

Independent Auditor's Report

To the Members of Tata Motors Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Tata Motors Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint operations, its associates and its jointly controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint operations, associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint operations, 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 joint operations, associates and jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint operations, associates, jointly controlled entities are responsible for assessing the ability of the Group and of its joint operations, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. 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 auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to 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 Group and of its joint operations, 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 the 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 Group and its joint operations, associates and jointly controlled entities to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, joint operations, associates and jointly controlled entities, the aforesaid consolidated financial statements give the information required by 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 joint operations, associates and jointly controlled entities as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Group, its joint operations, associates and jointly controlled entities for the year ended 31 March 2017 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 23 May 2017 expressed an unmodified opinion.
2. (a) We did not audit the financial statements/ financial information of three subsidiaries, seventy-one step-down subsidiaries and one joint operation, whose financial statements/ financial information reflect total assets of ₹ 264,026.34 crores and net assets of ₹ 98,271.10 crores as at 31 March 2018, total revenues of ₹ 240,841.01 crores and net cash inflows amounting to ₹ 152.35 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 profit of ₹ 2,266.54 crores for the year ended 31 March, 2018, as considered in the consolidated financial statements, in respect of five associates and three jointly controlled entities, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, step-down subsidiaries, joint operation, associates and jointly controlled entities and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, step-down subsidiaries, joint operation, associates and jointly controlled entities is based solely on the reports of the other auditors.

Of the three subsidiaries and seventy-one step-down subsidiaries listed above, the financial statements/ financial information of three subsidiaries and ten step-down subsidiaries which are located outside India have been prepared under the generally accepted accounting principles ('GAAPs') applicable in their respective countries

and which have been audited by the respective auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted these financial statements/ financial information from accounting principles generally accepted in their respective countries to Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to such subsidiaries and step-down subsidiaries located outside India is based on the reports of other auditors under the aforementioned GAAPs in the respective countries and the aforesaid conversion adjustments prepared by the Holding Company's management and audited by us.

- (b) We did not audit the financial statements / financial information of four subsidiaries and eight step-down subsidiaries, whose financial statements / financial information reflect total assets of ₹ 18,454.64 crores and net assets of ₹ 9,714.24 crores as at 31 March 2018, total revenues of ₹ 1,305.67 crores and net cash inflows amounting to ₹ 568.39 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 profit of ₹ 2.67 crores for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of three associates and one jointly controlled entity 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, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, step-down subsidiaries, associates and jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, step-down subsidiaries, associates and jointly controlled entity, 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 above 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, step-down subsidiaries, joint operations, associates and jointly controlled entities, as noted in the 'other matter' paragraph, 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian 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 as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, joint operations, associates and jointly controlled entity incorporated in India, none of the directors of the Group companies, its joint operations, associates and jointly controlled entity incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, joint operations, associates and jointly controlled entity incorporated in India 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, joint operations, associates and jointly controlled entities, as noted in the 'Other matter' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint operations, associates and jointly controlled entities. Refer Note 37 to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 45 (h) to the consolidated financial statements in respect of such items as it relates to the Group, its joint operations, associates and jointly controlled entities.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, joint operations, associates and jointly controlled entity incorporated in India during the year ended 31 March 2018.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
23 May 2018

Yezdi Nagporewalla
Partner
Membership No: 049265