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 March 31, 2020, 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 March 31, 2020, 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, its associates, joint ventures and joint operations in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Act , and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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

Key audit matter	How the matter was addressed in our audit
1) Impact of COVID-19 pandemic on Going Concern assessment of the Holding Company	
Refer Note 2(e) related to "Going Concern" and Note 2(f)(ix) related to "Estimation of uncertainties relating to the global health pandemic from COVID-19" on the consolidated financial statements The World Health Organisation in February 2020 declared COVID 19 as a pandemic. Governments around the world including India have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, the Holding Company's manufacturing plants and offices also had to be closed down for a considerable period of time, including after the year end. These lockdowns have a significant impact on the overall economic activity in India and in particular on the automotive industry. Accordingly, the future cash flow projections used to assess going concern are subject to significant estimation uncertainties. In view of the above, we have identified our assessment of the going concern basis of accounting as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtained an understanding of the Holding Company's internal controls over its forecasting process; • Compared the key assumptions adopted by the Holding Company in preparing the forecasted cash flows with our expectations based on actual cashflows of 2019-20 and our understanding of the changes to the Holding Company's business; • Assessed the sensitivities and performed stress testing on the forecasted cash flows; • Examined the Holding Company's funding arrangements and evaluated the financing terms and covenants to assess its ability to renew existing loans and/or obtain additional financing if the need arises; • Assessed the adequacy of the disclosures related to application of the going concern assumption.

2) JLR Group Going concern, as reported by the component auditor of Jaguar Land Rover Automotive Plc (hereinafter referred to as JLR Group).

Disclosure Quality

The financial statements explain how the Board of JLR Group has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the JLR Group.

That judgement is based on an evaluation of the inherent risks to the JLR Group's business model, in particular, risks associated with the global coronavirus pandemic, the impact of Brexit and the impact of 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.

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

- The impact of coronavirus lockdowns and related potential economic damage on customer demand in JLR Group's key markets together with the impact on JLR Group's supply chain and consequent production capability.
- The impact of Brexit on JLR Group's supply chain and on the export of goods by not maintaining free and frictionless trade.

The risk for our audit is whether or not those risks are such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to be disclosed.

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

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

- **Funding assessment:** Evaluated JLR Group's financing facilities, including the available terms and covenants associated with these facilities.
- **Key dependency assessment:** Assessed the key assumptions underpinning the forecast cash flows which the directors have used to support the going concern basis of preparation and to assess whether JLR Group can meet its financial commitments as they fall due.

  The cash flow forecasts incorporate a number of key assumptions, including, the impact of COVID-19 on vehicle sales as a result of the temporary shutdowns of the automotive industry worldwide and the anticipated speed of recovery in industry volumes; delivery on the cost savings initiatives; reduction of inventory levels and the delay of non-essential capital expenditure required for the manufacture of new models.
- **Historical comparisons:** Evaluated the historical cash flow forecasting accuracy of JLR Group by comparing historical cash flows to actual results reported, as well as assessing the accuracy of key assumptions previously applied.
- **Benchmarking assumptions:** Assessed appropriateness of JLR Group's key assumptions used in the cash flow forecasts, by benchmarking them to externally derived data, with particular focus on sales volumes.
- **Sensitivity analysis:** Considered sensitivities over the level of available financial resources indicated by the JLR Group's financial forecasts taking account of severe but plausible adverse effects that could arise from risks related to key assumptions, both individually and collectively. These sensitivities included significantly depressed sales volumes in key markets compared to those reported in the year ended March 31, 2020; partly reducing the level of cost savings incorporated into the forecasts (including selling, administrative and a number of other cost categories); higher than expected inventory levels and increased tariff as a result of hard Brexit.
- **Sector experience –** The component audit team used their industry specialists to challenge the key assumptions made by the directors in their forecast cash flows.
- **Evaluating directors' intent –** The component audit team evaluated the achievability of the actions the JLR Group's directors consider they would take to improve the position should the risks materialise. They considered the controllability and timing, of the identified mitigating actions, in particular focusing on the deferral of non-essential capital and product development expenditure, further reductions of discretionary marketing spend and warranty goodwill payments.
- **Assessing transparency –** The component audit team assessed the completeness and accuracy of the matters disclosed in the going concern disclosure by considering whether it is consistent with their knowledge of the business.

3) The impact of uncertainties due to the United Kingdom (UK) exiting the European Union (EU), reported by the component auditor of JLR Group.

