.9
ROCE (%)	10.4	8.4	9.2
Net debt	410964	440361	481859
NW Capital (Days)	33.1	22.7	24.5
EV/Sales (x)	0.6	0.7	0.6
EV/ EBITDA (x)	6.6	6.3	5.7
P/E (x)	7.8	11.6	8.8
P/B (x)	0.94	0.90	0.85

Source: Company, Kotak Securities - Private Client Research

Shareholding pattern



Source: ACE Equity

Wait for near term pain to play out - Initiate with REDUCE

- Over last few weeks, positive developments like QE3/Infinity from US Fed, unlimited OMTs from ECB, $158bn China Stimulus and $126bn QE from Japan has infused much needed liquidity and hope to tumbling industrial commodities including steel.
- However, we are still observing multiple stress signals emanating from China's (c50% of global steel production and consumption) political, macro and steel industry scenarios which might bring further challenges to global steelmakers in coming months.
- Industry has witnessed the worst collapse in key steelmaking raw materials, iron ore and coking coal, since last global financial crisis of late 2008 which has led to expectations of further fall in steel prices in coming months, as lower production cost steel hits market with a few months' time lag.
- Tata Steel standalone operating performance is likely to improve substantially from Q4FY13 and remain sturdy thereon as the much delayed 2.9mtpa brownfield steel expansion at Jamshedpur starts to deliver meaningful contribution.
- Tata Steel Europe (TSE) in good probability might negatively surprise investors in Q2FY13 given profit warning from industry peers and Q3FY13 is also expected to remain subdued given continuance of H2 weak seasonality and lag impact of Q3CY12 rise in coking coal prices.
- Tata Steel Consolidated is highly sensitive to steel prices as its PAT margins have been wafer thin, (<4% in FY12 and last four year average is just 3.22%). Investors would also recall that Tata Steel had posted huge losses driven by inventory write-offs when industry last time witnessed sharp fall in raw materials iron ore and coking coal in late 2008/9. We see reasonable probability of inventory losses at Tata Steel in next 2-3 quarters.
- We have valued Tata Steel on SOTP methodology as we assign different EV/ EBITDA multiples on FY13e earnings for Tata Steel India (6x) and its global operations (5x). We also assign conservative value to investments in raw material JVs which have just begun commercial operations and might create significant value over next 2-4years.
- We are positive on Tata Steel with a 1-3year perspective but we expect near term events to lead to moderation in the stock price. We would advise investors to wait for upturn signals in China macro data, TSE Q2FY13e probable negative result surprise and inventory write off risks over next 2-3 quarters, to be discounted. Stock is trading at 6.3x EV/EBITDA for FY13e and offers no upside for our TP of Rs402. We advise investors to wait for better entry levels to invest. We initiate coverage on Tata Steel with a REDUCE recommendation with a 3-6 months perspective.

KEY RATIONALE

Steel cycle is still worrying

- Global steel production growth has slowed down to 4% M/M in Aug 2012 to 123.7mt (down 1%Y/Y). The headline global figure masks the scale of the production cuts being taken in economic weak spots such as EU wherein production fell to 12.2mt in Aug, down 4.4Y/Y. At 146mt annualized EU production last month was the lowest since Dec 2009, a telling comparison given what seems to be relentless slide back into recession in the region. In China, the world's top steel producer and consumer, production fell 1.7% to 58.7mt. Deeper cuts are necessary, especially in China, to tackle falling prices as demand remains poor.

■ Global steel capacity utilization remains < 80%, implying significant overcapacity. The steel cycle has been inflecting downwards and we expect momentum to stay negative for next few months. We expect steel companies to see further compression in both earnings and EV/EBITDA multiples. Tata Steel group is highly sensitive to steel prices as its PAT margins have been wafer thin, <4% in FY12 and last four year average is just 3.22%.

TS India – volume play on cards but falling margins to limit benefit

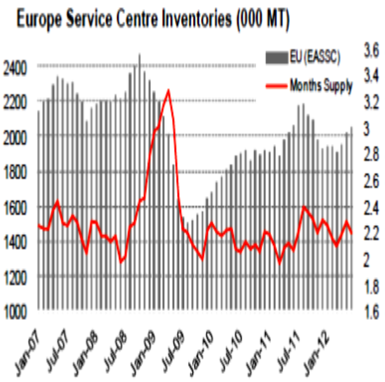
■ We expect Tata Steel India to deliver saleable steel volumes of 7.3mt (up 10% Y/Y), 8.76mt (up 20% Y/Y) and 9.18mt (up 5%Y/Y) for FY13e, FY14e and FY15e respectively. As 2.9mtpa steel plant starts contributing meaningfully from Q4FY13e, increased sales volume is likely to see sharp jump in FY14e. EBITDA/ton is expected to fall in coming quarters on falling steel prices; sticky nature of recent increases in power, freight and iron ore royalty costs; and lack of captive coking coal for newly commissioned capacity. We expect EBITDA/t to fall to Rs16138/t in FY14e vs. Rs17396/t in FY12.

Lower profitability of new India expansion

■ New capacity would generate much lower EBITDA than what is being generated currently as it would depend entirely on imported coking coal. Ongoing expansion in West Bokaro's clean coal capacity from 2.3 to 2.8mtpa would help integration on coking coal to rise to c45% once it gets commissioned.

■ The recent crash in imported coking coal prices to sub $150/t levels would though give some respite in short term.

Steel inventory levels have moderated but still high given weakened demand



Source: Arcelor Mittal

TS Europe likely to be under pressure in Q2/Q3 FY13e but likely to stabilize post that

■ We expect next two quarters would be tough given sluggish demand due to seasonal summer slowdown, slowing autos production, weaker construction markets and uncertainty around austerity measures in Eurozone. Inventories remain moderate and stable, but buyers continue to remain cautious.

■ TSE is unlikely to be PAT positive any time soon and TS India might have to provide some support for executing the current capital spend. Going forward we expect FY14e might be better than FY13e if overall demand improves as forecasted by EUROFER and as the improved blast furnace at Port Talbot should lead to cost savings.

TSE Q2 results might surprise negatively

■ In mid-September 2012, two steel companies, namely SSAB in Europe and AK Steel in US have negatively surprised investors with warning of likely operational losses for Jul-Sep quarter. SSAB has guided operating loss of $106.7mn for Q2FY13 vs. operating profit of $108.2mn reported in Q1FY13. Further German steel industry association has announced 4% cut in steel production forecast for 2012 citing more than expected softness in steel demand in Eurozone amid ongoing debt crisis.

■ In Q1FY13, TSE had positively surprised with EBITDA/t of $35. Post the warning mentioned above, we fear that for Q2FY13, TSE too might negatively surprise in Q2FY13 with EBITDA/t of < $10 to marginal loss.

