INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TATA STEEL LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of Tata Steel Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities (refer Note 1 to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2019, its consolidated total comprehensive income (comprising of profit and other comprehensive income), its consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 20 of the Other Matters paragraph below, other than the unaudited financial statements/financial information as certified by the management and referred to in sub-paragraph 21 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to the following paragraph included in the audit report on the consolidated special purpose financial information of Tata Steel BSL Limited (formerly Bhushan Steel Limited), a subsidiary of the Holding Company, issued by an independent firm of chartered accountants vide its report dated April 18, 2019:

   "We draw attention to Note 3 to the Consolidated Special Purpose Financial Information which describes the implementation of Resolution Plan pursuant to its approval by National Company Law Tribunal and the resultant impact of the same, as recorded in the Consolidated Special Purpose Financial Information as at 17 May 2018. Our opinion is not modified in respect of this matter."

   Note 3 as described above corresponds to Note 41(A) to the Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of Holding Company's litigations and related disclosure of contingent liabilities [Refer to Note 2 (c) to the Consolidated Financial Statements – "Use of estimates and critical accounting judgements – Provisions and contingent liabilities", Note 39 (A) to the Consolidated Financial Statements – "Contingencies" and Note 40 to the Consolidated Financial Statements – "Other significant litigations"] As at March 31, 2019, the Holding Company has exposures towards litigations relating to various matters as included in the aforesaid Notes. Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate. As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.	Our procedures included the following: • We understood, assessed and tested the design and operating effectiveness of the Holding Company's key controls surrounding assessment of litigations relating to the relevant laws and regulations; • We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the Holding Company's audit committee; • We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations made in relation to the Holding Company's Standalone Financial Statements; • We used auditor's experts to gain an understanding and to evaluate the disputed tax matters; • We considered external legal opinions, where relevant, obtained by management; • We met with the Holding Company's external legal counsel to understand the interpretation of laws/regulations considered by the management in their assessment relating to a material litigation; • We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements; • We evaluated management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and • We assessed the adequacy of the disclosures. Based on the above work performed, management's assessment in respect of Holding Company's litigations and related disclosures relating to contingent liabilities/other significant litigations in the Consolidated Financial Statements are considered to be reasonable.

Key Audit Matter	How our audit addressed the Key Audit Matter
Business combination- Purchase Price Allocation for acquisition of Tata Steel BSL Limited (formerly Bhushan Steel Limited) [Refer to Note 2(e) to the Consolidated Financial Statements – "Business Combinations" and Note 41(A) to the Consolidated Financial Statements] On May 18, 2018, the Group completed the acquisition of business of Tata Steel BSL Limited (formerly Bhushan Steel Limited) ("TSBSL"), pursuant to the approved resolution plan under the Insolvency and Bankruptcy Code, 2016. The Group determined the acquisition to be business combination in accordance with Ind AS 103. Ind AS 103 requires the identified assets and liabilities be recognised at fair value at the date of acquisition with the excess of identified fair value of recognised assets and liabilities over the acquisition cost as capital reserve. The Group engaged with the auditors of TSBSL ("other auditor") to perform an audit of the financial information of TSBSL as at the acquisition date who have provided an unmodified opinion vide their audit report dated April 18, 2019. The Management determined that the fair values of the net identifiable assets acquired was ₹1,918.88 crore. The valuation was performed as part of the Purchase Price Allocation (PPA). The Group appointed independent professional valuers to perform valuation of certain assets for the purpose of PPA. The purchase price allocation exercise was completed resulting in the Group recognising capital reserve of ₹1,236.34 crore directly in "Other Equity". Significant assumptions and estimates were used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transaction and thus we consider this area to be a Key Audit Matter.	Our procedures included the following: • We assessed and tested the design and operating effectiveness of the Holding Company's key controls over the accounting of business combination. • We have evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work as audit evidence. • We have traced the value of the consideration transferred with reference to the resolution plan. • We have obtained the audited financial information of TSBSL as at the acquisition date as audited by the other auditor. We engaged with the other auditor to ensure completeness, accuracy and valuation of the PPA adjustments including engagement of an independent valuation expert by the other auditor and to agree the accounting done as per the resolution plan. • We have further involved our valuation expert ("auditor's expert") to review the PPA reports including the work done by management experts and by the other auditor to assess reasonableness of the underlying key assumptions used in determining the fair value of assets and liabilities as at the acquisition date. • We have evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the auditor's expert. • We have also assessed the Group's determination of the fair value of the remaining assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations. • We have also verified the management's computation of capital reserve. Based on the above work performed, we noted that the PPA adjustments have been performed in accordance with Ind AS 103. We have also assessed and corroborated the adequacy and appropriateness of the disclosures made in the Consolidated Financial Statements and found it reasonable.

