Responsibility statement

Our Board acknowledges the accountability for the integrity and completeness of this Report and its contents. We have also ensured collective responsibility for the preparation and presentation of this Report in accordance with IFRS' <IR> Framework.

Materiality

We apply the principle of materiality in assessing what information should be included in our Integrated Report. These issues are material to our stakeholders and our ability to create value. The material issues are reviewed by Tata Motors top management.

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Our capitals

We build and bring together advanced and market-leading capabilities as demonstrated through our financial, manufactured, intellectual, human, social and natural capitals, and direct their highly productive interplay through visionary leadership to create value for all our stakeholders.

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Assurance

Assurance on financial statements has been provided by independent auditors BSR & Co. LLP. Assurance for non-financial data for India operations of Tata Motors has been provided by DNV Business Assurance India Private Limited, India. Non-financial data comprises the following sections of this report: Key Performance Highlights, Value Creation Model, Stakeholder Engagement, Materiality Assessment, Risk Management, Governance, and Sustainability Review (Environment and Social).

The assurance has been given against the Report's adherence to the <IR> framework published by the International Financial Reporting Standards Foundation (IFRS). and the GRI's Sustainability Reporting Standards. The assurance statement issued by DNV, is available on our website www.tatamotors.com/investors/annual-reports/

Cautionary statements

Statements in the Integrated Report describing our objective, projections, estimates and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets, in which we operate, in addition to changes in government regulations, tax laws and other statutes and incidental factors.

During the year ended March 31, 2023, the Central Electricity Authority of India have published revised grid emission factors for FY 2020-21 and FY 2021-22. Further, in one of our Plants the ownership of green attributes was erroneously considered to be with our Company. Accordingly, the FY 2020-21 and FY 2021-22 figures have been restated.

Other details (performance measures)

EBITDA includes the product development expenses charged to P&L, and realised FX and commodity hedges but excludes the revaluation of foreign currency debt, revaluation of foreign currency other assets and liabilities, MTM on FX and commodity hedges, other income (except government grant) as well as, exceptional items.

EBIT is defined as reported EBITDA plus profit from equity accounted investee less depreciation and amortisation.

Auto Free cash flow is defined as net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities, M&A linked asset purchases and movements in financial investments, and after net finance expenses and fees paid, less free cash flow of TMF Group, i.e., financing business.

RISK MANAGEMENT

1 Supply chain disruptions and commodity inflation

OPERATIONAL

Principal risks

Our ability to supply components, in time, to our manufacturing operations is of paramount importance in achieving production schedules and meeting consumer demand. In the recent past, we have been witnessing increased geo-political tensions globally. An increasing demand for electric vehicles is also leading to price volatility and reduced availability of raw materials within the supply base. Recently commodity prices, especially precious metals, have experienced significant volatility. Steel, a principal component for CVs, has witnessed exponential price increases, but has stabilised in the current year.

Consequences

Supply chain disruptions, if not managed, could have an adverse effect on production volume, revenue and profitability, customer satisfaction and reputation. Shortage in the supply of semiconductors has continued to impact our production schedules in FY 2022-23. The Russia-Ukraine war has had a significant impact on the global economy, leading high inflation. Raw materials make up 65% of our total costs. If we are unable to find substitutes or pass price increases on to customers by raising prices, or secure supplies of scarce raw materials, our vehicle production, business and results from operations could be materially affected.

Mitigations and opportunities

JLR has developed an effective risk management framework with the creation of the Industrial Operations division (covering Procurement, Manufacturing and Supply Chain). JLR's Secure23 and Secure24 programmes ensure pipeline alignment for our future semiconductor supplies. The successful REFOCUS Transformation programme has been extended with greater focus on long-term supply chain resilience. We are also diversifying sourcing, driving localisation of critical components, closely collaborating with suppliers and building a buffer stock, exercising financial instruments such as futures or options contracts for hedging against price increases, and negotiating long-term contracts, wherever necessary. Material cost reduction through Value Analysis and Value Engineering (VAVE) is also underway.

2 Global economic and geopolitical environment

STRATEGIC

Principal risks

We are exposed to changes in the global economic and geopolitical environment, as well as other external factors, including but not limited to trade tensions, protectionism, wars, terrorism, natural disasters, humanitarian challenges and pandemics that may adversely impact our business.

In the recent past, we have been witnessing increased geopolitical tensions globally.

Consequences

We rely on certain key markets, like the UK, China, North America, India and continental Europe, for a substantial portion of our revenues. A decline in demand in these markets may significantly impair our business, financial condition and operations. We are also vulnerable to cyclicity in demand for our CV business. Our international presence and global sales profile makes us sensitive to the external environment, globally or locally.

Any potential aftermaths of such tensions such as cross-border restrictions, sanctions, trade barriers, imposition of tariffs, etc. could adversely affect our supply chains and as a result affect production schedules.

Mitigations and opportunities

We continue to closely monitor and risk assess global developments, implementing mitigation plans as necessary and we continue to maintain a balanced sales profile across our key sales regions. Our diverse global customer base gives us the flexibility to react to regional changes in demand by adjusting our sales mix, modifying product features or content in case of supply challenges, as informed through our enhanced supply chain risk management framework.

Financial *Manufactured* *Intellectual* *Human* *Social Relationships* *Natural*

TATA MOTORS

MANAGEMENT DISCUSSION AND ANALYSIS

Particulars	FY 2022-23 (%)	FY 2021-22 (%)	Difference (Bps)
Revenue from operations	100.0%	100.0%	-
Expenditure:			
Cost of material consumed (including change in stock)	65.5%	65.0%	50
Employee Cost	9.7%	11.1%	(134)
Product development/Engineering expenses	3.1%	3.3%	(22)
Other expenses (net)	17.9%	16.9%	93
Amount transferred to capital and other accounts	(5.3%)	(5.2%)	(16)
Total Expenditure	90.8%	91.1%	(29)
Profit before other income, Depreciation and amortization, Finance costs, Foreign exchange (gain)/loss, exceptional item and tax	9.2%	8.9%	29
Other Income	1.3%	1.1%	24
Profit before Depreciation and Amortization, Finance costs, Foreign exchange (gain)/loss, exceptional item and tax	10.5%	10.0%	53
Depreciation and Amortization	7.2%	8.9%	(173)
Finance costs	3.0%	3.3%	(39)
Foreign exchange loss (gain)/ Loss (net)	(0.0%)	0.0%	(6)
Exceptional Item (gain)/loss (net)	(0.5%)	0.2%	(69)
Profit/(loss) before tax	0.9%	(2.5%)	340
Tax expense / (credit)	0.2%	1.5%	(131)
Profit/(loss) after tax	0.7%	(4.0%)	471
Share of profits/(loss) of equity accounted investees (net)	0.1%	(0.0%)	12
Profit/(loss) for the year	0.8%	(4.1%)	483
EBITDA	10.7%	9.6%	110
EBIT	3.6%	0.7%	290

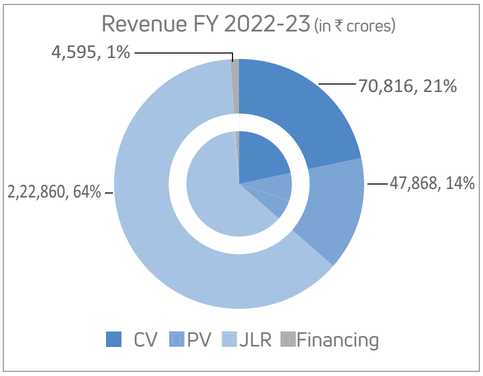
*Less than 0.0%

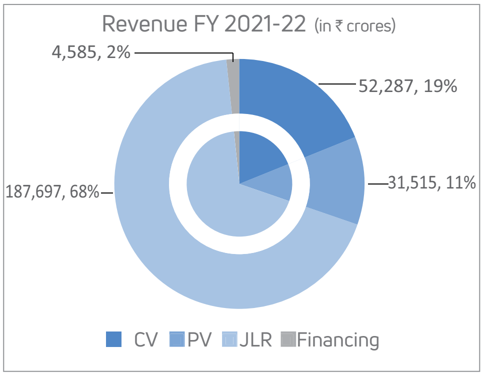
EBITDA is defined to include the product development expenses charged to P&L and realised FX and commodity hedges but excludes the revaluation of foreign currency debt, revaluation of foreign currency other assets and liabilities, MTM on FX and commodity hedges, other income (except government grant) as well as, exceptional items.