■ Further in Q3FY13, we expect only marginal improvement in EBITDA/t is probable due to lag impact of higher Q3CY12 coking coal contract prices.

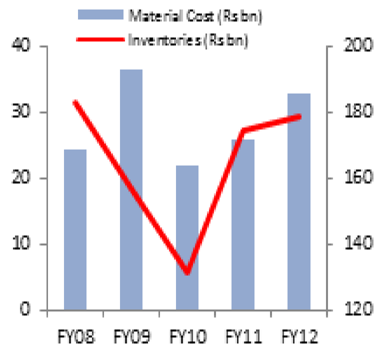
■ Profitability is likely to improve considerably from Q4FY13 as benefit of lowest coking coal and iron ore prices over last 3 years kicks in along with peak demand season, provided there arises no need for inventory write-offs.

■ We are modeling, TSE EBITDA/t to be at $19.2 for FY13 and $23.8 for FY14. TSE had reported EBITDA/t of $9.9 for FY12 and $35 for Q1FY13.

TSE Inventory write down risk can't be casually ignored

- There is reasonable probability of inventory write-down in TS Europe in light of (i) sharp falls in raw material prices (iron ore and coking coal) and (ii) if European steel prices correct further in next few months due to impact of sharp fall in Chinese steel prices.
- Though iron ore prices have shown remarkable recovery over last fortnight on (i) Central bank efforts i.e. QE3 by US Fed and unlimited OMTs by ECB (ii) China $158bn stimulus announcement and (iii) state ban on iron ore mining in Goa; still it would be little early to conclude if recovery is sustainable as coking coal and Chinese steel export prices have sustained downturn.
- We highlight that TSE in Q4FY09 and H1FY10 had reported humungous losses on inventory write down when iron, coking coal and steel prices had crashed. Ideally, if the industry macro worsens, the potential inventory write-off should be much lower this time as now TSE timely prunes steel production in line with falling demand and raw material inventory levels are also much lower.
- However what concerns investors is that if we look at reported inventories at TSE, they were Rs178.6bn at the end of FY12, which is highest levels in over four fiscal year end data. In addition, TSE had saleable steel inventory addition of 0.32mt (10% of Q1 sales) in 1QFY13 and we anticipate some inventory addition for 2QFY13 as well given weak market conditions.
- In FY10, Tata Steel reported consolidated loss of Rs200bn, i.e. (Rs22.7) EPS. We still believe such a bad scenario is unlikely but would argue that even highly probable but relatively marginal inventory write-off can negatively surprise investors and so stock should command a lower valuation multiple to reflect/discount this risk.

TS Europe - High Inventory Levels



Source: Company

Valuation might be driven by TS India but strategic investments would payoff in future

- Tata Steel had made several strategic investments in past which would create reasonable value in next 2-4years. Company had chosen reputed partners in its ventures and that strategy seems to be paying off well. It has set up –

  (i) 27mt port (phase 1) at Dhamra port, Orissa in JV with L&T which began commercial operations in mid-2011.

  (ii) Coking coal project at Benga, Mozambique in JV with Rio Tinto which has commenced phase 1 operations in June 2012

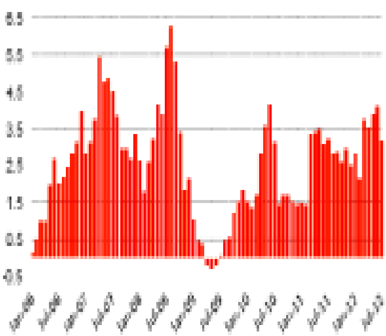
  (iii) Iron ore mining project at Canada in JV with NML, Canada which began Phase 1 commercial operations in September 2012.

  (iv) Iron ore project at Ivory Coast. Though it would be too early to capture any valuation of Ivory Coast iron ore assets, the scale of operations being targeted out there are bigger than iron ore mining production of Tata Steel India.

China macro has brought new challenges from iron ore weakness and big threat of cheap exports

- China's net steel exports are running at c20% higher Y/Y in the first eight months of 2012. Slowing construction and industrial activity has hit Chinese steel demand and prices hard in the last few weeks, prompting market participants to export more aggressively than ever.
- Steel export prices for HRC & Rebar are at $520-530/t levels and had fallen to a 3YR low in mid Sep 2012 at $500/t FOB down 15% over last 2 months and 25% over last 4.5 months. As per Chinese steel industry association CISA, China is ramping up its global exports of cheap steel, sometimes even at a loss. To make matter worse, there are expectations that supply of raw steel could rise again because a lot of the small- and medium-sized steel mills that closed for maintenance weeks ago have now restarted production.

Net exports of Chinese finished steel (mt) – Remain high



Source: Arcelor Mittal

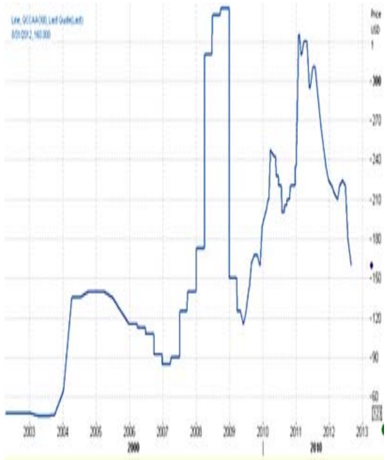
- Recent sharp fall in spot prices for iron ore and coking coal imported to China has given Chinese steel mills an enormous competitive advantage for upcoming steel production. As per CISA, although raw material costs have also dropped, there is still plenty of room for further declines. According to CISA's own index, average import prices in 2009 stood at around $80/t, compared to $112.6/t in Aug 2012. In past, long lead times (about 60-90 days before delivery from China) had put some customers off. Also, the Chinese quality is not acceptable for all uses, but tempting competitive prices of $500/t would certainly attract more buyers for coming months and pressurize steel prices elsewhere.

- Indian steel imports have already soared 38.6%Y/Y to 3.32mt in Apr-Aug 2012. In FY12, India imported 6.8mt of finished steel, marginally higher than 6.7mt in FY11. China is the top exporter of steel to India followed by South Korea and Japan. Traders expect shipments from the latter two to surge at faster rates due to advantageous trade arrangements. Steel shipments from China attract 7.5% duty whereas for Japan and Korea it is only 3.13% taking advantage of Free Trade Agreement (FTA) with these two nations. There has been quantum increase in imports from Japan and South Korea. Now if even China imports catch up with such low priced offers, Indian steel companies would be forced to further cut prices and might struggle to avoid inventory buildup.

