Independent Auditors' Report

To the Members of Tata Motors Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tata Motors 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 its joint ventures and joint operations, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), consolidated statement of changes in equity and 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 (hereinafter referred to as "the consolidated financial statements").

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 of such subsidiaries, associates, joint ventures and joint operations as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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, joint ventures and joint operations as at 31 March 2019, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Description of Key Audit Matter

1. **The impact of uncertainties due to the United Kingdom exiting the European Union (Brexit), reported by the component auditor of Jaguar Land Rover Automotive Plc (hereinafter referred to as JLR Group)**

   All audits assess and challenge the reasonableness of estimates, in particular as described in the key audit matters on the valuation of long-life intangible assets and capitalisation of product engineering costs (together referred to as "the key audit matters affected" and explained in section 4 and 5 below) and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see section 7 below). All of these depend on assessments of the future economic environment and the JLR Group's future prospects and performance.

   Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

   How the matter was addressed in the audit

   The component auditor developed a standardised approach to the consideration of the uncertainties arising from Brexit in planning and performing the audit. Their procedures included:

   - **Brexit knowledge:** The component auditor considered the JLR Group's directors' assessment of Brexit-related sources of risk for the JLR Group's business and financial resources compared with their own understanding of the risks. They considered the directors' plans to take action to mitigate the risks;
   - **Sensitivity analysis:** When addressing the key audit matters affected and other areas that depend on forecasts, they compared the directors' analysis to their assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty;
   - **Assessing transparency:** Other than assessing individual disclosures as part of their procedures on the key audit matters affected, the component auditor considered all of the Brexit related disclosures together, comparing the overall picture against their understanding of the risks.

   However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

   Description of Key Audit Matter

2. **Impairment testing of long-life property, plant and equipment and intangible assets of passenger vehicles cash generating unit**

   The Holding Company has identified passenger vehicle segment as a separate cash generating unit ('CGU'). The history of losses in the passenger vehicle business led the

Holding Company to perform an impairment assessment as at 31 March 2019.

The annual impairment testing of passenger vehicle CGU involves significant judgements and estimates in assessing the recoverable value. The recoverable value is considered to be the higher of the Holding Company's assessment of the value in use (VIU) and fair value less cost of disposal (FVLCD).

There is a risk over the Holding Company's assessment and measurement of impairment due to:

- VIU: uncertainties involved in forecasting of cash flows, including key assumptions such as future sales volumes, prices, margins, overheads, growth rates and weighted average cost of capital.
- FVLCD: uncertainties involved in identifying appropriate comparable companies, estimating their market multiple and estimating the depreciated replacement cost of fixed assets.

(Refer note 2(r) of the consolidated financial statements)

How the matter was addressed in the audit

The audit procedures included:

– **Identification:** Obtained an understanding of Holding Company's evaluation of identification of passenger vehicles segment as a cash generating unit;

– **Controls:** Tested management review controls on the assumptions including underlying cash flow forecasts and impact of macro-economic factors on the forecasts. Tested management's review of the discounted cash flow calculations performed to support the impairment assessment including benchmarking of key assumptions (discount rates, growth rate) and assessment of sensitivities;

– **Completeness and accuracy of the VIU model:** Obtained valuation computation performed by the Holding Company for its impairment assessment and agreed the mathematical accuracy of the VIU by recalculating the cash flow build up;

– **Cash flow forecast assumptions:** Involved independent valuation specialists to assist in the evaluation of the assumptions (discount rate which included comparing the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and long-term growth rate) and challenged the key assumptions and judgements within the build - up of the cash flow forecast (such as future sales volumes and prices, margins, overheads etc.) and methodologies used by the Holding Company and its experts;

– **Sensitivity analysis:** Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions such as volumes and margins;

– **FVLCD assumptions:** Compared the market multiple used in the FVLCD to comparative companies and to market data sources with the assistance of specialists.

Description of Key Audit Matter

3. Capitalisation of product development cost by the Holding Company

Product development costs incurred on new vehicle platforms, engines, transaxles and new vehicles are recognised as intangible assets only when technical feasibility has been established, the Holding Company has committed technical and commercial resources to complete the development and use the intangible asset and it is probable that the asset will generate future economic benefits.

The costs capitalised during the year include the cost of technical know-how expenses, materials, direct labour, inspecting and testing charges, designing cost, software expenses and directly attributable overhead expenditure incurred up to the date the intangible asset is available for use including interest capitalised.

The capitalisation of product development cost is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 'Intangible Assets' is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as 'probable' for capitalisation to commence. There is a risk therefore that development cost may get capitalised where the relevant criteria has not been met.

(Refer note 2(p) and note 6 of the consolidated financial statements)

How the matter was addressed in the audit

The audit procedures included:

– **Controls:** Tested the Holding Company's design and implementation and operating effectiveness of controls around initiation of capitalisation of the product development cost including:

- management review controls over calculations of the future economic benefit of the projects;
- observed management's validation of relevant data elements and benchmarking the assumptions;
- evaluating management's assessment of whether costs recorded meet the capitalisation criteria;
- observed management's assessment of sensitivity of the impact of the changes in key assumptions;
- discussed with senior management and challenged management assumptions including key inputs such as volumes, expected revenues and associated costs on projects which have lower headroom.