EBIT is defined as reported EBITDA plus profit from equity accounted investee less depreciation and amortization.

Revenue Analysis:

Our total consolidated revenue from operations including finance revenue increased by 24.2% to ₹3,45,967 crores in FY 2022-23 from ₹2,78,454 crores in FY 2021-22. Revenue from the sale of vehicle increased to ₹2,90,006 crores in FY 2022-23, compared to ₹2,27,179 crores, an increase of 27.7%. We sold 12,84,898 vehicles in FY 2022-23, compared to 10,33,904 vehicles in FY 2021-22, an increase of 24.3%.





MANAGEMENT DISCUSSION AND ANALYSIS

Trade receivables (net of allowance for doubtful receivables) were ₹15,738 crores as at March 31, 2023, representing increase of 26.5% over March 31, 2022. There was favourable foreign currency translation of ₹225 crores from GBP to Indian rupees. Trade receivables at Tata and other brand vehicles (including vehicle finance) increased by 1.4% to ₹4,813 crores as at March 31, 2023, from ₹4,748 crores as at March 31, 2022, primarily on account of higher sales volume due to pent up demand. The trade receivables of Jaguar Land Rover were ₹10,229 crores as at March 31, 2023, compared to ₹7,183 crores as at March 31, 2022, and increase of 43.4%. The past dues for more than six months (gross) decreased from ₹1,503 crores as at March 31, 2023 to ₹1,441 crores as at March 31, 2022. These mainly represent dues from government-owned transport undertakings and Passenger Vehicle dealers, for which we are pursuing recovery.

As at March 31, 2023, inventories were at ₹40,755 crores, compared to ₹35,240 crores as at March 31, 2022, an increase of 15.6%. The increase in finished goods inventory was ₹5,286 crores from ₹23,885 crores as at March 31, 2022, to ₹29,171 crores as at March 31, 2023, mainly due to an increase in volumes both at Tata Motors and Jaguar Land Rover. This increase was also due to favourable currency translation of ₹719 crores from GBP to Indian rupees. In terms of number of days to sales, finished goods represented 20 inventory days in sales in FY 2022-23, compared to 31 inventory days in FY 2021-22.

Our investments (current and non-current investments) decreased to ₹21,704 crores as at March 31, 2023, from ₹25,030 crores as at March 31, 2022, representing an increase of 13.2%. Our investments mainly comprise mutual fund of ₹18,704 crores as at March 31, 2023, compared to ₹21,972 crores as at March 31, 2022. Investments attributable to Jaguar Land Rover were ₹15,065 crores as at March 31, 2023, compared to ₹16,518 crores as at March 31, 2022, a decrease of 8.8% mainly on account of mutual fund. Tata Motors Limited on Standalone basis has investments in mutual funds of ₹3,143 crores as at March 31, 2023, compared to ₹5,143 crores as at March 31, 2022.

Our other assets (current and non-current) increased by 37.7% to ₹18,189 crores as at March 31, 2023, from ₹13,205 crores as at March 31, 2022.

Our other financial assets (current and non-current) increased to ₹9,814 crores as at March 31, 2023, from ₹8,979 crores as at March 31, 2022. This increase is mainly due to deposits of surplus cash of Tata Passenger Electric Mobility limited with financial institution amounting to ₹900 crores as at March 31, 2023.

Income tax assets (both current and non-current) increased by 24.6% to ₹1,816 crores as at March 31, 2023, from ₹1,457 crores as at March 31, 2022, Tata Passenger Electric Mobility Limited, Tata Motors Passenger Vehicles Limited, Tata Motors Limited and TMF Group.

Property, plants and equipment (net of depreciation) decreased by 5.3% from ₹80,900 crores as at March 31, 2022, to ₹76,641 crores as at March 31, 2023. The decrease is partly offset by favourable foreign currency translation of ₹1,211 crores from GBP to Indian rupees. After adjusting for the foreign currency translation impact, decrease of ₹5,470 crores is mainly due to lower addition during the year as compared to previous year.

Goodwill as at March 31, 2023, was ₹841 crores, compared to ₹807 crores as at March 31, 2022. The increase was attributable to a favourable translation impact pertaining to software consultancy and the services of our subsidiary, Tata Technologies Limited.

Intangible assets decreased by 2.3% from ₹57,184 crores as at March 31, 2022, to ₹55,851 crores as at March 31, 2023. This decrease is mainly due to amortization charge for the year and lower capitalization of product development costs. This decrease is partially offset by favourable foreign currency translation of ₹1,080 crores from GBP to Indian rupees. As at March 31, 2023, there were product development projects in progress amounting to ₹9,055 crores compared to ₹6,722 crores as at March 31, 2022.

The carrying value of investments in equity-accounted investees increased by 7.5% to ₹4,676 crores as at March 31, 2023, from ₹4,349 crores as at March 31, 2022. The value of investments in equity-accounted investees increased mainly due to profit for the year FY 2022-23 from the associates and joint ventures.

A deferred tax asset (net) of ₹2,554 crores was recorded in our income statement and a deferred tax liability of ₹964 crores in other comprehensive income which mainly includes ₹1,123 crores towards cash flow hedges in FY 2022-23. The net deferred tax asset of ₹1,590 crores was recorded as at March 31, 2023, compared to net deferred tax liability ₹652 crores as at March 31, 2022.

Accounts payable (including acceptances) were ₹79,214 crores as at March 31, 2023, compared to ₹69,750 crores as at March 31, 2022, an increase of 13.6%, reflecting increase in operations at Jaguar land Rover and an unfavourable foreign currency translation of ₹1,237 crores from GBP to Indian rupees.

Other financial liabilities (current and non-current) were ₹22,151 crores as at March 31, 2023, compared to ₹19,754 crores as at March 31, 2022 (net of unfavourable currency translation impact of ₹407 crores), reflecting liabilities towards vehicles sold under repurchase arrangements, derivative instruments, and interest accrued but not due on loans and lease liabilities. Liability toward vehicles sold under repurchasing arrangements increased to ₹3,022 crores as at March 31, 2023, from ₹2,658 crores as at March 31, 2022, mainly due to increase in the repurchase business at Jaguar Land Rover. Further Derivative financial instruments (representing options and other hedging arrangements, mainly related to Jaguar Land Rover) increased by 24.3% to ₹9,766 crores as at March 31, 2023, from ₹7,859 crores as at March 31, 2022.

Provisions (current and non-current) increased by 6% to ₹25,007 crores as at March 31, 2023, from ₹23,722 crores as at March 31, 2022.Provisions for warranties increased by 4.3% or ₹758 crores to ₹18,492 crores as at March 31, 2023, compared to ₹17,734 crores as at March 31, 2022 mainly at Jaguar Land Rover increased from GBP 1630 million to GBP 1,672 million as at March 31, 2023. Provision for emission has increased from ₹ 255 crores to ₹ 325 crores as March 31, 2023.

Other liabilities (current and non-current) increased by 5.2% to ₹20,297 crores as at March 31, 2023, compared to ₹19,297 crores as at March 31, 2022.

