

Tata Steel Limited and its Subsidiaries

Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF TATA STEEL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TATA STEEL LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As stated in the Other Matters paragraph below, our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, jointly controlled entities and associates not audited by us, is based solely on the reports of such other auditors.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the separate audit reports on the financial statements/financial information of the subsidiaries, jointly controlled entities and associates and the unaudited financial statements/financial information of the subsidiaries, jointly controlled entities and associates; referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 39(d)(1) to the financial statements regarding accounting policy for recognition of actuarial valuation change Rs. 317.26 crores (net of taxes) [Gross: Rs. 407.08 crores] in the pension and other post retirement benefit plans of Tata Steel Europe Limited, a subsidiary for the reasons specified therein. Had the Company recognised actuarial valuation changes in the Statement of Profit and Loss, the deferred tax expenses would have been lower by Rs. 89.82 crores and the loss after taxes, minority interest and shares of profits of associates would have been higher by Rs. 317.26 crores. Our opinion is not qualified in respect of this matter.

Other Matters

1. We did not audit the financial statements of eleven subsidiaries and two jointly controlled entities, whose financial statements reflect total assets (net) of Rs. 21,410.26 crores as at 31 March, 2013, total revenues of Rs. 94,509.63 crores and net cash outflows amounting to Rs.180.76 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 2.38 crores for the year ended 31 March, 2013, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by auditors in the respective countries whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on those reports.
2. The consolidated financial statements include the unaudited financial statements of three subsidiaries, whose financial statements reflect total liabilities (net) of Rs.1.73 crores as at 31 March, 2013, total revenue of Rs.1.06 crores and net cash out flows amounting to Rs. 2.43 crores for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such unaudited financial statements.
3. The consolidated financial statements also include the Group's share of net loss of Rs. 31.21 crores for the year ended 31 March, 2013, as considered in the consolidated financial statements, in respect of two associates, based on their unaudited financial statements as at and for the period ended 31 December, 2012. Our opinion, in so far as it relates to the amounts included in respect of these associates, is based solely on such unaudited financial statements.
4. In respect of investments in seven associates valued at Re. 1 each in the financial statements of the Company no adjustments have been made in the consolidated financial statements as at 31 March, 2013 as the financial statements of these associates were not available.

Our opinion is not qualified in respect of these matters.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

N. VENKATRAM
(Partner)
(Membership No. 71387)

Mumbai, 23 May, 2013