

**Tata Steel Limited and its Subsidiaries****Auditors' Report on Consolidated Financial Statements****TO THE BOARD OF DIRECTORS OF TATA STEEL LIMITED**

1. We have audited the attached Consolidated Balance Sheet of TATA STEEL LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31 March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) Attention is invited to the Note 40(1) to the financial statements regarding accounting policy for recognition of actuarial valuation change of Rs. 2,372.26 crores (net of taxes) [Gross: Rs. 2,292.72 crores] in the pension and other post retirement benefit plans of Tata Steel Europe Limited, a subsidiary, for reasons specified therein. Had the Company followed the practice of recognizing actuarial valuation changes in the Statement of Profit and Loss, the deferred tax expenses would have been higher by Rs. 79.54 crores and the profit after taxes, minority interest and share of profits of associates would have been lower by Rs. 2,372.26 crores.
- (b)
  - i) The financial statements of overseas subsidiaries and of a jointly controlled entity whose financial statements reflect total assets of Rs. 43,700.95 crores as at 31 March, 2012, total revenue of Rs. 97,197.14 crores and net cash outflows amounting to Rs. 1,093.78 crores for the year ended on that date have been audited by auditors in the respective countries.
  - ii) The financial statements of certain subsidiaries and of a jointly controlled entity in India, whose financial statements reflect total assets of Rs. 610.26 crores as at 31 March, 2012, total revenue of Rs. 386.97 crores and net cash out flows amounting to Rs. 3.78 crores for the year ended on that date and in case of an associate in India having a carrying value of Rs. 72.44 crores as at 31 March, 2012 after accounting for the Company's share of profit after tax of Rs. 1.37 crores for the year ended on that date, have been audited by other auditors.

The reports of those auditors have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of those auditors.

- (c) As stated in Note 1 to the financial statements, in the case of one associate having a carrying value of Rs. 3.19 crores as at 31 March, 2012 after accounting for the Company's share of loss after tax of Rs. 3.35 crores for the year ended on that date, the figures used for the consolidation are based on the management's estimates and are not audited by their auditors.
- (d) As stated in Note 1 to the financial statements, in the case of one foreign associate, having a carrying value of Rs. 353.03 crores after accounting for the Company's share of profit after tax of Rs. 15.19 crores, the financial statements as on 31 March, 2012 are not available and the figures used for consolidation are based on the financial statements up to 31 December, 2011 audited by their auditors. Further, in respect of investments in certain associates valued at Re. 1 each in the Financial Statements of the Company no adjustment have been made in the Consolidated Financial Statements as at 31 March, 2012 as the financial statements from these associates were not available.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and the aforesaid subsidiaries, joint ventures and associates and to the best of our information and according to the explanations given to us and read with our comments in paragraph 3(a) to 3(d), in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

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

MUMBAI, 18 May, 2012