

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TATA STEEL LIMITED

1. We have audited the Standalone Financial Results of **TATA STEEL LIMITED** ("the Company") and reviewed the Unaudited Consolidated Financial Results of the Company, its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") and its share of the profit of the associate companies for the quarter ended June 30, 2012 presented in the accompanying Statement of Financial Results ("the Statement") being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement has been prepared on the basis of the related interim financial statements, which are the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our audit/review of the related interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. (i) We conducted our audit of the Standalone Financial Results presented in the Statement 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 Standalone Financial Results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Standalone Financial Results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Standalone Financial Results presentation. We believe that our audit provides a reasonable basis for our opinion.
- (ii) We conducted our review of the Consolidated Financial Results presented in the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Consolidated Financial Results are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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3.(a) Attention is invited to the Note 3 to the statement regarding the accounting policy for recognition of actuarial valuation change of Rs. 1,439.69 crores (net of tax)[Gross: Rs.1,664.55 crores] in the pension funds of Tata Steel Europe Ltd, a subsidiary, for reasons specified therein. Had the Company recognised actuarial valuation changes in the Statement of Profit and Loss, the consolidated profit before tax for the quarter ended June 30, 2012 would have resulted in a loss of Rs.248.88 crores, the consolidated tax expense would have been Rs. 673.77 crores and the consolidated profit after taxes, minority interest and share of associates would have resulted in a loss of Rs. 841.91 crores.

(b) (i) The Consolidated Financial Results reflect the Group's share of Revenues of Rs. 23,929.88 crores and Loss after Taxes, Minority Interest and Share of Profits of Associates of Rs. 967.85 crores for the quarter ended June 30, 2012, relating to five overseas subsidiaries whose financial results and other financial information have been reviewed by the auditors in the respective countries.

(ii) The Consolidated Financial Results reflect the Group's share of Revenue of Rs.60.34 crores and Profit after Taxes, Minority Interest and Share of Profits of Associates of Rs. 0.87 crore for the quarter ended June 30, 2012, relating to two subsidiaries in India whose financial results and other financial information have been reviewed by other auditors.

(iii) The Consolidated Financial Results reflect the Group's share of Profit after Taxes, Minority Interest and Share of profits of Associates of Rs. 1.16 crores for the quarter ended June 30, 2012, relating to an associate whose financial results and other financial information have been audited by another auditor.

Accordingly, our assurance on the Consolidated Financial Results in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the reports of such other auditors which have been furnished to us.

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- (c) (i) The Consolidated Financial Results reflect the Group's share of Revenue of Rs.723.20 crores and profit after Taxes, Minority Interest and Share of Profits of Associates of Rs. 44.97 crores for the quarter ended June 30, 2012, relating to fourteen subsidiaries and four joint ventures whose financial results and other financial information have not been reviewed by their auditors.
 - (ii) The Consolidated Financial Results reflect the Group's share of Loss after Taxes, Minority Interest and Share of Profits of Associates of Rs. 1.31 crores for the quarter ended June 30, 2012, relating to two associates whose financial results and other financial information have not been reviewed by their auditors.
 - (d) The Consolidated Financial Results reflect the Group's share of Loss after Taxes, Minority Interest and Share of Profits of Associates of Rs. 3.67 crores for the quarter ended June 30, 2012, relating to a foreign associate whose financial statements as at June 30, 2012 are not available and the figures used for consolidation are based on the unaudited financial statements upto March 31, 2012. Further in case of seven associates which are carried at Re. 1 each in the financial statements of the Company, the financial statements as at June 30, 2012 are not available. In the absence of their financial statements as at June 30, 2012 the net share of profit/loss of these associates have not been included in the Consolidated Financial Results.
4. (i) In our opinion and to the best of our information and according to the explanations given to us, the Statement in so far as it relates to the Standalone Financial Results:
- (a) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
 - (b) gives a true and fair view of the net profit and other financial information of the Company for the quarter ended June 30, 2012.
- (ii) Based on our review and read with our comments in paragraph 3(a) and 3(b) above and subject to our comments in paragraph 3(c) and 3(d) above, nothing has come to our attention that causes us to believe that the accompanying Statement in so far as it relates to the Consolidated Financial Results, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies for the quarter ended June 30, 2012, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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5. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoter and promoter group in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars.

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



N. Venkatram
Partner
(Membership No. 71387)

Mumbai, August 13, 2012