Coking coal quarterly contract prices down 25% Q/Q to $170/t while spot prices tumble to $145/t

- BHP Billiton Mitsubishi Alliance (BMA) and Nippon Steel have fixed the price of benchmark hard coking coal for 3QCY12 at $170/t down 24.4% Q/Q from $225/t for 2QCY12. What's more, it's for the first time since the pricing period for coking coal for blast furnace was changed from annual contract to quarterly contract Q2CY10 that the contract price of hard coking coal fell below $200/t FOB.

Hard coking coal prices FOB Queensland



Source: Reuters

- The reason why the price of hard coking coal drastically dropped is because the demand for coking coal has been dwindling worldwide due to the economic crisis in Europe and the slowdown in China's economic growth. Especially, China whose crude steel production reached a ceiling due to economic slowdown has been restricting the import of coking coal from Australia, etc. after summer. July hard coking coal exports from Australia fell 23% M/M to 6.14mt as China stayed away for the first time since December 2008 (peak of last global financial crisis).

- Under these situations, the spot market for coking coal has been weakened rapidly because coking coal has flown into the Asian market from Mozambique as a new supply source. In Sep 2012, the spot export price of premium hard coking coal has tumbled to $145/t FOB levels

- To make matter worse, China Chamber of Commerce has recently announced China will remove the 40% export duty on coking coal in line with a WTO ruling. This could be reflecting softer domestic conditions. China is a high-cost swing supplier and has exported in the past during periods of weak demand. The decision will likely support domestic prices, but could place downward pressure on international benchmarks. In the year to July, China exported just 0.69mt coke against production of 262mt. There is reasonable probability that coking coal contracts for Q4CY12 might fall further.

Indian demand growth to moderate as GDP growth has slowed down

- Apparent steel consumption growth has dropped sharply in August, according to JPC data registering a meager 3.7% Y/Y growth compared to a 7.8% growth during the April-July period.
- Even for high demand growth sector automobile, sales growth in India during Apr-Aug 2012 have plummeted to just 4.6%Y/Y vs. 14% growth for FY12. India's infrastructure sector output grew just1.8% Y/Y in July.
- We believe that the spike in apparent consumption earlier this FY could have been indeed misleading as several large steel companies had reportedly seen significant jump in inventories during Q1FY13.
- With Indian GDP growth seems to be slipping to sub 6% levels, it would adversely hit domestic steel demand growth.

Indian small scale steel production cut might offer some respite on long products for short term

- Steel production in Punjab state is set to fall by about 80% in coming days owing to the state's recent move to ration electricity supplies to the sector as per All India Induction Furnaces Association (AIIFA). In late July, Punjab State Power Corporation Ltd (PSPCL) announced that owing to insufficient rains, high temperatures and high demand, power available is not adequate to meet demand.
- In order to ensure adequate power supply to the agricultural sector during the ongoing farming season, PSPCL has decided to switch off supplies to electric arc furnaces, induction furnaces, and rolling mills in the state for three days a week. The order dated 24 July remains in effect until demand eases, PSPCL stated.
- Punjab has about 250 electric arc and induction furnaces with production capacity totaling 12,500t/day or 4.5mtpa. These mills mainly produce long products and account for ~15% of India's long steel production.

Tata Steel Europe (TSE) rating outlook downgraded and reasoning worth noting

- Rating agencies S&P, Moody's and Fitch have revised downward their outlook on Tata Steel Europe from stable to negative during Q2FY13.
- S&P in its outlook downgrade assessed TSE's financial risk profile as "highly leveraged". Fitch states that in FY12, TSE consolidated EBITDA margins fell to 9.3% vs. 13.5% in FY11, driven by the challenging operating environment. Thus, net financial leverage (net debt/ operating EBITDAR) increased to 4.27x vs. 3.25x in FY11, beyond Fitch's negative rating guideline of 4x. Fitch expects leverage is likely to remain around the current levels during FY13.
- Tata Steel has provided almost GBP2bn in support to TSUKH so far, and S&P expects the support to increase to about GBP3bn over the next two years. The support over the past two years has been through a less permanent working capital mechanism instead of subordinated loans or equity, as was the case earlier. It expects Tata Steel to support TSUKH's working capital requirements and capital expenditure plans of up to GBP450mn a year for at least the next three years.

Watch out for court verdict on ILVA Steel plant in Italy at end of Sep12 – Closure positive for European steel prices for 2-3 months and vice versa

- Italian prosecutors had on 29 Jul'12 ordered the partial closure of Italy's ILVA steel plant which is Europe's largest steel plant and produced 8.5mt in 2011, nearly 30% of total Italian steel output. If the plant were to be closed for some time, it would have knocked out about 5% off Europe's output and supported European steel prices.
- But an appeals court ruled on 7 Aug'12 that Europe's largest steel plant, ILVA, could upgrade its production line to meet regulatory standards and chairman of the plant said it could keep running while the improvements are made. ILVA was operating at 70% capacity at end of Aug'12.
- On 6 Sep 2012, court has blocked raw material deliveries to ILVA plant, escalating a spat between the government and judges over its future. The government said a closure of the plant, which employs 12,000, would cost 8bn euros in increased imports, unemployment support, reduced tax revenues and depressed spending in the area. The environment ministry argued that the plant should be kept fully open, because if production is interrupted the plant will not have the funds to invest in cleaner technology, while unions have said a slowdown in production could risk jobs.
- On 20 Sep 2012, ILVA's 400mn euro plan to clean up its plant in the southern city of Taranto was rejected by the plant's court-appointed administrators.
- A specially appointed group of experts is to decide what action it must take to gain a new environmental certificate allowing continued operation at the end of Sep 2012. If the plant closure is ordered, it will create a short-term supply shortage that will ripple out to prices. This might help improve steel prices during Oct-Dec'12. The price spike might last just a few weeks though as excess supply in nearby regions should fairly quickly make up for the shortage caused by the Italian plant closure, particularly significant for flat steel products.

Q1FY13 Result – TSE surprised positively while India had few negative surprises and FX hit

- TS India net sales declined 6% Q/Q to Rs89bn due to c10% volume de-growth to 1.59mt despite commissioning of new furnace. The production of saleable steel declined 0.6% YoY to 1.74m tons. New furnace contributed 0.6m tons of hot metal, which was offset by shut down of smaller and older furnaces. Power supply disruption too affected volumes. Market conditions were weak leading to accumulation of 150Kt of inventories worth Rs5bn.
- Average realization of Indian steel segment increased 5% Q/Q. EBITDA was flattish Q/Q at cRs30bn. Forex loss of Rs1.97b on FCCB has been adjusted from reported other expenditure. EBITDA margin improved 190bps Q/Q to 33.4% while EBITDA/t was up 10.7% Q/Q to Rs18722/t. TS reported PAT of Rs5.98bn. Actuarial loss of Rs14.5b has been adjusted in reserves and surplus.
- Employee cost for the quarter was higher by Rs960mn due to an additional provision for gratuity consequent to drop in interest rates/ discount rate for pension.
- Power shortage at its downstream facilities resulted in a production loss of c40KT.
- 207KT of coke was imported, but imports would stop from 4QFY13 on commissioning of its new coke oven plant.
- Significant cost increases on account of power, freight, iron ore, etc for India operations might be sticky in nature.
- Reported interest costs declined 11.6% Q/Q while depreciation expenses increased 22% Q/Q given new steel plant commissioning in India.

