



BSE Limited  
First Floor, New Trading Ring  
Rotunda Building, P J Towers,  
Dalal Street, Fort, Mumbai 400 001

Listing Compliance Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051

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August 11, 2020  
Sc no – 16078

Dear Sirs,

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This is with further reference to our letter sc no.16072 dated August 3, 2020 regarding the Annual Report (Integrated) of the Company for the Financial Year 2019-20 alongwith Notice convening the 75<sup>th</sup> Annual General Meeting of the Company scheduled to be held on August 25, 2020 at 2.00 p.m. (IST), we hereby provide further clarity to below mentioned resolutions vide addendum to the Notice dated August 10, 2020:

- Item No.4 - Approval and ratification for payment of Minimum Remuneration to Mr Guenter Butschek, CEO and MD for FY 2019-20
- Item No. 5 - Approval for payment of Minimum Remuneration to Mr Guenter Butschek, CEO and MD in case of no/inadequacy of profits during FY 2020-21.

The addendum to the above notice of 75<sup>th</sup> Annual General Meeting of the Company is enclosed herewith. The said addendum is also available on the Company's website at [www.tatamotors.com](http://www.tatamotors.com).

This is for the information of the exchange and the members.

Yours faithfully,  
Tata Motors Limited

Hoshang K Sethna  
Company Secretary

**TATA MOTORS LIMITED**

Bombay House 24 Homi Mody Street Mumbai 400 001  
Tel 91 22 6665 8282 Fax 91 22 6665 7799  
[www.tatamotors.com](http://www.tatamotors.com) CIN L28920MH1945PLC004520



## **Addendum to Notice dated July 31, 2020 of Annual General Meeting of Tata Motors Limited scheduled on August 25, 2020**

Attention is invited to the following resolutions proposed to be taken up at the said Annual General Meeting (AGM) seeking a confirmation on the Special Resolution passed by the shareholders **at the AGM held on August 9, 2016**:

**Item 4 of Notice:** *Approval and ratification for payment of Minimum Remuneration to Mr Guenter Butschek, CEO and MD for **FY 2019-20***

**Item 5 of Notice:** *Approval for payment of Minimum Remuneration to Mr Guenter Butschek, CEO and MD in case of no/inadequacy of profits during **FY 2020-21***

This addendum is prepared to provide further clarity to the above resolutions as under:

### **Already approved by the shareholders**

- As per the contract executed by the Company and Mr Butschek , **which has also been approved by the shareholders at the AGM held on August 9, 2016** the Incentive Remuneration (variable pay) in the form of Performance Bonus and Long Term Incentive as under:

Performance Linked Bonus: The target performance linked bonus will be €550,000 per annum upto a maximum of €825,000 per annum. This performance linked bonus would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board which will be payable after the Annual Accounts have been approved. An indicative list of factors that may be considered for determining the extent of performance linked bonus by the Board (recommended by the Nomination and Remuneration Committee) are:

- a. Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time.
- b. Industry benchmarks of remuneration.
- c. Performance of the individual.

Long Term Incentive: With the objective of achieving long term value creation through retention and continuity of the leadership, it is intended that a long term incentive plan would be made available. The value of the long term incentive plan is intended to be a target of €550,000 per annum but not exceeding €825,000 per annum. This incentive would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board.

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The said proposals in item no 4 and 5 of the Notice only seek a confirmation from the shareholders for the 4<sup>th</sup> and 5<sup>th</sup> year of his tenure without in any manner seeking to revise or increase Mr Butschek's remuneration.

#### **Determinants of Variable Pay**

- As mentioned on Page 149 of the Annual Report, the Nomination and Remuneration Committee reviews and recommends to the Board the changes in the managerial remuneration, generally being increment in basic salary and incentive remuneration of the CEO & MD on a yearly basis. This review is based on the Balanced Score Card that includes the performance of the Company and the individual Director on certain defined qualitative and quantitative parameters such as:
    - Volumes;
    - EBITDA;
    - market share;
    - Cashflows;
    - cost reduction initiatives;
    - safety;
    - strategic initiatives;
    - special projects
- as decided by the Board vis-a-vis targets set in the beginning of the Year.

#### **Other aspects of pay**

- As per the said contract with Mr Butschek, there is no provision for increase in fixed pay during the 5 year tenure and accordingly the same has remained constant from the date of his appointment.
- Mr Butschek's remuneration has a **high proportion of variable pay** with the same linked to the Company's performance. In FY 19-20 the variable pay has been sharply reduced by 74% as compared to the previous year (pg. 373 of the Report). The variable pay is around 60 -65% of total pay.
- CEO remuneration is also **benchmarked** with other expat CEOs in organisations having similar size and complexity in operations. On a Cost to Company basis his remuneration is around the 10<sup>th</sup> percentile with the benchmarked companies.

The Company continues in its journey to improve disclosure standards, including on CEO remuneration, by benchmarking against best practices in India and globally.

Mumbai: August 10, 2020

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