Annexure 3

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Chartered Accountants
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HARIBHAKTI & CO.
Chartered Accountants
42, Free Press House,
215 Nariman Point,
Mumbai – 400 021.

Dated: 10 April 2013

The Board of Directors
Tata Steel Limited
Bombay House,
24 Homi Mody Street,
Fort, Mumbai - 400 001

The Board of Directors
Tata Metaliks Limited
Tata Centre, 10th Floor,
43 Jawaharlal Nehru Road,
Kolkata 700 071

Sub: Recommendation of fair exchange ratio for the proposed merger of Tata Metaliks Limited into Tata Steel Limited (the "Transaction").

Dear Sirs,

We refer to

(a) the engagement letter dated 14 March 2013 with S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC") wherein Tata Steel Limited ("TSL") , has requested SRBC to recommend an exchange ratio for the proposed merger of TML into TSL and;

(b) the engagement letter dated 26th February 2013 with Haribhakti & Co (hereinafter referred to as "Haribhakti") wherein Tata Metaliks Limited ("TML") , has requested Haribhakti to recommend an exchange ratio for the proposed merger of TML into TSL.

SRBC and Haribhakti are collectively referred to as the "Valuers" or "we" or "us" in this report. TML and TSL are collectively referred to as the "Companies" in this report.

SCOPE AND PURPOSE OF THIS REPORT

TSL is the largest private-sector steel company in India and has a steel capacity of 26.5 million tonnes. The equity shares of TSL are listed on Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

Tata Metaliks Limited is engaged in the manufacture and sale of foundry grade pig iron. It has a fully owned subsidiary, Tata Metaliks Kubota Pipes Limited (TMKPL), to manufacture Ductile Iron Pipes, which has an annual production capacity of 110,000 tonnes. The equity shares of TML are listed on BSE and NSE.

We understand that the Managements of TSL and TML are proposing to merge TML and TMKPL into TSL, with effect from the Appointed Date of 1 April 2013. This is proposed to be achieved by a separate Scheme of Amalgamation under the provisions of Sections 391-394 of the

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For TATA METALIKS LIMITED
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Chief of Corporate Governance
& Company Secretary

Companies Act, 1956 (hereinafter referred to as the "Scheme of Amalgamation"). As part of the proposed merger, TML and TMKPL would be merged with TSL and cease to exist. We understand from the management that the shareholders of TML will be issued shares of TSL as consideration for the proposed merger of TML in TSL. As TMKPL is a 100% subsidiary of TML, upon its amalgamation with TSL, its shares will be cancelled and no shares will be issued to TML.

For the aforesaid purpose, the Management of TSL and TML have appointed SRBC and Haribhakti respectively to prepare a joint valuation report on the fair exchange ratio for distribution of TSL shares to the shareholders of TML, to be placed before the audit committees of the Companies, as per the requirement of SEBI Circular CIR/CFD/DIL/5/2013 dated February 5, 2013.

This report is our joint deliverable for the above engagement.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the Managements of TSL and TML:

- Annual Reports of TML and TSL for years ended March 31, 2008 to March 31, 2012.
- Unaudited consolidated as well as standalone financial statements of TML and TSL for the nine months ended December 31, 2012.
- Select financial performance (estimated) for the period January 1, 2013 to March 31, 2013 for TML (standalone) and financial projections of TML (Standalone) from 01 April 2013 to March 31, 2016.
- Discussions with the Managements of the Companies in connection with the operations of the Companies, future plans and prospects, including capital expenditure, taxation related and litigation matters; and
- Information and documents as provided by the Companies for the purposes of this engagement.

We have also obtained explanations and information considered reasonably necessary for our exercise, from the executives and representatives of the Companies. The Companies have been provided with the opportunity to review the draft report (excluding the recommended exchange ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

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Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagements; (ii) the date of this report and (iii) are based on the balance sheets as at December 31, 2012 , of the Companies. A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information as at April 09, 2013, furnished by the Companies and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose

The Report assumes that the Companies complies fully with relevant laws and regulations applicable in all its areas of operations unless other wise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the

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contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies.

This report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Companies' claim to title of assets has been made for the purpose of this report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The book values of the assets and liabilities of the Companies have been considered as representative of their intrinsic value in the absence of any report of external valuers.

We must emphasize that realisations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility to only the Board of Directors of TSL and TML respectively, under the terms of our engagement letters, and nobody else. Each of us has been engaged severally and not jointly and each of us will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to TSL and TML respectively.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Amalgamation, without our prior written consent. In addition, this report does not in any manner address the prices at which TSL's equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

S.R. Batliboi & Co. LLP Mumbai Chartered Accountants

Haribhakti & Co. Mumbai Chartered Accountants

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Joint recommendation of fair exchange ratio for the proposed merger of TML into TSL

BACKGROUND OF TSL and TML

Tata Steel Limited (TSL)

TSL is the largest private-sector steel company in India and has a steel capacity of 26.5 million tonnes. It has over 81,000 employees across five continents and is a Fortune 500 company. The equity shares of TSL are listed on Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

TSL has its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai - 400 001, India. As per the audited consolidated financials for the year ended March 31, 2012, TSL's consolidated total revenue was ₹ 1,350.5 billion and profit after tax was ₹ 75.5 billion.