- TS Europe net sales increased 2.4% Q/Q to $3.67bn as 13.2% Q/Q rise in steel realizations to $1143/t was offset by 9.5%Q/Q fall in volumes to 3.21mt. TSE reported better than expected EBITDA/t of $35/t vs. $7.3/t in Q4FY12 due to higher prices and easing of cost pressure.
- European steel demand has weakened further over last few months and prices are lower since June 2012. We expect both volumes and prices to be under pressure in 2Q and 3Q for TSE due to combination of Eurozone austerity measures and weak seasonality.
- The rebuild of Port Talbot BF is under progress and is on schedule by end of CY12.
- South East Asia reported EBITDA at $17mn down 10.5% Q/Q while 'Other' smaller subs disappointed as they reported cumulative EBITDA of $14mn down 85%Q/Q.
- Tata Steel's consolidated net debt increased from Rs477bn at the end of 4QFY12 to Rs540bn at the end of Q1Fy13. The company has provided for redemption premium of cRs12.8bn on recently issued NCDs by debiting the share premium account. Further, the increase of cRs26.8bn is attributable to INR depreciation. Capex during the quarter was at cRs35.7bn ($641mn) and cash profit was at cRs19bn. Increase in working capital is likely to have accounted for the balance Rs7bn.
- Capex pressure still high due to Orissa project and Port Talbort. FY13 capex is likely to be at US$2.4bn, including US$600m in Tata Steel Europe; Canada and Mozambique to be about US$100m.

To sum up - Near term outlook not quite encouraging

- Steel prices have declined across major geographies in Q2FY13 with major drop in the month of August, 2012. The decline is most severe in China where prices are at 3YR low levels. Domestic prices have avoided similar correction due to support from rupee depreciation.
- We expect steel prices to correct further in next few months, on deteriorating demand supply balance in Indian steel industry, cheaper imported steel offers from China and some reversal in the INR depreciation against the USD as Indian government seems to be taking steps to increase dollar investment into India.
- Projects-related demand in India has been impacted but Tata Steel has increased its retail penetration which has largely compensated. India capacity has recently increased by 2.9mtpa but meaningful and sales benefit would flow in from Q4FY13 onwards.
- Tata Steel group is highly sensitive to steel prices as its PAT margins were wafer thin <4% last year and last four year average is just 3.22%.
- Newly expanded capacity at Jamshedpur and also coming up 3mt Orissa project would have lower margins due to lack of captive coking coal mines.
- Book value of Tata Steel is highly variable due to large swings in pension surplus and forex translations. While INR depreciation v/s US$ helps improve operating margins but there is adverse impact on the >$7.5bn forex loans.

Valuation – Initiate coverage with REDUCE on SOTP; TP of Rs.402

- **Methodology:** (i) We believe EV/EBITDA is an appropriate methodology to value steel companies, as this eliminates the biases of the funding structure. (ii) We prefer to use sum-of-the-parts valuation given (a) Dynamics of the three key regional geographies and divergent nature of individual steel assets (b) There is significant value in the mining asset investments. Riversdale stake sale gain highlighted immense value can be ascribed overtime once confidence builds up in mining projects (c) Non-core operations are likely to collectively lend support to valuation given that Tata Steel has been monetizing stakes in them quite frequently.

- **TS India:** We value the Indian operations at a multiple of 6x FY13e EV/EBITDA, in line with historical multiple for steel cycle when raw material prices are in sharp correction face like FY10. We believe this is justified given (i) Sustainable cost advantage - Indian operations have one of the lowest cost and highest EBITDA margins on account of the company's access to captive raw material (100% iron ore, c40% coking coal and 100% ferro-alloys) (ii) Strong growth market -Valuation multiples of Indian steel companies should be higher than global peers on account of a structural demand growth (sustainable @ >7% relative to < 3% sustainable demand growth in the developed world). (iii) Near term volume growth - Volume growth from 40% increase in Indian steel capacity would meaningfully kick in from Q4FY13e and full expansion benefit would flow in FY14e onwards. (iv)Medium term volume growth - Incremental 30% volume growth is lined up by CY15 as Orissa green field plant expansion gets commissioned.

- **TS Europe:** We have assigned a valuation of 5x FY13e EV/EBITDA to Tata Steel's European operations on FY13e volumes of 13mt and EBITDA of $19/t. European operations deserve to trade at discount to Indian operations given (i) TSE's track record of low and volatile profitability, (ii) complete lack of captive access to raw materials (iii) weak/uncertain European demand and (iv) we value international raw material assets separately as they are independent projects with JV partners and minority shareholders, which would be supplying to TS Europe at market prices.

- **TS Asia:** Asian operations like European operations are converters and do not have upstream steelmaking capacity. Hence, we believe they should be valued at discount to the Indian operations which are integrated. Also operating margins are low and earnings have been quite volatile similar to European operations. We value them in line with European operations at 5x FY13e EV/EBITDA.

- **Mining Assets:** We are valuing only those independent overseas mining investments which have recently commenced operations. (i) Benga investments – Mozambique coking coal project which commenced commercial operations in June 2012. Has immense potential but valuing it presently @ 1x capex incurred. (ii) NML investments – Canadian iron ore project commenced commercial operations in September 2012. Has immense potential but valuing it presently 30% discount to market value of its NML 26.9% stake + 1x capex invested in DSO project. Both these mining assets are likely to create significant shareholder value in next few years.

- **Non-core assets:** Tata Steel has substantial investments in various listed non-subsidiaries where it has taken strategic/investment stake. We have valued the significant ones by giving a 30% holding company discount on the present market values.

- **Financials:**

  (i) TS India - We expect Indian operations to deliver net sales of Rs.376bn in FY13e (up 11% Y/Y) and Rs.435bn in FY14e (up 16% Y/Y). It is expected to deliver EBITDA of Rs.126bn in FY13e (up9.3% Y/Y) and Rs.141bn in FY14e (up 12% Y/Y). We expect EPS of Rs.63.5 in FY13e (down 1.4% Y/Y) and Rs.70.5 in FY14e (up 11% Y/Y).