- **Test of details**: On selected sample of amounts capitalised, we tested:
    - costs incurred towards projects;
    - inspected the technical team's approvals for initiation of capitalisation;
    - reviewed the central cost allocation for the year and determined costs capitalised are 'directly attributable' including the interest capitalised.

Description of Key audit matter

4. Impairment testing of long-life intangible assets, reported by the component auditor of JLR Group

The JLR Group holds a significant amount of long-life intangible assets in a separate cash generating unit. The weak trading performance in China and the falling market capitalisation of the Holding Company, led JLR Group to perform an impairment assessment at both 31 December 2018 and 31 March 2019.

The JLR Group recognised an impairment of ₹27,837.91 crores during the year ended 31 March 2019 in connection with the aforesaid CGU.

The recoverable value is considered to be the higher of the JLR Group's assessment of the value in use ("VIU") methodology and fair value less costs of disposal ("FVLCD") methodology. There is a risk over the JLR Group's assessment and measurement of impairment and therefore the impairment of long-life intangible assets due to:

- VIU Model using optimistic expectations of key assumptions such as future sales volumes, gross margins, overheads and capital expenditure.
- FVLCD Model using optimistic adjustments to those cashflows used within the VIU model to reflect a market valuation of the JLR Group.

(Refer note 2{r} and note 7 of the consolidated financial statements)

How the matter was addressed in the audit

The audit procedures applied by the auditor of the component (JLR Group) included:

- **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts by comparing the historical forecasts to the actual results;
- **Historical comparisons:** Assessed appropriateness of JLR Group's assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins.
- **Benchmarking assumptions:** Assessed appropriateness of the JLR Group's assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation and where appropriate taking into consideration historical trends in volumes and margins.
- **Benchmarking assumptions:** Compared the JLR Group's discount rate and long-term growth rate calculation to external benchmark data and comparative companies' rates and reperformed the discount rate calculation using the Capital Asset Pricing Model with the assistance of their valuation specialists;
- **Sensitivity analysis:** Performed a sensitivity analysis over the reasonably possible combination of changes in the forecasts including the impact of potential downside scenarios including a hard Brexit, US tariffs and a slower-than-expected resurgence in the China market;
- **Comparing valuations:** Assessed the JLR Group's reconciliation between the estimated share of the Holding Company's market valuation and its VIU and FVLCD;
- **Benchmarking assumptions:** Compared the earnings multiple used in the FVLCD to comparative companies and to market data sources with the assistance of specialists;
- **Assessing transparency:** Assessed the completeness and accuracy of the disclosures in the consolidated financial statements and ensured that the disclosure reflects the impact of reasonably possible downside assumptions on the amount of impairment.

Description of Key audit matter

5. Capitalisation of product engineering costs, reported by the component auditor of JLR Group

The application of the capitalisation criteria set out in IAS 38 by the JLR Group involves key judgements around the date capitalisation commences.

As a result of noting that the JLR Group capitalises a high proportion of costs related to its product development spend compared to its peers and the JLR group recognising an impairment charge of ₹27,837.91 crores over long-life assets during the year, the component auditor assessed that there is a risk of material misstatement.

The application of the capitalisation criteria set out in IAS 38 by the JLR Group involves key judgements whether the nature of costs capitalised are directly attributable.

(Refer note 2{p} and note 6 of the consolidated financial statements)

How the matter was addressed in the audit

The audit procedures applied by the auditor of the component (JLR Group) included:

- **Controls:** Tested the control over the JLR Group's retrospective review of historically forecast material production costs at the point capitalisation commenced against actual costs observed in manufacture, being a key input to management's assessment of whether future economic benefit of development projects is probable; and the control over the JLR Group's judgements as to whether indirect personnel and overhead costs are considered directly attributable.

- **Benchmarking assumptions:** Compared the assumptions applied in JLR Group's assessment of economic viability to externally derived data in relation to key inputs such as projected volume sales;
- **Assessing forecasts:** Assessed the JLR Group's economic viability calculation by comparing relevant factors to source documentation, application of downside sensitivities to stress test assumptions; and work over the JLR Group's overall forecasts;
- **Historical comparison:** Performed a retrospective review to compare and assess previous economic viability assumptions against the actual outturn;
- **Comparing valuations:** Compared the volumes used in the economic viability forecast produced by the JLR Group to the value in use model used in the impairment of long-life assets' assessment for consistency;

Description of Key audit matter

6. Valuation of pension liabilities, as reported by the component auditor of JLR Group

Small changes in the key assumptions applied to the valuation of the liabilities being the discount rate, inflation rate and mortality / life expectancy used to value the JLR Group's pension obligation (before deducting scheme assets) would have a significant effect on the JLR Group's net pension deficit. The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of scheme liabilities.