Our total debt was ₹1,25,660 crores as at March 31, 2023, compared to ₹1,39,677 crores as at March 31, 2022, a decrease of 10.0%, It includes an unfavourable currency translation of ₹1,335 crores from GBP to Indian rupees. Short-term debt (including the current portion of long-term debt) decreased to ₹36,965 crores as at March 31, 2023, compared to ₹41,918 crores as at March 31, 2022. Long-term debt (excluding the current portion) decreased by 9.3% to ₹88,696 crores as at March 31, 2023, from ₹97,759 crores as at March 31, 2022. Long-term debt (including the current portion) decreased by 8.75% to ₹1,11,594 crores as at March 31, 2023, compared to ₹122,299 crores as at March 31, 2022.

Total equity was ₹52,600 crores as at March 31, 2023, and ₹48,832 crores as at March 31, 2022, respectively.

Equity attributable to shareholders of Tata Motors Limited increased to ₹45,322 crores as at March 31, 2023, compared to ₹44,561 crores as at March 31, 2022. This increase was mainly due to profit of ₹2,414 crores in FY 2022-23. Further, hedging reserve loss of ₹1,356 crores compared to loss of ₹6,938 crores, currency translation reserve gain of ₹723 crores compared to loss of ₹111 crores.

C. Cash Flow

The following table sets forth selected items from consolidated cash flow statement:

(₹ in crores)

	FY 2022-23	FY 2021-22	Change
Cash from operating activity	**35,388**	**14,283**	**21,105**
Profit/Loss for the year	2,690	(11,309)	
Adjustments for cash flow from operations	39,004	38,252	
Changes in working capital	(3,127)	(10,750)	
Direct taxes paid	(3,179)	(1,910)	
Cash from investing activity	**(16,804)**	**(4,775)**	**(12,029)**
Payment for Assets	(18,647)	(14,938)	
Net investments, short term deposit, margin money and loans given	801	9,478	
Dividend and interest received	1,042	685	
Net Cash from / (used in) Financing Activities	**(26,243)**	**(3,380)**	**(22,863)**
Proceeds/(buy back) from issue of share to minority shareholders	(395)	-	
Dividend Paid (including paid to minority shareholders	(141)	(100)	
Interest paid	(9,336)	(9,251)	
Net Borrowings (net of issue expenses)	(16,371)	5,971	
Net increase / (decrease) in cash and cash equivalent	**(7,659)**	**6,128**	**(13,787)**
Cash and cash equivalent, beginging of the year	38,159	31,700	
Effect of exchange fluctuation on cash flows	1,387	331	
Cash and cash equivalent, end of the year	**31,887**	**38,159**	**(6,272)**
Free Cash flow*	**9,237**	**(9,254)**	**17,654**

*Free cash flow means cash flow from operating activities less payment for property, plant and equipment and intangible assets, add proceeds from sale of property, plant and equipment, excluding M&A linked asset purchase less interest paid, add interest received, add dividend from equity accounted investees of core auto entities and less Investment in Equity Accounted investees of core auto entities.

Disruptions to our supply chains and shortages of essential raw materials, parts and components may adversely affect our production and results of operations.

We rely on third parties to source raw materials, parts and components used in the manufacture of our products. At a local level, we rely on smaller enterprises where the risk of insolvency is greater. In addition, for some parts and components, we are dependent on a single source of supply. Our ability to procure supplies in a cost-effective and timely manner or at all is subject to various factors, some of which are not within our control. Furthermore, there is a risk that manufacturing capacity does not match to the sales demand, thereby compromising our business performance. Given the time frames and investments required for any adjustment to the supply chain, there is no near-term remedy for such a risk. While we manage our supply chain as part of our supplier management process, any significant problems or shortages of essential raw materials in the future could adversely affect our results of operations.

Adverse economic conditions and declines in vehicle sales have had a significant financial impact on our suppliers in the past. In addition, our supply chains have been, and continue to be, impacted by business disruptions and uncertainty caused by the COVID-19 pandemic. See "We have been, and may continue to be, adversely affected by the COVID-19 pandemic" for more information.

In addition, because of reduced demand for automobiles and lack of access to sufficient financial arrangements for our supply chain could impair the timely availability of components for our business. In addition, if one or more of the other global automotive component manufacturers were to become insolvent, this would have an adverse impact on the supply chains and may further adversely affect our results of operations. We are also exposed to supply chain risks relating to the availability of lithium-ion battery cells, which are critical for EV production. Any disruption to the supply of battery cells or constraints in availability could disrupt production of our vehicles and delay the rollout of our strategic initiatives, including Jaguar Land Rover's Reimagine strategy. As we and other automotive manufacturers expand production of EVs and demand for EVs increases, such risks are heightened.

Moreover, we have entered into agreements for the purchase of components from certain suppliers pursuant to which, if we procure lower quantities than committed, we may have to record provisions toward such contracts, which may have a material adverse impact on our financial condition and results of operations.

Deterioration or uncertainty in global economic conditions could have a material adverse impact on our business, sales and results of operations.

The automotive industry could be materially affected by the general economic conditions and developments in India and around the world and investors' reaction to such conditions and developments.

The automotive industry, in general, is cyclical, and economic slowdowns in recent years have affected the manufacturing sector in India, including the automotive and related industries. Deterioration of key economic metrics, such as the growth rate, interest rates and inflation, reduced availability of competitive financing rates for vehicles, implementation of significant environmental and tax policies, work stoppages and increase in freight rates and fuel prices could materially and adversely affect our automotive sales and results of operations. Deterioration in key economic metrics in countries where we have sales operations may result in a decrease in demand for our automobiles, which, in turn, will cause automobile prices and manufacturing capacity utilization rates to fall.

We are a global organization and are therefore vulnerable to shifts in global trade and economic policies and outlook. Policies that result in countries withdrawing from trade pacts, increasing protectionism and undermining free trade could substantially affect our ability to operate as a global business. Additionally, negative sentiment toward foreign companies among our overseas customers and employees could adversely affect our sales as well as our ability to hire and retain talented people. A negative shift in either policies or sentiment with respect to global trade and foreign businesses could have a material adverse effect on our business, prospects, results of operations and financial condition.

Prolonged periods of sluggish economic growth or any significant financial disruption could have a material adverse effect on our cost of funding, portfolio of financing loans, business, prospects, results of operations, financial condition and the trading price of the Company's Shares.

During FY 2022-23, we have seen a number of banking failures and crises. Our business relies on the banking sector for a range of credit facilities, including loans and hedging lines. We also hold cash balances that are invested with a range of financial institutions and monitored by internal credit risk policies. We have not had any significant direct impact due to any recent bank failures or crises; however, we may suffer from indirect effects as these may lead to more conservative lending decisions from other banks leading to a reduction in lending capacity among our banking group. This may have an adverse impact on our business as the availability of

RISKS FACTOR

not be successful and may still be exposed to a counterparty default risk with government institutions.

Similar to the Education business, in relation to any other industries TTL may consider venturing into, factors such as its lack of experience in the industry compared to global competitors, uncertainty of demand for such services and additional research and development costs may impact its ability to grow its market share in the segment. Further, the process of foraying into such new segments would require TTL to make long-term investments and commit significant resources before knowing whether these investments will eventually result in businesses that achieve client acceptance and generate the expected revenues and desired returns. There can be no assurance that TTL's competitors will not be able to develop similar products or solutions at a lower price than it can, which would have an adverse effect on TTL's competitive position. TTL's inability to deliver attractive and competitive products or to allocate the necessary resources for this purpose could delay or hinder the successful development, introduction or marketing of products in such businesses. If TTL is unable to achieve the anticipated returns in such new growth areas, it could have a material adverse effect on its business, results of operations and financial condition.