(ii) TS Europe - We expect European operations to deliver net sales of Rs.782.5bn in FY13e (down 4.75% Y/Y) and Rs.796.3bn in FY14e (up 1.77% Y/Y). It is expected to deliver EBITDA of Rs.13.4bn in FY13e (up 91.5% Y/Y) and Rs.17.4bn in FY14e (up 29% Y/Y).

(iii) TS Consolidated - We expect consolidated EBITDA of Rs.139.7bn in FY13e (up 12.5% Y/Y) and Rs.158.7bn in FY14e (up 13.6% Y/Y). We expect consolidated EPS of Rs.34.7 in FY13e (down 32.6% Y/Y) and Rs.45.7 in FY14e (up 31.6% Y/Y).

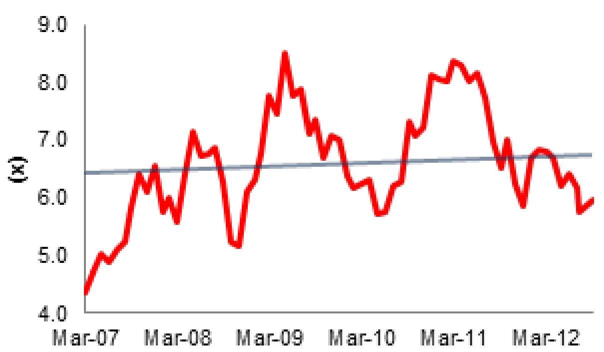
- **Target price:** Our SOTP methodology is based on FY13e earnings - leads to a target price of Rs.402/share, which translates into a blended implied FY13e EV/EBITDA multiple of 6.3x and FY13e PER(x) of 11.6x.

SOTP based Valuation on FY13e earnings

	FY13 EBITDA (Rs. mn)	Multiple (x)	Enterprise Value (Rs. mn)	EV/share (Rs./Share)
Tata Steel India	126,092	6	756,550	746
Tata Steel Europe	13,480	5	67,399	67
Tata Steel Thailand and Natsteel	1,987	5	9,934	10
Total Enterprise Value	**141,558**	**5.9**	**833,883**	**823**
Less: Consolidated Net Debt			472,520	466
Less: Minority Interest			10,912	11
Derived Equity Value			**350,451**	**346**
Add: Value of Investments in NML@ 1x capex + 30% discount to MV of NML stake			19,584	19
Add: Value of Investments in Benga @ 1x capex			10,049	10
Add: Incremental value of quoted investments @ 30% discount to CMP			27,563	27
Target Market Cap			**407,646**	**402**
No of equity shares (diluted)			1,013.5	
Target Price			**402**	

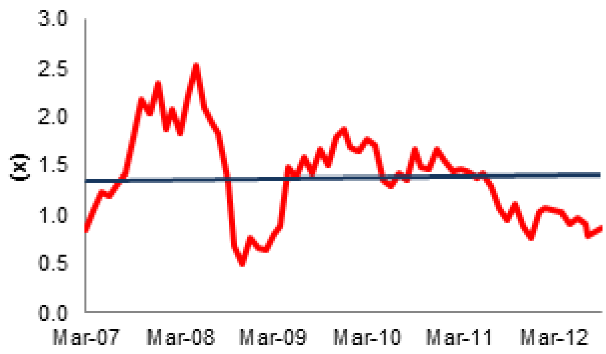
Source: Kotak Securities - Private Client Research

Tata Steel Consolidated - 1YR Forward Rolling EV/EBITDA



Source: Company, Kotak Securities - Private Client Research

Tata Steel Consolidated - 1YR Forward Rolling P/B



Source: Company, Kotak Securities - Private Client Research

Qouted Equity Investments (non-subsidiary)

	No. of shares held	Investment Cost (Rs mn)	Mkt Price as on 30 Sep 2012	Market Value (Rs mn)
Housing Development Finance Corporation Ltd.	7900	0.1	772.9	6
TRF Ltd.	3585428	43.8	264.35	948
Tata Power Company Ltd.	17318180	304.8	106.95	1852
Tata Motors Ltd.	147810695	2,614.30	267.45	39552
Total Value (Rs mn)		2963		42338
Incremental Value (Rs mn)		**39375**		

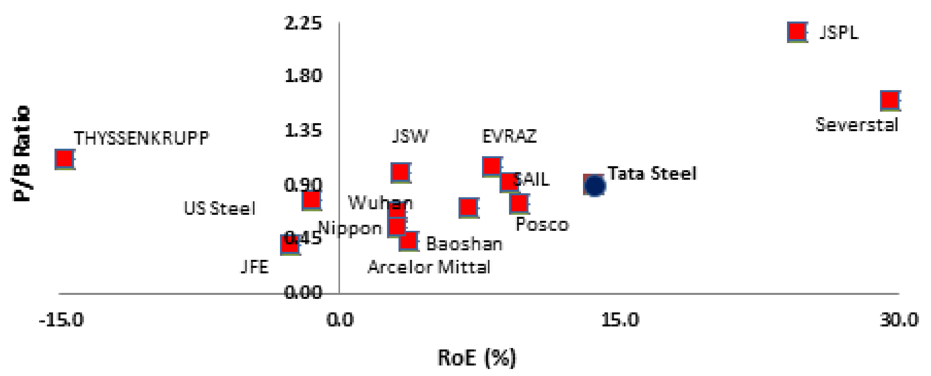
Source: ACE Equity, Company, Kotak Securities - Private Client Research