The UK left the EU on January 31, 2020 and entered an implementation period which is due to operate until December 31, 2020. At that point current trade agreements with the European Union terminate. The UK is entering negotiations over future trading relationships with the EU and a number of other countries. Where new trade agreements are not in place World Trade Organisation (WTO) arrangements will be in force, meaning among other things import and export tariffs, quotas and border inspections, which may cause delivery delays. Different potential outcomes of these trade negotiations could have wide ranging impacts on the JLR Group's operations and the future economic environment in the UK and EU.

All audits assess and challenge the reasonableness of estimates, in particular as described in the JLR Group impairment of long-life assets key audit matter below and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the JLR Group's future prospects and performance.

The uncertainty over the UK's future trading relationships with the rest of the world and related economic effects give rise to extreme levels of uncertainty, with the full range of possible effects currently unknown.

The component auditor developed a standardised firm-wide approach to the consideration of the uncertainties arising from the UK's departure from the EU in planning and performing the audit. Their procedures included:

- **The component auditor's knowledge of the business:** The component auditor considered the JLR Group's directors' assessment of risk arising from different outcomes to the trade negotiations for JLR Group's business and financial resources compared with their own understanding of the risks. The component auditor considered the directors' plans to take action to mitigate the risks.
- **Sensitivity analysis:** When addressing the impairment of long-life assets and going concern 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 these uncertainties 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 JLR Group impairment of long-life assets and JLR Group Going Concern key audit matters, 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 the impact of the UK's departure from the EU.

4) Impairment of property, plant and equipment and intangible assets of passenger vehicles cash generating unit.

The Holding Company holds intangible assets under development and tests its cash generating units ('CGU') for impairment at least annually. The Holding Company has identified its passenger vehicle business unit as a separate cash generating unit ('CGU'). As at March 31, 2020, the Holding Company recognized an impairment loss of ₹1,418.64 crores for this CGU. The carrying value after impairment of the net assets in this CGU is ₹9,120.31 crores.

The history of losses in the passenger vehicles CGU, declining sales volumes and the suspension of manufacturing and sales activity due to mandatory lockdowns towards and after year end consequent to the COVID-19 pandemic has led to the impairment test being subject to significant judgements and estimates applied by management.

Management believes that no further adjustments are required to these estimates. However, in view of the highly uncertain economic environment impacting the automotive industry, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these financial statements

This annual impairment test is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates, capital expenditure and the weighted-average cost of capital (discount rate), to be used to estimate the recoverable amount.

(Refer note 8(a) of the consolidated financial statements)

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence

Test of Controls:

- We tested the design, implementation and operating effectiveness of key controls over the assumptions and inputs used in cash flow forecasts and valuation models.

Test of Details:

- Involved independent valuation specialist to assist in evaluating the appropriateness of the valuation models used including evaluating whether the comparable companies considered in the fair value less costs to sell (FVLCS) model are appropriate and whether the discount rate applied in the value in use (VIU) model is appropriate;
- Evaluated the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Holding Company and the industry;
- Performed sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the impairment loss recognized; and
- Evaluated the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

5) Impairment of long-life assets, reported by the component auditor of JLR Group

The JLR Group holds a significant amount of property, plant and equipment and long-life intangible assets on its balance sheet.

Property, plant and equipment and long-life intangible assets are at risk of being impaired as the COVID-19 pandemic resulted in the temporary shutdowns of the automotive industry worldwide.

(Refer note 7 of the consolidated financial statements)

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

- **Historical accuracy:** Evaluated historical forecasting accuracy of cash flow forecasts, including key inputs, by comparing them to the actual results;
- **Historical comparisons:** Assessed appropriateness of JLR Group's assumptions used in the cash flow forecasts by comparing those, where appropriate, to historical trends in volumes, variable profit, selling, general and administrative expenses and capital expenditure;
- **Benchmarking assumptions:** Assessed appropriateness of the JLR Group's calculated value in use amount by comparing the implied trading multiples to market multiples of comparative companies with the assistance of their valuation specialists. Assessed appropriateness of JLR Group's assumptions used in the cash flow projections by comparing the key inputs such as sales volumes and cost inflation, to externally derived data.
- Compared 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 breakeven analysis on the assumptions noted above. ;
- **Comparing valuations:** Assessed the JLR Group's reconciliation between the estimated market capitalization of the JLR Group to the overall market capitalization of the Holding Company and compared to the estimated recoverable amount of the cash generating unit.;
- **Assessing transparency:** Assessed the adequacy of JLR Group's disclosures in the financial statements and ensured that the disclosure reflects the impact of reasonably possible downside assumptions on the headroom in the recoverable amount compared to the cash generating unit carrying value.