We are subject to risks associated with product liability, warranties and recalls.

We are subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting our vehicles. From time to time, we may be subject to investigations by governmental authorities relating to safety and other compliance issues with our vehicles. In particular, as our vehicles become more technologically advanced, we are subject to risks related to their software and operation, including our advanced driver assistance systems automation. We may be required to expend considerable resources in connection with product recalls, and these resources typically include the cost of the part being replaced and the labor required to remove and replace the defective part.

In addition, product recalls can cause our consumers to question the safety or reliability of our vehicles, which may harm our reputation. Any harm to our reputation may result in a substantial loss of customers. For example, we commenced remediatory action in connection with the Takata Corporation's passenger airbag safety recall announced in May 2015 in the United States by the National Highway Traffic System Administration (the "NHTSA"). The provision held at the end of FY 2022-23 with respect to the recall is GBP40 million.

The Motor Vehicle (Amendment) Act 2019 addresses vehicle recalls, road safety, traffic management and accident insurance, among other matters. It imposes civil and criminal liability on manufacturers selling vehicles in contravention of the standards specified in the act, or required by the Government of India to recall their vehicles. The MoRTH issued the final notification mandating detailed CMV Rules for Implementation of various provisions on Auto Recall and Non-compliance from April 1, 2021. The final notification stipulates Rules for Implementation of Sections 39-40 of the Motor Vehicles (Amendment) Act, 2019, dealing with procedures for investigation, officers empowered to conduct investigations, procedures for hearing, and the penalties to be levied thereof, for violation of standards prescribed in Section 110; procedures for recall of defective motor vehicles; the accreditation, registration and regulation of testing agencies; and the procedures for type approval of motor vehicles and confirmatory of production. The MoRTH has also issued final notification prescribing the Vehicle Percentage by category of owners reporting identical defects in reference to CMV Rule 127C: Defective Motor Vehicle and Recall Notice. With the intent of incorporating various checks and measures toward ensuring safer public and private transportation, the MoRTH has issued final notification toward implementation of WVSCoP from December 2022.

The Government of India is also setting up ambitious E20 targets to achieve 20% Ethanol blending by FY 2024-25. In the course of our business, we need to make investments to comply with laws and regulations and we may not necessarily be able to recover all these costs.

Furthermore, we may also be subject to class actions or other large-scale lawsuits pertaining to product liability or other matters in various jurisdictions in which we have a significant presence. The use of shared components in vehicle production increases this risk because individual components are deployed in a number of different models across our brands. Any costs incurred or lost sales caused by product liability, warranties and recalls could materially adversely affect our business and reputation.

Exchange rate and interest rate fluctuations and hedging arrangements could materially and adversely affect our financial condition and results of operations.

Our operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which we operate. We import capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore our revenues and costs have significant exposure to the relative movements of the GBP, the U.S. dollar, the Euro, the Chinese Renminbi, the

Singapore dollar, the Japanese yen, the Australian dollar, the South African rand, the Korean won and the Indian rupee. In addition, the strengthening of the British pound may negatively impact Jaguar Land Rover by diminishing the British pound value of its overseas sales. Moreover, although a trade agreement between the United Kingdom and the European Union was agreed in December 2020 and tariffs have, to date, been avoided, Brexit has continued to generate customs and other administrative frictions that may persist and ultimately impact the United Kingdom economy, thereby causing further volatility in the value of the British pound, which could affect our Jaguar Land Rover business.

A significant proportion of JLR's input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore it has costs in, and significant exposure to the movement of, the Euro (specifically a strengthening of the Euro) and certain other currencies relative to the GBP (Jaguar Land Rover's reporting currency), which may result in decreased profits to the extent these are not fully mitigated by non-GBP sales.

Moreover, we have outstanding foreign currency-denominated debt. We have experienced and could in the future experience foreign exchange losses on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations. We are exposed to changes in interest rates, as we have both interest-bearing assets (including cash balances) and interest-bearing liabilities, certain of which bear interest at variable rates (including Jaguar Land Rover's US$1 billion term loan facility, the UK Export Finance ("UKEF") and commercial loan facilities and the United Kingdom fleet financing facility), whereas the existing notes bear interest at fixed rates. Although we engage in managing our interest and foreign exchange exposure by asset/liability matching and through the use of financial hedging instruments, such as forward contracts, swap agreements and option contracts, higher interest rates and a weakening of the Indian rupee against major foreign currencies could significantly increase our cost of borrowing. Please see note [41(B)(d)(i) – (b)] to our consolidated financial statements included elsewhere in this annual report for further detail on our exposure to fluctuations in interest rates.

Appropriate hedging lines for the type of risk exposures we are subject to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. While hedging instruments may mitigate our exposure to fluctuations in currency exchange rates to a certain extent, we potentially forego benefits that might result from market fluctuations in currency exposures. These hedging transactions can also result in substantial losses, including, without limitation, when a counterparty does not perform its obligations under the applicable hedging arrangement, there are currency fluctuations, the arrangement is imperfect or ineffective, or our internal hedging policies and procedures are not followed or do not work as planned.

In addition, because our potential obligations under the financial hedging instruments are marked to market, we may experience quarterly and annual volatility in our operating results and cash flows attributable to our financial hedging activities.

Any of the above may have a material adverse effect on our financial condition, results of operations and liquidity.

Changes or uncertainty in respect of LIBOR, IBORs, SONIA and/or SOFR may adversely affect some of our financing arrangements.

On March 5, 2021, the UK Financial Conduct Authority announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the one-week and two-month U.S. dollar settings, and (b) immediately after June 30, 2023, in the case of the remaining U.S. dollar settings. In addition, among other developments, relevant authorities are strongly encouraging the transition away from Interbank Offered Rates ("IBORs"), such as LIBOR, and have identified "risk-free rates", such as SOFR, or SONIA, to eventually take the place of such IBORs as primary benchmarks. Such risk-free rates, including SOFR, have a different methodology and other important differences from the IBORs they will eventually replace and currently have little historical track record. The implementation of such reforms and consequential changes to benchmark indices may cause such indices to disappear entirely or perform differently than in the past, which could have a material adverse effect on the yield or value of our financing arrangements.

With the discontinuation of interest rate benchmarks such as LIBOR or U.S. dollar LIBOR, the rate of interest applicable to certain of our financing arrangements may be determined by applicable contractual fallback provisions. Such provisions may not have been tested, and there is a risk they may not operate as intended. In addition, there can also be no assurance that we will be able to negotiate amendments to our financing arrangements on terms acceptable to us, or at all. Moreover, there can be no assurance that any successor benchmark will not have other consequences that will adversely impact our financing arrangements.