Global peer comparison

	Return (%) 1YR	EV (US$ mn)	Mkt Cap (US$ mn)	EV/EBITDA (x) FY12	EV/EBITDA (x) FY13E	EV/EBITDA (x) FY14E	P/E (x) FY12	P/E (x) FY13E	P/E (x) FY14E	P/B FY12	RoE (%) FY12
Average (enlisted Peers)	**-8.9**	**19808**	**9955**	**7.0**	**6.4**	**5.6**	**15.8**	**14.0**	**10.4**	**0.9**	**6.9**
TATA STEEL LTD	**-3.5**	**16742**	**7741**	**6.6**	**6.3**	**5.7**	**7.8**	**11.6**	**8.8**	**0.9**	**13.7**
ARCELOR MITTAL	-9.2	48360	22540	6.3	6.1	4.8	35.2	17.9	8.2	0.4	3.8
BAOSHAN IRON & STEEL CO-A	-10.2	21942	12760	8.2	5.5	5.8	6.7	7.0	10.1	0.7	7.0
EVRAZ PLC	N.A.	11592	5327	5.1	5.3	4.7	N.A.	24.0	13.0	1.0	8.2
JFE HOLDINGS INC	-36.5	27456	7893	N.A.	7.6	6.2	N.A.	9.3	6.0	0.4	-2.6
JINDAL STEEL & POWER LTD	-15.6	10932	7543	8.0	7.6	6.7	10.1	10.0	8.8	2.2	24.6
JSW STEEL LTD	27.9	6926	3190	5.9	5.4	4.8	31.4	10.2	8.2	1.0	3.3
NIPPON STEEL CORP	-29.5	36552	13856	9.3	7.3	6.1	17.0	N.A.	8.4	0.5	3.2
POSCO	-1.5	48880	28580	8.1	7.9	6.9	7.7	10.1	8.2	0.7	9.7
SEVERSTAL	15.5	14408	10557	5.2	5.2	4.9	11.1	11.2	9.4	1.6	29.7
STEEL AUTHORITY OF INDIA	-19.1	8800	6667	7.2	6.3	5.1	9.8	9.3	8.2	0.9	9.2
THYSSENKRUPP AG	-9.4	19397	10984	6.8	7.8	5.7	N.A.	N.A.	21.5	1.1	-14.7
UNITED STATES STEEL CORP	-13.4	6049	2751	5.8	5.3	4.3	22.4	13.1	9.0	0.8	-1.4
VOESTALPINE AG	6.1	8989	5045	N.A.	4.8	4.4	14.6	8.7	7.1	0.8	7.1
WUHAN IRON & STEEL CO LTD-A	-26.7	10099	3886	9.1	7.7	7.2	N.A.	40.3	20.9	0.7	3.1

Source: Bloomberg, Kotak Securities - Private Client Research

Tata Steel - Global peer comparison



Source: Bloomberg, Kotak Securities - Private Client Research

Risks

- New mining legislation in India which proposes doubling of royalty rate on iron ore and 26% sharing of mining profits from coal with local displaced people, remains to be an important risk. There is lot of ambiguity in proposal and approval/implementation timeline is quite unpredictable.
- Significant improvement in Eurozone macro environment which revives steel demand and prices much beyond present expectations.
- US Fed announcing quantum increase in monthly limit of QE or ECB leveraging its bailout fund ESM or China launching more significant stimulus and making planned spending more front-ended.
- Undergoing triennial valuation at TSE, if does not reports deficit but surplus at PF and no cash flow commitment required from Tata Steel India.

COMPANY UPDATE

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AXIS BANK

PRICE: RS.1136 **RECOMMENDATION: ACCUMULATE**
TARGET PRICE: RS.1230 **FY13E P/E: 9.5X; P/ABV: 1.8X**

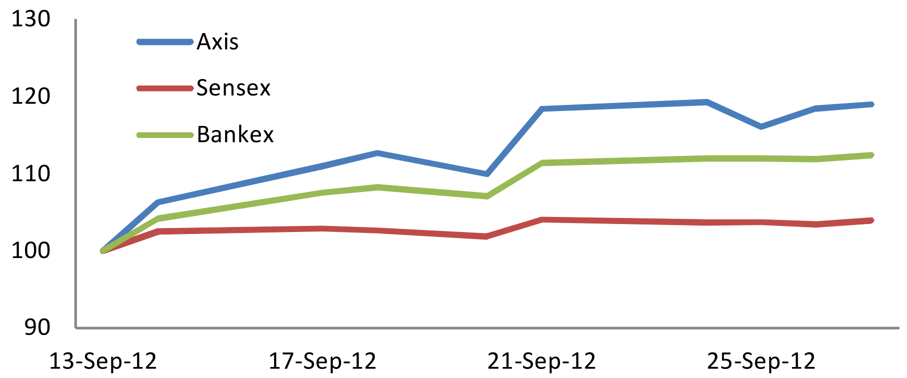
We see moderate upside from current levels; hence, we are downgrading the stock.

- **Axis bank has moved up sharply during last 15 days (19.6%), as against 4.1% rise in SENSEX and 12.3% rise in BANKEX, on the back of government's recent big-ticket announcements along with 25bps cut in CRR by RBI (although we see this as only a token gesture!!).**
- **As a part of conscious strategy, Axis bank is growing its retail book vis-à-vis other segments to realign the loan mix which has lower share of retail loans. This segment is also witnessing increased competition from other players in light of poor credit off-take in wholesale segment. Hence, we foresee some pressure on the asset yields due to change in the competitive landscape.**
- **Although in percentage terms, asset quality remained largely stable with gross and net NPAs at 1.06% and 0.31%, respectively, at the end of Q1FY13, this could surprise negatively in the future due to its high exposure to infrastructure and other stressed sectors.**
- **At the current market price of Rs.1136, the stock is trading at 9.5x its FY13E earnings and 1.8x its FY13E ABV. We are downgrading the stock to ACCUMULATE from BUY earlier on the back of moderate upside left from the current level. We maintain our TP at Rs.1230 based on P/ABV of 2.0x its FY13E adjusted book value and advise our clients to look for better entry opportunity in the stock.**

Stock has moved up sharply during last 15 days (19.6%); downgrade to ACCUMULATE.

Axis bank has moved up sharply during last 15 days (19.6%), as against 4.1% rise in SENSEX and 12.3% rise in BANKEX, on back of government's recent big-ticket announcements along with 25bps cut in CRR by RBI (although we see this as only a token gesture!!). The recent government's announcement on SEB loan restructuring bodes well for the stock as they have high exposure to power segments.

Axis performance vis-à-vis SENSEX/BANKEX



Source: BSE

We believe stock is trading near its fair value and hence we downgrade the stock to ACCUMULATE from BUY earlier, on back of limited upside left from the current level.

Conscious strategy to build retail book; decline in bulk deposit rate in recent months likely to cushion its healthy NIM.

As a part of conscious strategy, Axis bank is growing its retail book vis-à-vis other segments to realign the loan mix which has lower share of retail loans (currently 23.7% of loan book). This segment is also witnessing increased competition from other players in light of poor credit off-take in wholesale segment. Hence, we foresee some pressure on the asset yields due to change in the competitive landscape.