6. The following Key Audit Matter was included in the audit report dated April 18, 2019, containing an unmodified audit opinion on the consolidated special purpose financial information of Tata Steel BSL Limited (formerly Bhushan Steel Limited), a subsidiary of the Holding Company issued by an independent firm of chartered accountants reproduced by us as under:

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting treatment for the effects of the Resolution Plan Refer Note 4 to the Consolidated Special Purpose Financial Information. Prior to the approval of the Resolution Plan on 15 May 2018, the Holding Company was a party to certain litigations. Pursuant to the approval of the Resolution Plan, it was determined that no amounts are payable in respect of those litigations as they stand extinguished. The Holding Company had also made certain payments to the relevant authorities in respect of those litigations which are presented as recoverable under "Other non-financial assets-non-current" in the Consolidated Special Purpose Financial Information. The estimates related to expected outcome of litigations and recoverability of payments made in respect thereof have high degree of inherent uncertainty due to insufficient judicial precedents in India in respect of disposal of litigations involving companies admitted to Corporate Insolvency Resolution Process. The application of significant judgement in the aforementioned matter required substantial involvement of senior personnel on the audit engagement including individuals with expertise in accounting of financial instruments.	We have performed the following procedures to test the recoverability of payments made by the Holding Company in relation to litigations instituted against it prior to the approval of the Resolution Plan: • Verified the underlying documents related to litigations and other correspondences with the statutory authorities. • Involved direct and indirect tax specialists to review the process used by the management to determine estimates and to test the judgements applied by management in developing the accounting estimates. • Assessed management's estimate of recoverability, supported by an opinion obtained by the management from a legal expert, by determining whether: - The method of measurement used is appropriate in the circumstances; and - The assumptions used by management are reasonable in light of the measurement principles of Ind AS. • Determined whether the methods for making estimates have been applied consistently. • Evaluated whether the accounting principles applied by the management fairly present the amounts recoverable from relevant authorities in Consolidated Special Purpose Financial Information in accordance with the principles of Ind AS."

7. The following key audit matters and related audit procedures (as reproduced) were communicated to us by the auditors of Tata Steel Europe Limited, a subsidiary of the Holding Company:

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for Tata Steel Europe's Pension Plan Tata Steel UK Ltd ('TSUK') sponsors a defined benefit pension plan with net post-retirement assets as at March 31, 2019 of £10.6bn (Equivalent ₹96,807.02 crore) and net post-retirement liabilities as at March 31, 2019 of £8.4bn (Equivalent ₹77,973.85 crore), which are significant in the context of the overall consolidated balance sheet of the Tata Steel UK Limited and Tata Steel Limited. The scheme is now closed to all participants and there is no future accrual. The valuation of the pension liabilities requires some judgement and technical expertise in choosing appropriate assumptions. A number of the key assumptions (including inflation, discount rates and mortality) have a material impact on the calculation of the liability. The pension assets include significant investments and the fair value measurement of which includes judgement. The recognition of post-retirement plan net assets for accounting purposes is dependent on the rights of the employers to recover the surplus at the end of the life of the scheme.	Our procedures included the following: • Evaluating the Directors' assessment of the assumptions made in relation to the valuations of the liabilities and assets in the pension plans by comparing them to national and industry averages. • Focussing on the valuation of pension plan liabilities and the pension assets by considering the experience and qualifications of management's actuaries in applying their methodology to the pension liability and asset valuation. • Agreeing the discount, inflation rates and mortality assumptions used in the valuation of the pension liability to our internally developed benchmarks. • Obtaining independent third party confirmations on ownership and valuation of pension assets. • Testing a sample of pension assets to independent market data where the asset was readily tradeable and engaging our specialist valuations team to audit those assets that were not freely transferrable on the open market, such as property assets. • Validating a sample of the census data held by the Trustee with that used by the actuary for the purpose of the pension liability valuation. • Testing the basis of recognition of the UK pension surplus through the reading of scheme rules. We did not identify any material exceptions from our audit work.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for proposed JV with Thyssenkrupp On June 30, 2018, Tata Steel Limited (TSL) signed a deed of undertaking and contribution agreement with Thyssenkrupp AG (tk) to form a joint venture between the European steel operations of both companies called thyssenkrupp Tata Steel BV (tkTS). TSL have agreed to contribute the entire issued share capital of Tata Steel Netherlands Holdings BV (TSNH) for a 50% share in the enlarged tkTS. The joint venture remains subject to review and approval by the European Commission. Their findings and the announcement of any potential remedial actions are expected in June 2019. TSL's shareholders will also be required to provide their consent via a shareholder vote prior to the contribution by TSL of share capital of TSNH. The directors are not presenting the TSNH group as an asset held for sale on the basis that the proposed transaction as at March 31, 2019 was not highly probable in its current form, primarily because it still required the consent of TSL shareholders, approval of European Commission and the structure of the disposal group has not been clarified. In our view, this matter was of particular importance for our audit due to the significant judgement involved in assessing the criteria for held for sale and the potential material effects on the Group's assets, liabilities, financial position and financial performance.	Our procedures included the following: • Reviewing the Deed of Undertaking, Contribution Agreement and Shareholders Agreement regarding the proposed joint venture. • Reviewing the board minutes and other documents of relevance prepared by Tata Steel Europe and its subsidiaries in relation to the proposed joint venture. • Reviewing communications made by key stakeholders in relation to the joint venture, including statements from the European Commission. • Considering the proposed accounting by the directors by assessing the requirements of 'Non-current Assets Held for Sale and Discontinued Operations'. We did not identify any material exceptions from our audit work.

8. The following key audit matter and related audit procedures (as reproduced) were communicated to us by the auditors of Tata Steel Minerals Canada Limited, a subsidiary of the Holding Company:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Long lived assets Property plant and equipment (PP&E) in annexure 100 the financial information as of March 31, 2019 amount to \$979 million (Equivalent ₹6,577.49 crore). The Company continues to wrap-up the processing plant and expects to enter commercial production in the coming months. In accordance with IAS 36, Management has performed an impairment indicator assessment and concluded that there was an impairment indicator due to the change of the production plan. Where an indication of impairment exists, the carrying amount of the project is assessed and an impairment provision is recognised, if required, immediately to its recoverable amount. Management prepared a discounted cash flow using the value in use (VIU) model to estimate the recoverable amount as at March 31, 2019. The accounting for mining project in development phase is a key audit matter as the determination of VIU for impairment assessment involves significant management judgement. The impairment assessment has been done by the management in accordance with IAS 36. The key inputs and judgements involved in the impairment/fair valuation assessment include: • Forecasted cash flows including assumptions on growth rates and production cost • Timing and ramp-up – The model was adjusted for the completion of the Wet plant (in FY20) and extension of the life of mine as a result of reduction of the quantity, which will be processed by the plant. • CFR China Fe 65% Sinter –the premium for 65% Fe over the 62% Fe • Total ore reserve • Discount rates • Exchange rate between US and Canadian dollar Economic and entity specific factors are incorporated in the valuation used in the impairment assessment.	Our audit procedures included the following: • We updated our understanding and evaluating the controls around this risk. • We tested the status of ownership of mineral titles. • We evaluated the Company's assessment whether objective evidence of impairment exists for the project. • We evaluated the Company's process regarding impairment assessment using value in use calculations by involving our valuation experts to assist in assessing the appropriateness of the impairment model including key inputs into the model. • We assessed the VIU calculations performed by the Company were within a predefined tolerable differences range. • We assessed the historical accuracy of the Company's forecasts by comparing the forecasts used in the prior year model with the actual performance in the current year. • We checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest actual past results and other supporting documents. • We performed sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to impairment or material change in the VIU. The impairment assessment remains sensitive to a range of assumptions, in particular to changes in the pre-tax discount rate and the achievement of the forecasted growth rates. Based on the above procedures performed, we noted the results of management's impairment assessment to be reasonable and consistent with the outcome of our procedures."