6) Recognition of product development cost as an intangible asset 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 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 .

The recognition of product development cost as an intangible asset is considered to be a key audit matter given the assessment of the recognition 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.

Further, the decline in volumes in the current year and the suspension of manufacturing activity due to mandatory lockdowns towards and after year end consequent to the COVID-19 pandemic has significantly increased the estimation uncertainties.

(Refer note 6 of the consolidated financial statements)

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

Test of Controls:

- Tested the Holding Company's design, implementation and operating effectiveness of controls to comply with the recognition criteria set out in Ind AS 38 'Intangible Assets' for projects initiated during the year.

Test of details:

- Evaluated the inputs used for volumes, sales, margins and capital expenditure in the assessment of future economic benefit;
- Evaluated historical forecasting accuracy for these inputs by comparing the historical forecasts to the actual results for similar projects;
- Performed a sensitivity analysis of changes in the forecasts considering the impact of historical forecasting accuracy;
- For selected projects, examined approvals of the project oversight committee to determine the expected future economic benefits and technical feasibility of the project.
- For selected projects, compared the inputs used in the forecasting of future economic benefit to source documents.

7) Capitalisation of product engineering costs, reported by the component auditor of JLR Group

Subjective judgement	The audit procedures applied by the auditor of the component (JLR Group) included:
The JLR Group capitalises a high proportion of product development spend and there is a key judgement in determining whether the nature of product engineering costs satisfy the criteria for capitalization to Intangible Assets under development, Product Development and when this capitalization should commence. The judgement of when capitalization should commence consists of a number of judgements regarding the satisfaction of Ind AS 38 capitalisation criteria, and a key judgement is assessing whether development projects will generate probable future economic benefit. The consolidated financial statements disclose that had the value of central overheads not been classified as directly attributable it would have reduced the amount capitalized by ₹1,094.35 crores. (Refer note 6 of the consolidated financial statements)	• **Control operation:** Tested the controls over the JLR Group's retrospective review of historically forecast material production costs at the point capitalisation commenced against actual costs observed in manufacture. The historical accuracy is a key input into the directors' assessment of whether the future economic benefit of development projects is probable and the control over the JLR Group's judgements as to whether costs are considered directly attributable. ; • **Component auditor's experience:** Critically assessed whether the directors' judgements regarding identified directly attributable costs against both the accounting standards and their own experience or practical application of these standards in other companies; • **Benchmarking assumptions:** For a sample of the volume assumptions contained in the capitalized projects, compared the JLR Group's assessment of economic viability to externally derived data.; • **Sensitivity analysis:** For a sample of the JLR Group's assessments of economic viability of development projects, assessed the JLR Group's application of appropriate downside sensitivities in establishing whether future economic benefit is considered probable.; • **Historical comparison:** Performed a retrospective review to assess previous economic viability assumptions against the actual outturn; • **Assessing transparency:** Assessed the adequacy of the JLR Group's disclosures in respect of key judgements made relating to the nature of costs capitalised and the point at which capitalisation commences.

8) Valuation of defined benefit plan obligations, as reported by the component auditor of JLR Group

Subjective valuation	The audit procedures applied by the auditor of the component (JLR Group) included:
Small changes in the key assumptions and estimates, 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 defined benefit plan asset/(obligation) . The risk is that these assumptions are inappropriate resulting in an inappropriate valuation of plan obligations. (Refer note 38 of the consolidated financial statements)	• **Control operation:** 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 disclosures in respect of the sensitivity of the JLR Group's net defined benefit plan asset/(obligation) to these assumptions.

9) Impairment of loans to customers of the Group's vehicle financing business under its subsidiary TMF Holdings Limited	
Subjective estimate and significant management judgment Recognition and measurement of impairment of loans involve significant management judgement and estimate. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The Group's impairment allowance for this business is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. **The most significant estimates / judgements are used in the following:** – Segmentation of loan book – Determination of exposure at default – Loan staging criteria – Calculation of probability of default / loss given default – Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed. Impact of COVID-19 We have identified the impact of and uncertainty related to the COVID-19 pandemic as a key element for recognition and measurement of impairment of loans on account of: • Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; • impact of the pandemic on the Group's customers in this business and their ability to repay dues; and • application of regulatory package announced by the Reserve Bank of India (RBI). Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and used management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio. Refer Note 2(f)(ix) of the consolidated financial statements.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: **Test of controls** • Evaluated the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, their business understanding and industry practice. • Tested the controls over 'Governance Framework' in line with the RBI guidance. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the allowance for loan losses. • Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package. • Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Using modelling specialist, tested the model methodology and reasonableness of assumptions used, including management overlays. • Tested the review controls over measurement of impairment allowances and disclosures in financial statements. **Substantive tests** • Assessed the appropriateness of management rationale for determination of criteria for SICR considering both - adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package. • Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Evaluated through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Focussed on appropriate application of accounting principles, assessing completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance, where possible. • The appropriateness of management's judgments and estimates was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.