Break-up of advances

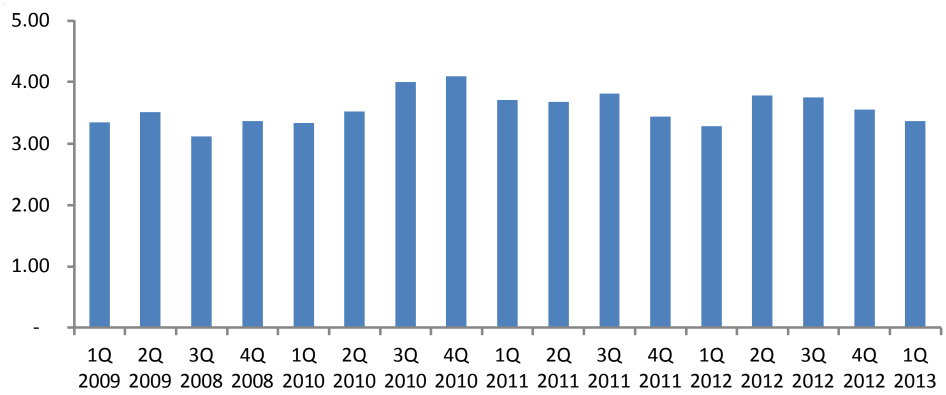
(%)	Q1FY13	FY12	FY11	FY10	FY09
Large & Mid Corporates	54.3	53.6	53.3	50.3	50.5
SME Advances	12.8	14.0	15.0	17.5	19.7
Agriculture	9.2	10.2	12.2	12.2	10.1
Retail	23.7	22.1	19.5	20.0	19.7

Source: Company

However, falling bulk rates - CD rate which had spiked to almost 12% at the end of FY12 which has come down to less than 8.5%, is likely to cushion its NIM. Apart from improvement in overall liquidity, PSU banks are likely to go slow on bulk deposit mobilization in the back-drop of recent directive from Finance Ministry. We believe, this could shift the pricing power from lenders to borrowers.

NIM was down 18bps QoQ to 3.37% during Q1FY13 on back of sharp rise in cost of funds (25bps QoQ; 6.7% in Q1FY13), while strong uptick in PSL portfolio (62.1% QoQ) during Q4FY12 did have impact on the blended yield on assets. We are modeling NIM to stay at 3.37% / 3.33% during FY13/14 as compared to 3.59% witnessed during FY12.

Trends in NIM (%)



Source: Company

Asset quality could surprise negatively due to its high exposure to infrastructure and other stressed sectors

In absolute terms, asset quality deteriorated QoQ - gross and net NPAs grew 15.8% and 28.0%, respectively in Q1FY13. Its gross slippage was marginally lower (Rs.4.56 bn, 1.07% on annualized basis) during Q1FY13 as compared to the run-rate of Rs.5.15 bn (1.45% on annualized basis) witnessed during previous three quarters.

Trends in asset quality

NPA (Rs. Bn)	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	Q2FY12	Q3FY12	Q4FY12	Q1FY13
Gross NPA	13.41	13.62	14.83	15.99	15.73	17.44	19.15	18.06	20.92
% of Gross Advances	1.13	1.12	1.09	1.01	1.06	1.08	1.10	0.94	1.06
Net NPA	4.13	4.09	3.86	4.10	4.62	5.49	6.83	4.73	6.05
% of Net Advances	0.35	0.34	0.29	0.26	0.31	0.34	0.39	0.25	0.31
Provision Coverage Ratio (%)	69.2%	70.0%	74.0%	80.9%	80.0%	77.7%	75.3%	80.9%	79.0%

Source: Company

Although in percentage terms, asset quality remained largely stable with gross and net NPAs at 1.06% and 0.31%, respectively, at the end of Q1FY13, this could surprise negatively in the future due to its high exposure to infrastructure and other stressed sectors. The bank's cumulative restructured book stands at Rs.38.3 bn (2.2% of net advances), lower than that of PSU banks.

Industry-wise Distribution (Q1FY13)

(%)	Total	Fund	Non-fund
Power Generation & Distribution	10.28	5.18	20.13
Infrastructure Construction	9.11	7.86	11.53
Financial Companies	7.41	7.02	8.14
Metals & Metal Products	6.54	5.57	8.41
Engineering & Electronics	6.12	3.59	10.99
Food Processing	4.05	5.12	1.99
Trade	3.28	2.95	3.93
Shipping, Transportation & Logistics	2.53	2.84	1.95
Chemicals & Chemical Products	2.32	1.86	3.22
Real Estate	2.12	2.99	0.45

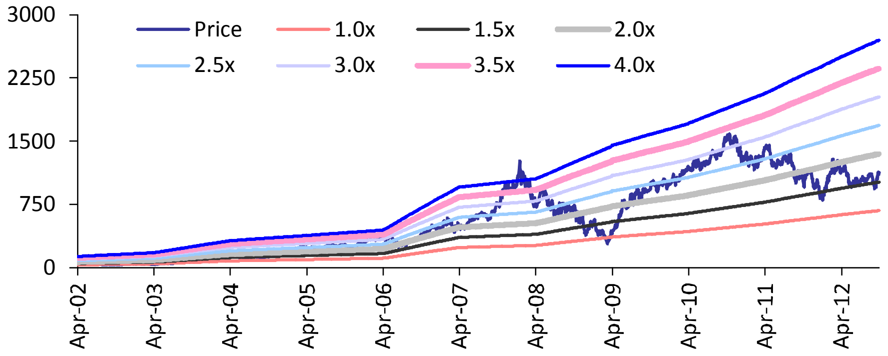
Source: Company

Coverage ratio of the bank remains at healthy level at 79.0% (including prudential write-offs it is 90%) at the end of Q1FY13. Up-gradation & recovery was lower at Rs.620 mn during Q1FY13 as compared to the run-rate of Rs.2.42 bn seen during previous 4 quarters. This could lead to higher credit costs impacting future earnings, a potential risk, in our view.

Valuations & recommendation

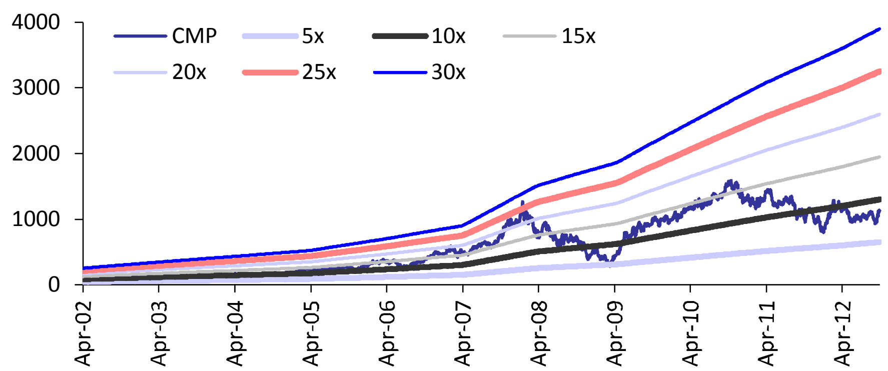
At the current market price of Rs.1136, the stock is trading at 9.5x its FY13E earnings and 1.8x its FY13E ABV. Stock has run up sharply during last 15 days (19.6%), as against 4.1% rise in SENSEX and 12.3% rise in BANKEX, on back of government's recent big-ticket announcements along with 25bps cut in CRR by RBI (although we see this as only a token gesture!!).

