

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date to the Members of Tata Motors Limited)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
- (a) As explained to us, the stock of finished goods and work-in-progress in the Company's custody have been physically verified by the Management as at the end of the financial year, before the year-end or after the year-end, other than a significant part of the spare parts held for sale, and raw materials in the Company's custody for both of which, there is a perpetual inventory system and a substantial portion of the stocks have been verified during the year. In our opinion, the frequency of verification is reasonable. In case of materials and spare parts held for sale lying with the third parties, certificates confirming stocks have been received periodically for stocks held during the year and for a substantial portion of such stocks held at the year-end;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has granted unsecured loans aggregating ₹146.28 crores to two parties during the year. At the year-end, the outstanding balances of such loans granted aggregated ₹562.69 crores (number of parties - three) and the maximum amount involved during the year was ₹ 875.18 crores (number of parties - four).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company having regard to the business relationship with the companies to whom loans have been granted.
- (c) The receipts of principal amounts have been as per stipulations. However, there are delays in receipt of interest.
- (d) In respect of overdue interest amounts of over Rs. 1 lakh remaining outstanding as at the year-end, as explained to us, Management has taken reasonable steps for recovery of the interest amount.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- The Company has not taken any loans from such parties during the year accordingly clauses (iii) (b) to (iii) (d) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of ₹ 5 lakhs in respect of any party, having regard to our comments in paragraph (v) above, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, unable to comment if the transactions have been carried out at prices having regard to the prevailing market prices at the relevant time.

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- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed by the Company that the Employees' State Insurance Act, 1948 is applicable only to certain locations of the Company. With regard to the contribution under the Employees' Deposit Linked Insurance Scheme, 1976 (the Scheme), we are informed that the Company has its own Life Cover Scheme, and consequently, an application has been made seeking an extension of exemption from contribution to the Scheme, which is awaited.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in crores)
Income-tax Act, 1961	Income-tax	Commissioner (Appeals)	2004-05, 2005-06, 2008-09, 2009-10, 2010-11	23.66
	Income-tax	Appellate Tribunal	2009-10	2.74
Central Excise Laws	Excise Duty & Service Tax	Tribunal	1993-94, 2002-03, 2004-05 to 2013-14	1,886.01
	Excise Duty & Service Tax	Commissioner (Appeals)	1984-85, 1995-96, 2003-04, 2009-10 to 2013-14	5.37
Sales Tax Laws	Sales Tax	Supreme Court	1995-96	13.01
	Sales Tax	High Court	1984-85 to 1988-89, 1990-91, 1993-94, 1994-95, 1997-98, 1999-00, 2001-02 to 2004-05	159.24
	Sales Tax	Tribunal	1983-84, 1988-89, 1989-90, 1992-93, 1995-96, 1998-99, 2000-01, 2002-03 to 2004-05, 2007-08, 2010-11	14.84
	Sales Tax	Commissioner (Appeals)	1996-97, 1998-99, 2001-02	0.20
	Sales Tax	Joint Commissioner	1997-98, 1999-00 to 2012-13	449.13
	Sales Tax	Additional Commissioner	1989-90, 1997-98, 2001-02 to 2013-14	100.06
	Sales Tax	Deputy Commissioner	1979-80, 1986-87, 1988-89, 1991-92, 1992-93, 1994-95, 1995-96, 2000-01 to 2001-02, 2003-04, 2005-06, 2007-08 to 2009-10, 2013-14	6.22
	Sales Tax	Assistant Commissioner	1990-91, 1995-96, 1997-98, 1999-00, 2008-09, 2010-11, 2011-12	3.95
	Sales Tax	Trade Tax Officer	1989-90, 1995-96 to 2001-02, 2006-07	1.97
Custom Laws	Custom Duty	Tribunal	1998-99, 2008-09, 2011-12	4.46

- (xi) The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

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- (xiii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis aggregating ₹ 11,521.20 crores have been used for long-term investments. Further the Company has explained that steps are being taken to augment long term funds.
- (xvii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) During the period covered by our audit report, the Company has not issued any secured debentures.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by public issue.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
(Membership No. 34382)

MUMBAI, May 29, 2014