More generally, any of the above matters or any other significant change to the setting or existence of interest rate benchmarks could affect the amounts available to us

REPORT ON CORPORATE GOVERNANCE

For Fixed Deposit and other Share related queries
Kindly refer details mentioned herein above under the head "Registrar and Transfer Agents"

Credit Ratings

Credit ratings obtained along with revisions thereto during FY 2022-23, for all debt instruments in India and abroad:

Rating Agency	Period	Credit Rating	
		Short-Term	Long-Term
CARE Ratings Limited	As on April 1, 2022	CARE A1+	CARE AA- / Stable
CRISIL	As on April 1, 2022	CRISIL A1+	CRISIL AA- / Stable
ICRA Limited	As on April 1, 2022	ICRA A1+	ICRA AA- / Stable
	February 15, 2023		ICRA AA-/Positive
MOODY's Investors Service	As on April 1, 2022		B1 / Stable
Standard & Poor's	As on April 1, 2022		BB- / Stable

→ Details of Non-Convertible Debentures, as on March 31, 2023, listed on NSE and BSE under Wholesale Debt Market segment* of the Stock Exchange:

Series No.	Stock Exchange Listing	ISIN	Principal Amount (` incrores)	Yieldto Maturity(%)	Dateof Maturity
E26B	NSE	INE155A08191	300	9.81	August 20, 2024
E26C	NSE	INE155A08209	200	9.77	September 12, 2024
E26F	NSE & BSE	INE155A08241	400	9.35	November 10, 2023
E28A (Tranche I)	NSE & BSE	INE155A08381	200	9..27	June 30, 2023
E28 A (Tranche II)	NSE & BSE	INE155A08373	200	9.31	September 29, 2023
E28A (Tranche III)	NSE & BSE	INE155A08399	100	9.54	June 28, 2024
E28B (Tranche I)	NSE & BSE	INE155A08407	250	8.50	December 30, 2026
E28B (Tranche II)	NSE & BSE	INE155A08415	250	8.50	January 29, 2027
E29A	NSE & BSE	INE155A07284	1000	8.80	May 26, 2023
E30A	NSE & BSE	INE155A08423	500	6.60	May 29, 2026
E30B	NSE & BSE	INE155A08431	500	6.95	March 31, 2026

*Detailed information on the above debentures is included in the 'Notes to Accounts'.

During the year, the following Non-Convertible Debentures (NCDs) were redeemed:

→ 9.60% E26E Series of NCDs (ISIN: INE155A08233) of ₹400 crores on October 29, 2022;

→ 7.50% E27H Series of NCDs (ISIN: INE155A08340) of ₹500 crores on June 22, 2022;

Debenture Trustee: Vistra ITCL (India) Limited, situated at the IL&FS Financial Centre, 7th Floor, Plot C- 22, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051, are the debenture trustees for all the aforementioned NCD's issued by the Company. They may be contacted at Tel.: +91 22 2659 3333, Fax: + 91 22 2653 3297, Email id: itclcomplianceofficer@vistra.com.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

During the year under review, the Company had managed the foreign exchange and commodity price risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange and commodity exposures against exports and imports. The details of foreign currency and commodity exposure are disclosed in Note No. 41(B)(d)(i)(a) and 40(B)(d)(i)(v) of the Consolidated Financial Statements.

a. Total exposure of the Company to commodities: ₹16,454 crore

b. Exposure of the Company to various Commodities:

Commodity Name	Exposure in ₹ towards a particular commodity	Exposure in quantity terms towards a particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
Raw Material (majorly Steel)	₹14,758 crore	Note 1	-	-	-	-	-
Aluminum, Copper & Lead	₹1,696 crore	0.05 million metric tons	-	-	33%	-	33%

Notes:

1. Mixture of commodities having different Unit of measurements
2. Above values are estimates
3. Exposure given above is relating to direct materials only

c. Commodity risks faced by the Company during the year and measures adopted to combat the same:

During the year under review, major demand supply imbalance was seen in first half of the year till September, 2022 leading to spike in commodity prices, impacting the industry as a whole. The Company is running comprehensive campaigns to offset the impact of such cost pressures.

Policy on Determing Material Subsidiaries

The Company adopted a Policy for Determining Material Subsidiaries of the Company, pursuant to Regulation 16(1)(c) of the SEBI Listing Regulations. This policy is available on the Company's website at https://investors.tatamotors.com/pdf/material.pdf, pursuant to Regulation 46(2) of the SEBI Listing Regulations.

During the year under review, as per the provisions of Regulations 16 and 24 of the SEBI Listing Regulations, at least one ID of the Company is required to be appointed on the Board of unlisted material subsidiaries whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Jaguar Land Rover Automotive PLC ("JLRA") and Jaguar Land Rover Limited ("JLRL"), were identified as material subsidiary companies, whose net worth exceeded twenty percent of the consolidated networth of the Company and its subsidiaries. Accordingly, Ms Hanne Sorensen, ID is on the Boards of JLRA and JLRL

Ms Vedika Bhandarkar, ID is on the Boards of Tata Motors Finance Limited and Tata Motors Finance Solutions Limited, which have been identified as strategically important subsidiary companies.

The Audit Committee also has a meeting wherein the CEO and CFO of subsidiary companies make a presentation on significant issues in audit, internal control, risk management, etc. Significant issues pertaining to subsidiary companies are also discussed at Audit Committee meetings of the Company.

The minutes of the subsidiary companies are placed before the Board of Directors of the Company on a quarterly basis and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The performance of its subsidiaries is also reviewed by the Board periodically.

The Company is compliant with other requirements under Regulation 24 of the SEBI Listing Regulations with regard to its subsidiary companies.

Details of Material Subsidiaries of the Listed Entity, including the date and place of Incorporation and the Name and Date of Appointment of Statutory Auditors of such Subsidiaries

Name of Subsidiaries	Date and Place of incorporation	Name of Statutory Auditors	Date of Appointment
Tata Motors Finance Limited	January 24, 1989 Mumbai, India	M/s Sharp & Tannan Associates And M/s G M Kapadia & Co.	October 20, 2021
TMF Holdings Limited	June 1, 2006 Mumbai, India	M/s Sudit K. Parekh & Co. LLP	October 20, 2021
Jaguar Land Rover Holdings Limited	June 16, 2000 England & Wales	KPMG	September 11, 2017
Jaguar Land Rover Automotive Plc	January 18, 2008 England & Wales	KPMG	September 11, 2017
Jaguar Land Rover Limited	October 15, 1982 England & Wales	KPMG	September 11, 2017
Jaguar Land Rover North America, LLC	November 18, 1985 Delaware, USA	KPMG	September 11, 2017
Jaguar Land Rover (China) Investment Co Ltd	May 09, 2008 Shanghai	KPMG	September 11, 2017

TATA

Statement of Profit and Loss

(₹ in crores)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
REVENUE FROM OPERATIONS			
Revenue		65,298.84	46,880.97
Other operating revenue		458.49	382.71
I. Total revenue from operations	31 (b)	65,757.33	47,263.68
II. Other Income	32 (b)	820.94	659.91
III. **Total Income (I+II)**		66,578.27	**47,923.59**
IV. **Expenses**			
(a) Cost of materials consumed		42,226.81	31,693.11
(b) Purchases of products for sale		6,561.32	5,030.00
(c) Changes in inventories of finished goods, work-in-progress and products for sale		484.69	(403.87)
(d) Employee benefits expense	33	4,021.63	3,601.51
(e) Finance costs	34	2,047.51	2,121.73
(f) Foreign exchange loss (net)		279.76	136.81
(g) Depreciation and amortisation expense		1,766.86	1,760.57
(h) Product development/Engineering expenses		899.06	593.90
(i) Other expenses	35	7,819.74	6,018.71
(j) Amount transferred to capital and other accounts	36	(1,066.73)	(905.42)
Total Expenses (IV)		65,040.65	**49,647.05**
V. **Profit/(loss) before exceptional items and tax (III-IV)**		1,537.62	(1,723.46)
VI. **Exceptional items:**			
(a) Employee separation cost		1.36	8.35
(b) Cost of slump sale of PV undertaking		-	50.00
(c) Provision/reversal for loan given to/investment in/cost of closure of subsidiary companies		4.55	(139.24)
(d) Provision for Intangible assets under development		276.91	-
(e) Others	49 (iii)	-	(2.52)
VII. **Profit/(loss) before tax (V-VI)**		1,254.80	**(1,640.05)**
VIII. **Tax expense/(credit) (net)**	28		
(a) Current tax		81.60	51.18
(b) Deferred tax		(1,554.93)	48.00
Total tax expense/(credit) (net)		(1,473.33)	**99.18**
IX. **Profit/(loss) for the year from continuing operations (VII-VIII)**		2,728.13	**(1,739.23)**
X. **Profit/(loss) before tax for the year from discontinued operations**	45	-	**392.51**
XI. **Tax expense (net) of discontinued operations**	28		
(a) Current tax		-	44.14
(b) Deferred tax		-	-
Total tax expense		-	**44.14**
XII. Profit for the year after tax from discontinued operations (X-XI)	45	-	**348.37**
XIII. Profit/(loss) for the year (IX+XII)		2,728.13	**(1,390.86)**
XIV. **Other comprehensive income/(loss):**			
(A) (i) Items that will not be reclassified to profit and loss:			
(a) Remeasurement losses on defined benefit obligations (net)		(61.43)	(57.66)
(b) Equity instruments at fair value through other comprehensive income		(134.12)	371.29
(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss		34.96	(32.33)
(B) (i) Items that will be reclassified to profit and loss - gains/(losses) in cash flow hedges		(99.69)	1.62
(ii) Income tax credit/(expense) relating to items that will be reclassified to profit and loss		9.93	(0.57)
Total other comprehensive income/(loss), net of taxes		(250.35)	**282.35**
XV. **Total comprehensive income/(loss) for the year (XIII+XIV)**		2,477.78	**(1,108.51)**
XVI. **Earnings/(loss) per share (EPS)**	38		
Earnings/(loss) per share from continuing operations (EPS)			
(A) Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	7.11	(4.54)
(ii) Diluted	₹	7.11	(4.54)
(B) 'A' Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	7.21	(4.54)
(ii) Diluted	₹	7.21	(4.54)
Earnings/(loss) per share from discontinued operations (EPS)			
(A) Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	-	0.90
(ii) Diluted	₹	-	0.90
(B) 'A' Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	-	1.00
(ii) Diluted	₹	-	1.00
Earnings/(loss) per share from continuing and discontinued operations (EPS)			
(A) Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	7.11	(3.63)
(ii) Diluted	₹	7.11	(3.63)
(B) 'A' Ordinary shares (face value of ₹ 2 each) :			
(i) Basic	₹	7.21	(3.63)
(ii) Diluted	₹	7.21	(3.63)