The issued and subscribed equity share capital of TSL as at December 31, 2012 is ₹ 9,714.1 million consisting of 971,214,545 equity shares of face value of ₹ 10 each, held as follows:

Shareholders	Shareholding (%)
Indian (Promoter & Group)	31.35%
Total Promoter	***31.35%***
Custodians	2.07%
Non Promoter (Institution)	42.74%
Non Promoter (Non-Institution)	23.84%
Total Non Promoter	***68.65%***
Total Promoter, Non Promoter & Custodians	**100.00%**

Source: BSE Website (As at December 31, 2012)

Tata Metaliks Limited (TML)

Tata Metaliks Limited is engaged in the manufacture and sale of foundry grade pig iron with an annual production capacity of 650,000 tonnes. Its plants are located at Kharagpur in West Bengal and Redi in Maharashtra. It also had a joint venture with Japan-based companies Kubota Corporation and Metal One Corporation – Tata Metaliks Kubota Pipes Limited (TMKPL) to manufacture Ductile Iron Pipes. Consequent to TML's acquisition of Kubota Corporation's stake and Metal One Corporation's stake in the joint venture, it, which is now a fully owned subsidiary. TMKPL has an annual production capacity of 110,000 tonnes. The equity shares of TML are listed on BSE and NSE.

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TML has its registered office at Tata Centre, 10th Floor, 43 Jawaharlal Nehru Road, Kolkata 700 071, India. As per the audited consolidated financials for year ended March 31, 2012, TML's consolidated total revenue is ₹ 12.3 billion and loss after tax is ₹ 1.1 billion. As per the audited financials for year ended March 31, 2012, TMKPL's total revenue is ₹ 2.3 billion and loss after tax is ₹ 0.44 billion.

The issued and subscribed equity share capital of TML as at December 31, 2012 is ₹ 252.9 million consisting of 25,288,000 equity shares of face value of ₹ 1 each, held as follows:

Shareholders	Shareholding (%)
Indian (Promoter & Group)	50.10%
Foreign (Promoter & Group)	NIL
Total Promoter	***50.10%***
Non Promoter (Institution)	3.41%
Non Promoter (Non-Institution)	46.49%
Total Non Promoter	***49.90%***
Total Promoter, Non Promoter & Custodians	**100.00%**

Source: BSE Website (As at December 31, 2012)

APPROACH - BASIS OF AMALGAMATION

The proposed merger scheme contemplates the merger of TML with TSL pursuant to the Scheme of Amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme of Amalgamation"). Arriving at the fair exchange ratio for the proposed merger of TML into TSL would require determining the fair value of the equity shares of TML in terms of the fair value of the equity shares of TSL.These values are to be determined independently but on a relative basis, and without considering the current transaction.

There are several commonly used and accepted methods for determining the fair exchange ratio for the proposed merger of TML into TSL, which have been considered in the present case, to the extent relevant and applicable, including:

1. Comparable Companies' Multiples method / Guideline Company method
2. Market Price method
3. Discounted Cash Flows method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to

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industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Comparable Companies' Multiple (CCM) / Guideline Company method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifest through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have used the Profitability/Income based valuation multiple of comparable listed companies for the purpose of our valuation analysis.

To arrive at the total value available to the equity shareholders of each of the Companies, value arrived above under CCM method for the Companies is adjusted for the value of loans, cash, non-operating assets/liabilities (e.g fair value of investments in subsidiaries/associates/mutual funds, value of surplus assets, any contingent liability, etc.) and preference shareholders liability and expected future cash outflows arising out of pension liabilities. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the Companies.

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Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the shares of the Companies are listed on BSE and NSE and there are regular transactions in their equity shares with reasonable volumes. In these circumstances, the volume weighted share price of the Companies over appropriate period ended 09 April 2013 has been considered for determining the value of the Companies.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital.

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of each of the Companies, value arrived above under DCF method for the Companies is adjusted for the value of loans, cash, non-operating assets/liabilities (e.g fair value of investments in subsidiaries/ associates/mutual funds, value of surplus assets, any contingent liability, etc.), preference shareholders liability and expected future cash outflows arising out of pension liabilities. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the Companies.

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Net Asset Value (NAV) Methodology

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A Scheme of Amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

We have computed the Net Asset Value of equity shares of the Companies. We have considered the balance sheets of the Companies as of December 31, 2012 and made suitable adjustments for non-operating assets/liabilities (e.g fair value of investments in subsidiaries/ associates/mutual funds, value of surplus assets, any contingent liability, etc.), goodwill on consolidation and preference shareholders liability as deemed appropriate. However, considering that the NAV of TML is not positive, this method has been ignored.

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BASIS OF AMALGAMATION

The basis of merger of TML into TSL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a fair exchange ratio of equity shares it is necessary to arrive at a single value for the shares of TML and TSL. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of TMML and TSL but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

It may be noted that the equity shares of the Companies are listed and frequently traded, hence, we have valued the Companies, using the Market Price method.

We have used the CCM method for valuing the Companies as there are comparable companies whose equity shares are listed and frequently traded.

The DCF method was used for valuing the Companies as it captures the future earning potential of the Companies.

We have assigned appropriate weightage to values arrived under the Market Price method, and values arrived at using the CCM and the DCF method for the Companies.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuers and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The fair exchange ratio of equity shares of TML and TSL has been arrived on the basis of a relative equity valuation for TML and TSL based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.

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Joint recommendation of fair exchange ratio for the proposed merger of TML into TSL

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the fair exchange ratio of equity shares for the merger of TML into TSL should be a ratio of 4 (four) equity shares of TSL of ₹ 10/- each fully paid up for every 29 (tweny nine) equity shares of TML of ₹10/- each fully paid up.

The Valuers worked independently in their analysis and after arriving at a consensus share exchange ratio, are issuing this joint report.

Respectfully submitted,

S. R. Batliboi & Co. LLP

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

per Ravi Bansal

Partner
Membership No.:49365

Place: Mumbai
Date: 10 April 2013

For Haribhakti & Co
Chartered Accountants
Firm Registration No.: 103523W

HARIBHAKTI & CO MUMBAI CHARTERED ACCOUNTANTS

per Sumant Sakhardande

Partner
Membership No.: 034828

Place: Mumbai
Date: 10 April 2013

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