Other Information

9. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information in the Integrated Report, Board's Report alongwith its Annexures and Financial Highlights included in the Holding Company's Annual Report (titled as 'Tata Steel Integrated Report & Annual Accounts 2018-19'), but does not include the financial statements and our auditor's report thereon.

10. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

11. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 20 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

12. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and jointly controlled entities respectively and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

13. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

14. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

15. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

16. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

17. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

20. We did not audit the financial statements/financial information of seventeen subsidiaries whose financial statements/financial information reflect total assets of ₹132,537.70 crore and net assets of ₹1,058.37 crore as at March 31, 2019, total revenue of ₹88,748.77 crore, total comprehensive income [comprising of profit/(loss) and other comprehensive income] of ₹(2,690.43) crore and net cash flows amounting to ₹38.83 crore for the year ended on that date, as considered in the Consolidated Financial Statements, which also include their step down jointly controlled entities and associates constituting ₹37.18 crore of the Group's share of total comprehensive income for the year ended on that date. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the other auditors/Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, their step down jointly controlled entities and associates and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and their step down jointly controlled entities and associates, is based solely on the reports of the other auditors.

21. We did not audit the financial statements/financial information of twelve subsidiaries whose financial statements/financial information reflect total assets of ₹8,280.96 crore and net assets of ₹3,692.07 crore as at March 31, 2019, total revenue of ₹881.94 crore, total comprehensive income [comprising of profit/(loss) and other comprehensive income] of ₹391.33 crore and net cash

flows amounting to ₹(64.54) crore 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 total comprehensive income [comprising of profit/(loss) and other comprehensive income] of ₹15.83 crore and ₹37.30 crore for the year ended March 31, 2019 as considered in the Consolidated Financial Statements, in respect of four associates and six jointly controlled entities respectively, whose financial statements/financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associate companies, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

22. In the case of one subsidiary, one jointly controlled entity and two associates, the financial information for the year ended March 31, 2019 is not available. The investments in these companies are carried at Re. 1 as at March 31, 2019. In absence of the aforementioned financial information, the financial information in respect of the aforesaid subsidiary and the Group's share of total comprehensive income of these jointly controlled entities and associate companies for the year ended March 31, 2019 have not been included in the Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

23. We draw attention to the following paragraph included in the audit report on the consolidated special purpose financial information of Tata Steel BSL Limited (formerly Bhushan Steel Limited), a subsidiary of the Holding Company, issued by an independent firm of chartered accountants vide its report dated April 18, 2019 reproduced by us as under:

"As required by section 197(16) of the Act, based on our audit, we report that the Holding Company paid remuneration to its directors during the period 18 May 2018 to 31 March 2019 in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. On the consideration of the reports of the other auditors, referred to in paragraph 12, on separate financial statements of certain subsidiaries, we report that three subsidiary companies covered under the Act have not paid or provided for any managerial remuneration during the period 18 May 2018 to 31 March 2019. Further, as stated in paragraph 13, financial statements of two associate companies covered under the Act are unaudited and have been furnished to us by the management, and as certified by the management, such companies have not paid or provided for any managerial remuneration during the period 18 May 2018 to 31 March 2019."

24. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations as on March 31, 2019 on the consolidated financial position of the Group, its associates and jointly controlled entities– Refer Notes 39 (A) and 40 to the Consolidated Financial Statements.

ii. The Group, its associates and jointly controlled entities had long-term contracts including derivative contracts as on March 31, 2019 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India during the year ended March 31, 2019 except for amounts aggregating to ₹5.25 crore, which according to the information and explanations provided by the management is held in abeyance due to dispute/pending legal cases.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Russell I Parera
Partner
Membership Number 042190

Place: Mumbai
Date: April 25, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 24(f) of the Independent Auditor's Report of even date to the members of Tata Steel Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the Consolidated Financial Statements of the Tata Steel Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to two jointly controlled companies incorporated in India namely S & T Mining Company Private Limited and Tata NYK Shipping (India) Private Limited, pursuant to MCA notification GSR 583(E) dated June 13, 2017.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, to whom reporting under clause (i) of sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to ten subsidiary companies, which are companies incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Russell I Parera
Partner
Membership Number 042190

Place: Mumbai
Date: April 25, 2019