See accompanying notes to financial statements
In terms of our report attached

For and on behalf of the Board

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

N CHANDRASEKARAN *[DIN: 00121863]*
Chairman

P B BALAJI
Group Chief Financial Officer

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRR6797
Place: Mumbai
Date: May 12, 2023

GIRISH WAGH *[DIN: 03119361]*
Executive Director

MALOY KUMAR GUPTA *[ACS: 24123]*
Company Secretary

Place: Mumbai
Date: May 12, 2023

TATA MOTORS

Statement of Changes in Equity for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	
Balance as at April 1, 2022	765.88
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2022	**765.88**
Issue of shares on exercise of stock options by employees	0.14
Balance as at March 31, 2023	**766.02**

B. Other Equity (refer note 21)

(₹ in crores)

Particulars	Securities premium	Share based payments reserve	Share application money pending allotment	Capital redemption reserve	Debenture redemption reserve	Capital reserve (on merger)/(sale of business) (net)	Retained earnings	Other components of equity			Total other equity
								Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2022	**14,459.14**	**38.27**	**6.39**	**2.28**	**411.14**	**1,609.89**	**2,146.05**	**606.03**	**(13.80)**	**(87.12)**	**19,178.27**
Changes in accounting policies or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2022	**14,459.14**	**38.27**	**6.39**	**2.28**	**411.14**	**1,609.89**	**2,146.05**	**606.03**	**(13.80)**	**(87.12)**	**19,178.27**
Profit for the year	-	-	-	-	-	-	2,728.13	-	-	-	2,728.13
Remeasurement gain /(loss) on defined benefit obligations (net)	-	-	-	-	-	-	(65.93)	-	-	-	(65.93)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	(94.65)	52.17	(141.94)	(184.42)
Total comprehensive income for the year	-	-	-	-	-	-	**2,662.20**	**(94.65)**	**52.17**	**(141.94)**	**2,477.78**
Share-based payments	-	28.31	-	-	-	-	-	-	-	-	28.31
Money received on exercise of stock options by employees	23.40	-	(3.93)	-	-	-	-	-	-	-	19.47
Exercise of stock option by employees	3.79	(3.79)	-	-	-	-	-	-	-	-	-
Transfer of lapsed stock options	-	(1.30)	-	-	-	-	1.30	-	-	-	-
Transfer from debenture redemption reserve	-	-	-	-	(199.80)	-	199.80	-	-	-	-
Balance as at March 31, 2023	**14,486.33**	**61.49**	**2.46**	**2.28**	**211.34**	**1,609.89**	**5,009.35**	**511.38**	**38.37**	**(229.06)**	**21,703.83**

See accompanying notes to financial statements
In terms of our report attached

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

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRR6797
Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board

N CHANDRASEKARAN *[DIN: 00121863]*
Chairman

GIRISH WAGH *[DIN: 03119361]*
Executive Director

P B BALAJI
Group Chief Financial Officer

MALOY KUMAR GUPTA *[ACS: 24123]*
Company Secretary

Place: Mumbai
Date: May 12, 2023

Statement of Changes in Equity for the year ended March 31, 2022

A. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	
Balance as at April 1, 2021	765.81
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2021	765.81
Issue of shares on exercise of stock options by employees	0.07
Balance as at March 31, 2022	**765.88**

B. Other Equity (refer note 21)

(₹ in crores)

Particulars	Securities premium	Share based payments reserve	Share application money pending allotment	Capital redemption reserve	Debenture redemption reserve	Capital reserve (on merger)/(sale of business) (net)	Retained earnings	Other components of equity			Total other equity
								Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2021	**25,618.63**	**22.18**	**-**	**2.28**	**904.44**	**(350.15)**	**(8,092.95)**	**287.70**	**(101.17)**	**(0.80)**	**18,290.16**
Changes in accounting policies or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	**25,618.63**	**22.18**	**-**	**2.28**	**904.44**	**(350.15)**	**(8,092.95)**	**287.70**	**(101.17)**	**(0.80)**	**18,290.16**
Loss for the year	-	-	-	-	-	-	(1,390.86)	-	-	-	(1,390.86)
Remeasurement gain /(loss) on defined benefit obligations (net)							(37.03)	-	-	-	(37.03)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	318.33	87.37	(86.32)	319.38
Total comprehensive loss for the year	**-**	**-**		**-**	**-**	**-**	**(1,427.89)**	**318.33**	**87.37**	**(86.32)**	**(1,108.51)**
Share-based payments	-	18.04	-	-	-	-	-	-	-	-	18.04
Money received on exercise of stock options by employees	12.15	-	6.39	-	-	-	-	-	-	-	18.54
Exercise of stock option by employees	1.95	(1.95)	-	-	-	-	-	-	-	-	-
Reduction of share capital in accordance with approved Scheme of Arrangement (refer note 45)	(11,173.59)	-	-	-	-	-	11,173.59	-	-	-	-
Excess of consideration received over the carrying value of net assets transferred of PV undertaking (refer note 45)	-	-	-	-	-	1,960.04	-	-	-	-	1,960.04
Transfer from debenture redemption reserve	-	-	-	-	(493.30)	-	493.30	-	-	-	-
Balance as at March 31, 2022	**14,459.14**	**38.27**	**6.39**	**2.28**	**411.14**	**1,609.89**	**2,146.05**	**606.03**	**(13.80)**	**(87.12)**	**19,178.27**

See accompanying notes to financial statements
In terms of our report attached

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

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRR6797
Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board

N CHANDRASEKARAN *[DIN: 00121863]*
Chairman

GIRISH WAGH *[DIN: 03119361]*
Executive Director

P B BALAJI
Group Chief Financial Officer

MALOY KUMAR GUPTA *[ACS: 24123]*
Company Secretary

Place: Mumbai
Date: May 12, 2023

Notes
forming part of Financial Statements

iii) Note 27 - Provision for product warranty

iv) Note 33(B) - Assets and obligations relating to employee benefits

d. Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Company.