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.

Management's and Board of Directors' Responsibilities 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 Management and 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 Management and 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 the respective Board of Directors 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.

Auditor's 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors 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 and its 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. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. 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 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 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) The consolidated financial statements include the audited financial statements / financial information of one joint operation, whose financial statements / financial information reflect total assets (before consolidation adjustments) of ₹6,876.67 crores as at March 31, 2020, total revenue (before consolidation adjustments) of ₹5,610.74 crores and net profit after tax (before consolidation adjustments) of ₹286.94 crores and net cash inflows (before consolidation adjustments) amounting to ₹509.62 crores for the year ended on that date, as considered in the consolidated financial statements, which have been audited by their independent auditor. The independent auditors' report on financial statements of this joint operation has 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 this joint operation, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint operation is based solely on the audit report of the other auditor.

(b) The consolidated financial statements include the audited financial statements / financial information of two subsidiaries and 78 step down subsidiaries whose financial statements / financial information reflect total assets (before consolidation adjustments) of ₹2,35,736.73 crores as at March 31, 2020, total revenue (before consolidation adjustments) of ₹2,10,946.66 crores and total net loss after tax (before consolidation adjustments) (net) of ₹3,335.24 crores and net cash outflows (before consolidation adjustments) (net) of ₹5,149.62 crores for the year ended on that date, as considered in the consolidated financial statements, which have been audited by their respective independent auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹929.53 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of five associates and three joint ventures, whose financial statements / financial information have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities 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 ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, step down subsidiaries, joint ventures and associates is based solely on the audit reports of the other auditors.

Of the two subsidiaries and 78 step down subsidiaries listed above, the financial statements / financial information of the two subsidiaries and six 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 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 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 respective countries and the aforesaid conversion adjustments prepared by the Management of the Holding Company and audited by us.

(c) The financial statements / financial information of four subsidiaries and six step-down subsidiaries, whose financial statements / financial information reflect total assets (before consolidation adjustments) of ₹709.22 crores as at March 31, 2020, total revenues (before consolidation adjustments) of ₹998.30 crores and total net loss after tax (before consolidation adjustments) (net) of ₹253.84 crores and net cash outflows (before consolidation adjustments) (net) amounting to ₹99.48 crores for the year ended on that date, as considered in the consolidated financial statements have not been audited either by us or by the other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) (net) of ₹27.18 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of four associates, 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 and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, step down subsidiaries and associates, 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, associates, joint operations and joint ventures 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 March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies, joint ventures and joint operations incorporated in India, none of the directors of the Group companies, its associates companies, joint ventures and joint operations incorporated in India is disqualified as on March 31, 2020 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, associate companies and joint ventures and joint operations 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, associates and joint ventures and joint operations, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Group, its associates and joint ventures and joint operations. Refer Note 39 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 47(h) to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and joint operations.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies, associate companies and joint ventures and joint operations incorporated in India during the year ended March 31, 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2020.

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

We draw your attention to Note 44 to the consolidated financial statements for the year ended March 31, 2020 according to which the managerial remuneration paid to the CEO and Managing Director of the Holding Company amounting to ₹16.48 crores for the financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Act by ₹11.82 crores. This amount excludes Performance and Long term Incentives, which will be accrued post determination and approval by the Nomination and Remuneration Committee of the Holding Company, and such amounts will also exceed the prescribed limits. As per the provisions of the Act, the excess remuneration is subject to approval of the shareholders which the Holding Company proposes to obtain in the forthcoming Annual General Meeting.

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, associate companies and joint ventures and joint operations incorporated in India which were not audited by us, the remuneration paid during the current year by the subsidiary companies, associate companies and joint ventures and joint operations to its directors is in accordance with the provisions of Section 197 of the Act. Except as stated above, the remuneration paid to any director by the Holding Company, its subsidiary companies, associate companies and joint ventures and joint operations 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
UDIN:20049265AAAAAQ4257

Place: Mumbai
Date: June 15, 2020