Rolling 1-year forward P/ABV band



Source: Company, Kotak Securities - Private Client Research

Rolling 1-year forward P/E band



Source: Company, Kotak Securities - Private Client Research

We recommend ACCUMULATE on Axis Bank with a price target of Rs.1230

We are downgrading the stock to **ACCUMULATE** from BUY earlier with on back of moderate upside left from the current level. We maintain our TP at Rs.1230 based on P/ABV of 2.0x its FY13E adjusted book value (10x FY13 earnings) and advise our clients to look for better entry opportunity in the stock.

Key data

Rs. bn	2011	2012	2013E	2014E
Interest income	151.55	219.95	269.66	319.75
Interest expense	85.92	139.77	173.44	206.62
Net interest income	**65.63**	**80.18**	**96.22**	**113.14**
Growth (%)	31.1%	22.2%	20.0%	17.6%
Other income	46.32	54.20	64.14	76.53
Gross profit	64.16	74.31	86.59	98.79
Net profit	**33.88**	**42.42**	**49.61**	**57.76**
Growth (%)	34.8%	25.2%	16.9%	16.4%
Gross NPA (%)	1.0	0.9	1.3	1.3
Net NPA (%)	0.3	0.3	0.5	0.5
Net interest margin (%)	3.7	3.6	3.4	3.3
CAR (%)	12.7	13.7	13.4	12.8
RoE (%)	20.4	21.3	20.5	20.1
RoA (%)	1.60	1.61	1.58	1.54
Dividend per share (Rs)	14.0	16.0	18.0	20.0
EPS (Rs)	**82.5**	**102.7**	**120.1**	**139.8**
Adjusted BVPS (Rs)	**428.4**	**516.4**	**621.8**	**717.2**
P/E (x)	**13.8**	**11.1**	**9.5**	**8.1**
P/ABV (x)	**2.7**	**2.2**	**1.8**	**1.6**

Source: Company, Kotak Securities - Private Client Research

Bulk deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. price (Rs)
28-Sep	Aarey Drugs	Ridhisidhi Financial Advisory Pvt Ltd	B	202,023	51.07
28-Sep	Aarey Drugs	Deepika Jasmin Shah	S	134,781	50.19
28-Sep	Ashutosh Paper	Panafic Industrials Ltd	S	49,000	49.10
28-Sep	Ashutosh Paper	Aglow Financial Services Pvt Ltd	S	45,698	49.10
28-Sep	Bafna Pharma	Mehul Madhusudan Shah	S	150,000	45.00
28-Sep	Bafna Pharma	Niraj Rajnikant Shah	B	214,622	44.56
28-Sep	Bhandari Hos	Kumar Raichand Madan	B	78,481	55.08
28-Sep	Bilpower	Dst Value Realty Pvt Ltd	S	100,000	44.49
28-Sep	Boston Bio	Svs Securities Pvt Ltd	S	54,602	3.82
28-Sep	Choice Intl	Kanodia Stock Broking Pvt Ltd	S	45,000	39.90
28-Sep	Cubical Fin	Ashwani Kumar Gupta	S	80,000	61.22
28-Sep	Divine Multimed	Dst Value Realty Pvt Ltd	B	350,000	32.25
28-Sep	East Coast Steel	Darshanaben Manubhai Shah	S	25,000	21.50
28-Sep	Farry Inds	Satyanarayan Ramchandra Agarwal	B	15,200	26.18
28-Sep	Glory Polyfilms	Dinesh Kumar R	S	375,000	2.94
28-Sep	Inventure Gth	Vaibhav Nagji Rita	B	621,000	14.20
28-Sep	Inventure Gth	Asha Manish Darji	B	450,000	14.18
28-Sep	Inventure Gth	Jayshree N Rita	B	663,760	14.00
28-Sep	Inventure Gth	Vinod Kanji Shah	S	720,000	14.20
28-Sep	Inventure Gth	Pravin Nanji Gala	S	1,120,000	14.00
28-Sep	Mafatlal Inds-$	Navlekh Investment Ltd	S	82,171	115.00
28-Sep	Marvel Capital	Lal Chand Sainath Jain	B	41,000	12.05
28-Sep	Marvel Capital	Nijarali Badrudin Vasaya	S	63,900	12.05
28-Sep	Pasupati Fin	Krishnakumar Ramchandra Modi	S	25,000	19.00
28-Sep	Pasupati Fin	Ficus Commodities Pvt Ltd	B	23,636	19.21
28-Sep	Pasupati Fin	Narayan Dass Rathi	B	25,000	19.00
28-Sep	Pm Telelinnks	Yadav Vishnu Chhattarsingh	S	65,363	35.23
28-Sep	Prabhav Inds	Kreative Finsol Pvt Ltd	S	242,683	1.92
28-Sep	Pradipovers	Park Habitats Pvt Ltd	B	232,730	82.03
28-Sep	RFL Intl	Santosh Kumar	B	55,000	8.39
28-Sep	RFL Intl	Paresh Popatlal Sanghvi	S	51,000	8.39
28-Sep	Shree Renuka	Morgan Stanley Asia (Singapore) Pte	S	3,860,990	36.25
28-Sep	Shree Renuka	Swiss Finance Corporation (M) Ltd	B	3,958,751	36.25
28-Sep	Softsol India	Softsol India Ltd	B	120,300	64.00
28-Sep	Suryavanshi Spin	Suryavanshi Industries Ltd	S	601,354	11.25
28-Sep	Suryavanshi Spin	Agarwal Rajendra Kumar	B	601,354	11.25
28-Sep	Tai Inds-$	Jai Pitreshwar Vyapaar Pvt Ltd	B	59,949	6.05
28-Sep	Tai Inds-$	Camberley Investments Ltd	S	63,191	5.98
28-Sep	Transgene Bio	Persistent Commodities Tradlink	B	521,800	10.50
28-Sep	Tulip Telecom	J P Morgan Sec Ltd			
		A/C Copthall Mauritius Invest Ltd	B	1,745,188	42.01

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	chg (%)	Index points	Volume (mn)
Gainers				
ITC	272	2.0	9.4	9.5
HDFC	774	1.7	6.4	2.9
Tata Motors	268	3.0	4.3	11.5
Losers				
Infosys Ltd	2,535	(0.6)	(2.2)	1.2
HDFC Bank	629	(0.3)	(0.9)	2.8
IDFC	154	(1.2)	(0.7)	6.3

Source: Bloomberg

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