Material and other cost of sales as reported in the statement of profit and loss is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

e. Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of Tata Motors Limited.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange differences arising on settlement of transactions and translation of monetary items are recognized in the statement of Profit or Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

f. Segments

The Company primarily operates in the automotive business and has a single segment of commercial vehicles. The Company has opted for an exemption as per para 4 of Ind AS 108. Segment information is thus given in the consolidated financial statements of the Company.

g. Going concern

The Company's financial statements have been prepared on a going concern basis.

The Company has performed an assessment of its financial position as at March 31, 2023 and forecasts of the Company for a period of eighteen months from the date of these financial statements (the 'Going Concern Assessment Period' and the 'Foreseeable Future').

In developing these forecasts, the Company has modelled a base case, which has been further sensitised using severe but plausible downside scenarios. The base case covers the Going Concern Assessment Period and considers the estimated on-going impact of the Russia-Ukraine conflict as well as a cautious view of the impact of near-term supply chain challenges related to global semi-conductor shortages. It also accounts for other end-market and operational factors throughout the Going Concern Assessment Period. The base case assumes continued recovery in industry volumes based upon external industry forecasts. This has been further sensitized using more severe but plausible scenarios considering external market commentaries and other factors impacting the global economy and automotive industry. Management do not consider more extreme scenarios than the ones assessed to be plausible.

In evaluating the forecasts, the Company has taken into consideration both the sufficiency of liquidity to meet obligations as they fall due as well as potential impact on compliance with financial covenants during the forecast period. These forecasts indicate that, based on cash generated from operations, the existing funding facilities and inter corporate deposits from subsidiaries, the Company will have sufficient liquidity to operate and discharge its liabilities as they become due, without breaching any relevant covenants and the need for any mitigating actions.

Based on the evaluation described above, management believes that the Company has

(k) Information regarding issue of shares in the last five years

(a) The Company has not issued any shares without payment being received in cash.

(b) The Company has not issued any bonus shares.

(c) The Company has not undertaken any buy-back of shares.

(l) Disclosure of Shareholding of Promoters

Promoter name	As at March 31, 2023		As at March 31, 2022		% change during the year
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital	
(i) Ordinary shares :					
Tata Sons Private Limited	1,45,21,13,801	43.72%	1,45,21,13,801	43.73%	-
(ii) 'A' Ordinary shares :					
Tata Sons Private Limited	3,85,11,281	7.57%	3,85,11,281	7.57%	-

Promoter name	As at March 31, 2022		As at March 31, 2021		% change during the year
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital	
(i) Ordinary shares :					
Tata Sons Private Limited	1,45,21,13,801	43.73%	1,45,21,13,801	43.73%	-
(ii) 'A' Ordinary shares :					
Tata Sons Private Limited	3,85,11,281	7.57%	3,85,11,281	7.57%	-

21. A) Other components of equity

(a) The movement of Equity instruments through Other Comprehensive Income is as follows:

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	606.03	287.70
Other comprehensive (loss)/income for the year	(134.12)	371.29
Income tax relating to loss/gain arising on other comprehensive income where applicable	39.47	(52.96)
Balance at the end	**511.38**	**606.03**

(b) The movement of Hedging reserve is as follows:

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	(13.80)	(101.17)
Gain/(loss) recognised on cash flow hedges	71.59	136.87
Income tax relating to gain/(loss) recognised on cash flow hedges	(20.09)	(47.83)
(Gain)/loss reclassified to profit or loss	0.90	(2.57)
Income tax relating to (gain)/loss reclassified to profit or loss	(0.23)	0.90
Balance at the end	**38.37**	**(13.80)**

Notes
forming part of Financial Statements

(c) The movement of Cost of Hedging reserve is as follows:

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	(87.12)	(0.80)
Gain/(loss) recognised on cash flow hedges	(306.09)	(133.90)
Income tax relating to gain/(loss) recognised on cash flow hedges	77.03	46.78
(Gain)/loss reclassified to profit and loss	133.90	1.22
Income tax relating to gain/(loss) reclassified to profit and loss	(46.78)	(0.42)
Balance at the end	**(229.06)**	**(87.12)**

(d) Summary of Other components of equity:

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Equity instruments through other comprehensive income	511.38	606.03
Hedging reserve	38.37	(13.80)
Cost of hedging reserve	(229.06)	(87.12)
Total	**320.69**	**505.11**

(B) Notes to reserves

a) Capital redemption reserve

The Indian Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. Tata Motors Limited established this reserve pursuant to the redemption of preference shares issued in earlier years.

b) Debenture redemption reserve (DRR)

The Companies Act requires that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve may not be utilised by the Company except to redeem debentures. No DRR is required for debentures issued after August 16, 2019.

c) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium.

d) Retained earnings

Retained earnings are the profits that the Company has earned till date, add/(less) any transfers from/(to) general reserve, securities premium and debenture redemption reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement gain/(loss) on defined benefit obligations, net of taxes that will not be reclassified to Profit and Loss.

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(b) Revenue From Operations

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Sale of products (refer note 1 and 2 below)		
(i) Vehicles	54,581.45	39,555.18
(ii) Spare parts	7,172.69	4,881.81
(iii) Miscellaneous products	2,274.62	1,733.92
Total Sale of products	**64,028.76**	**46,170.91**
(b) Sale of services	1,270.08	710.06
Revenue	**65,298.84**	**46,880.97**
(c) Other operating revenues (refer note 3 below)	458.49	382.71
Total	**65,757.33**	**47,263.68**
Note:		
(1) Includes variable marketing expenses netted off against revenue	(14,222.59)	(9,963.06)
(2) Includes exchange loss (net) on hedges reclassified from hedge reserve to statement of profit and loss	(0.44)	(0.98)
(3) Includes profit on sale of properties	102.75	65.48

32. Other income

(a) Accounting policy

Government Grants and Incentives

Other income includes export and other recurring and non-recurring incentives from Government (referred as "incentives").

Government grants are recognised when there is a reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the statement of profit and loss, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately if the costs have already been incurred. Government grants related to assets are deferred and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Company are recognised as income in the period in which the grant is received.

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			Year ended March 31, 2023	Year ended March 31, 2022
(l)	Add: Adjustment for Options relating to ESOP/PSP	Nos.	-	498,268
(m)	The weighted average number of Ordinary shares for Diluted EPS	Nos.	-	3,321,393,318
(n)	The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	-	508,502,896
(o)	Add: Adjustment for 'A' Ordinary shares held in abeyance	Nos.	-	233,214
(p)	The weighted average number of 'A' Ordinary shares for Diluted EPS	Nos.	-	508,736,110
(q)	Share of profit for Ordinary shares for Diluted EPS	₹ crores	-	297.69
(r)	Share of profit for 'A' Ordinary shares for Diluted EPS *	₹ crores	-	50.68
(s)	Earnings per Ordinary share (Diluted)	₹	-	0.90
(t)	Earnings per 'A' Ordinary share (Diluted)	₹	-	1.00

* 'A' Ordinary Shareholders are entitled to receive dividend @ 5% points more than the aggregate rate of dividend determined by the Company on Ordinary Shares for the financial year.

Since there is a loss for the year ended March 31, 2022 in continued operations, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

39. Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debentures, senior notes and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Total borrowings includes all long and short-term borrowings as disclosed in notes 22 and 23 to the financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges.