(Refer note 2(s) and note 37 of the consolidated financial statements)

How the matter was addressed in the audit

The audit procedures applied by the auditor of the component (JLR Group) included:

- **Controls:** Tested the controls over the assumptions applied in the valuation and inspected the JLR Group's annual validation of the assumptions used by its actuarial expert. Tested the controls operating over selection and monitoring of its actuarial expert for competence and objectivity;
- **Benchmarking assumptions:** Challenged, with the support of their own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/ life expectancy against externally derived data;
- **Assessing transparency:** Considered the adequacy of the Group's disclosures in the consolidated financial statements in respect of the sensitivity of the deficit to these assumptions.

Description of Key audit matter

7. Going concern, as reported by the component auditor of JLR Group

The financial statements of JLR Group have been prepared on a Going Concern basis.

That judgement is based on an evaluation of the inherent risks to the JLR Group's business model, in particular, risks associated with political uncertainty, and how those risks might affect the JLR Group's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements of the JLR Group.

The risks most likely to adversely affect the JLR Group's available financial resources over this period were:

- The impact of trading disputes between the US and China and the US and EU (leading to potential tariff changes), which are disrupting sales behaviour and consumer confidence in China and the US, and with the potential to cause significant costs to the export of goods;
- The impact of Brexit on the JLR Group's supply chain and on the export of goods by not maintaining free and frictionless trade.

How the matter was addressed in the audit

The audit procedures applied by the auditor of the component (JLR Group) included:

- **Funding assessment:** Evaluated JLR Group's financing terms;
- **Key dependency assessment:** Assessed sufficiency of JLR Group's resources to repay the debt falling due in at least the 18 months from the date of approval of the financial statements.
- **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts by comparing to the actual results.
- **Historical comparisons:** Assessed appropriateness of assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins.
- **Benchmarking assumptions:** Assessed appropriateness of assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation and where appropriate taking into consideration historical trends in volumes and margins.
- **Sensitivity analysis:** Considered sensitivities over the level of available financial resources indicated by the JLR Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively, such as increased tariffs as a result of Brexit, the US-EU and US-China trade disputes and tariff challenges;

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 based on the work done/ audit report of other auditors, 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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of 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 associates and joint ventures and joint operations 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 associates and joint ventures and joint operations are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company 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 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 management and Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations are responsible for assessing the ability of each company 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 Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates, joint ventures and joint operations is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 company has adequate internal financial controls with reference to 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 (company and subsidiaries) as well as associates and joint ventures and joint operations 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 such entities or business activities within the Group and its associates and joint ventures and joint operations to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

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.

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.

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 period and are therefore the key audit matters. We describe these matters in our auditors' 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

(a) We did not audit the financial statements / financial information of three subsidiaries, seventy-seven step-down subsidiaries and one joint operation, whose financial statements / financial information reflect total assets of ₹225,217.80 crores as at 31 March 2019, total revenues of ₹234,568.66 crores and net cash flows amounting to ₹5,632.82 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 (and other comprehensive income) of ₹22.16 crores for the year ended 31 March 2019, in respect of six associates and two 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 is based solely on the reports of the other auditors.

Certain of these subsidiaries and step-down subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries and step-down subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and step-down subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

(b) The financial statements / financial information of four subsidiaries and six step-down subsidiaries, whose financial statements / financial information reflect total assets of ₹19,393.52 crores as at 31 March 2019, total revenues of ₹1,548.83 crores and net cash flows amounting to ₹181.42 crores for the year ended on that date, as considered in the consolidated financial statements have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹3.41 crores for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of one associate and one jointly controlled entity, whose financial statements / financial information have not been audited by us or by other auditors. These unaudited financial statements / financial information 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, associate 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 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

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, step-down subsidiaries, joint operations, associates, and jointly controlled entities as were audited by other auditors, as noted in the 'Other Matters' 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 (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 maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 2019 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 entities incorporated in India, none of the directors of the Group companies, its joint operations, associates, and jointly controlled entities incorporated in India is disqualified as on 31 March 2019 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 entities incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditors' 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 reports of the other auditors on separate financial statements of the subsidiaries, joint operations, associates and jointly controlled entities, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its joint operations, associates and jointly controlled entities. Refer note 38 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 46(j) 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 or its subsidiary companies, joint operations, associates and jointly controlled entities incorporated in India during the year ended 31 March 2019.

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 in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditors' report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, joint operations, associates and jointly controlled entities incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, joint operations, associates and jointly controlled entities to its directors is in accordance with the provisions of Section 197 of the Act, as applicable. The remuneration paid to any director by the Holding Company, its subsidiary companies, joint operations, associates and jointly controlled entities is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Yezdi Nagporewalla
Partner
Membership No: 049265

Place: Mumbai
Date: 20 May 2019

Annexure A to the Independent Auditors' Report - 31 March 2019

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

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Tata Motors Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, its joint operations, its associates and its jointly controlled entities, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, its joint operations, its associates and its jointly controlled entities, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 the internal controls based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant joint operation, associates and jointly controlled entity 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated 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 control with reference to consolidated 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 consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matter

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 in so far as it relates to one joint operation, two associates and one jointly controlled entity, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

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

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai
20 May 2019