The following table summarises the capital of the Company:

(₹ in crores)

	As at March 31, 2023	As at March 31, 2022
Equity	22,660.54	20,045.07
Short-term borrowings and current maturities of long-term borrowings	8,426.74	9,129.91
Long-term borrowings	10,445.70	14,102.74
Total borrowings	**18,872.44**	**23,232.65**
Total capital (Debt + Equity)	**41,532.98**	**43,277.72**
Total equity as reported in balance sheet	22,469.85	19,944.15
Hedging reserve	(38.37)	13.80
Cost of Hedge reserve	229.06	87.12
Equity as reported above	**22,660.54**	**20,045.07**

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and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit and loss unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings. Financial assets are written off when there is no reasonable expectation of recovery. The Company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are decrecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

(iv) Impairment of financial assets:

The Company recognises a loss allowance for expected credit losses on a financial asset that is at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

(v) Hedge accounting:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these forward contracts in a cash flow hedging relationship by applying the hedge accounting principles. The Company also uses interest rate swaps to hedge its variability in cash flows from interest payments arising from floating rate liabilities i.e. when interests are paid according to benchmark market interest rates.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of the hedge relationship, the Company documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Company documents its risk management objective and strategy for undertaking its hedging transactions. The Company designates only the intrinsic value of foreign exchange options in the hedging relationship. The Company designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross- currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts accumulated in equity are reclassified to the statement of Profit and Loss in the periods in which the forecasted transactions occurs.

For forwards and options, forward premium and the time value are not considered part of the hedge. These are treated as cost of hedge and the changes in fair value attributable to forward premium is recognised in

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the other comprehensive income along with the changes in fair value determined to be effective portion of the hedge.

Effective portion of fair value changes of interest rate swaps that are designated as hedges against interest rate risk arising from floating rate debt are recognised in other comprehensive income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold). For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained there until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is immediately transferred to the statement of Profit and Loss for the year.

(b) Disclosures on financial instruments

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2023.

(₹ in crores)

Financial assets		Cash, and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship (at fair value through profit or loss)	Derivatives in hedging relationship (at fair value)	Total carrying value	Total fair value
(a)	Investments - non-current	-	1,204.82	-	-	-	1,204.82	1,204.82
(b)	Investments - current	-	-	3,142.96	-	-	3,142.96	3,142.96
(c)	Trade receivables	2,307.72	-	-	-	-	2,307.72	2,307.72
(d)	Cash and cash equivalents	1,121.43	-	-	-	-	1,121.43	1,121.43
(e)	Other bank balances	293.22	-	-	-	-	293.22	293.22
(f)	Loans and advances - non-current	114.40	-	-	-	-	114.40	114.40
(g)	Loans and advances - current	132.29	-	-	-	-	132.29	132.29
(h)	Other financial assets - non-current	1,502.55	-	-	523.18	379.50	2,405.23	2,405.23
(i)	Other financial assets - current	216.53	-	-	34.85	3.87	255.25	255.25
	Total	**5,688.14**	**1,204.82**	**3,142.96**	**558.03**	**383.37**	**10,977.32**	**10,977.32**

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(₹ in crores)

Financial liabilities	Derivatives other than in hedging relationship (at fair value)	Derivatives in hedging relationship (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	-	12,945.52	12,945.52	12,964.78
(b) Lease liabilities- non current	-	-	305.26	305.26	305.26
(c) Short-term borrowings	-	-	5,926.92	5,926.92	5,926.92
(d) Lease liabilities- current	-	-	100.99	100.99	100.99
(e) Trade payables	-	-	7,162.60	7,162.60	7,162.60
(f) Acceptances	-	-	5,839.39	5,839.39	5,839.39
(g) Other financial liabilities - non-current	142.03	-	272.41	414.44	414.44
(h) Other financial liabilities - current	35.45	5.50	1,259.23	1,300.18	1,300.18
Total	**177.48**	**5.50**	**33,812.32**	**33,995.30**	**34,014.56**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2022.

(₹ in crores)

Financial assets	Cash, and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship (at fair value through profit or loss)	Derivatives in hedging relationship (at fair value)	Total carrying value	Total fair value
(a) Investments - non-current	-	1,338.94	-	-	-	1,338.94	1,338.94
(b) Investments - current	-	-	5,143.08	-	-	5,143.08	5,143.08
(c) Trade receivables	2,111.78	-	-	-	-	2,111.78	2,111.78
(d) Cash and cash equivalents	2,450.23	-	-	-	-	2,450.23	2,450.23
(e) Other bank balances	155.20	-	-	-	-	155.20	155.20
(f) Loans and advances - non-current	48.43	-	-	-	-	48.43	48.43
(g) Loans and advances - current	139.37	-	-	-	-	139.37	139.37
(h) Other financial assets - non-current	1,316.92	-	-	258.95	416.65	1,992.52	1,992.52
(i) Other financial assets - current	764.01	-	-	29.04	16.46	809.51	809.51
Total	**6,985.94**	**1,338.94**	**5,143.08**	**287.99**	**433.11**	**14,189.06**	**14,189.06**

Notes
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(₹ in crores)

Financial liabilities	Derivatives other than in hedging relationship (at fair value)	Derivatives in hedging relationship (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	-	17,227.68	17,227.68	17,475.16
(b) Lease liabilities- non current	-	-	237.84	237.84	241.20
(c) Short-term borrowings	-	-	6,004.97	6,004.97	6,004.97
(d) Lease liabilities- current	-	-	58.58	58.58	58.58
(e) Trade payables	-	-	6,102.10	6,102.10	6,102.10
(f) Acceptances	-	-	7,883.96	7,883.96	7,883.96
(g) Other financial liabilities - non-current	56.69	20.31	383.37	460.37	460.37
(h) Other financial liabilities - current	2.18	0.61	1,110.47	1,113.26	1,113.26
Total	**58.87**	**20.92**	**39,008.97**	**39,088.76**	**39,339.60**

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2023 and 2022.

The investments in certain unquoted equity instruments which are held for medium or long-term strategic purpose and are not held for trading. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the management believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value in profit or loss.

Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.

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The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Any weakening of the functional currency may impact the Company's cost of exports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of each currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10% while keeping the other variables as constant.

The exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in (iv) derivative financial instruments and risk management below.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2023:

(₹ in crores)

	U.S. dollar	GBP	Others [1]	Total
Financial assets	276.14	80.38	42.28	398.80
Financial liabilities	6,735.99	7.89	73.70	6,817.58

[1] Others mainly include currencies such as the Euro, Chinese yuan, South african rand, Singapore Dollar, Thai bahts and Bangladesh taka.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately **₹39.88 crores** and **₹681.76 crores** for financial assets and financial liabilities respectively for the year ended March 31, 2023.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2022:

(₹ in crores)

	U.S. dollar	GBP	Others [2]	Total
Financial assets	267.59	5.74	47.94	321.27
Financial liabilities	6,126.39	81.59	127.22	6,335.20

[2] Others mainly include currencies such as the Euro, Chinese yuan, South african rand, Singapore Dollar, Thai bahts and Bangladesh taka.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹32.13 crores and ₹633.52 crores for financial assets and financial liabilities respectively for the year ended March 31, 2022.

(Note: The impact is indicated on the profit/(loss) before tax basis.)

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(iv) Derivative financial instruments and risk management

The Company has entered into a variety of foreign currency, interest rates and commodity forward contracts and options to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. The counterparty is generally a bank. These financial exposures are managed in accordance with the Company's risk management policies and procedures.

The Company also enters into interest rate swaps and cross currency interest rate swap agreements, mainly to manage exposure on its fixed rate or variable rate debt. The Company uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies.

Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair value of derivative financial instruments is as follows:

(₹ in crores)

	As at March 31, 2023	As at March 31, 2022
(a) Foreign currency forward exchange contracts and options	840.70	687.18
(b) Commodity Derivatives	(1.22)	26.16
(c) Interest rate derivatives	(81.06)	(72.03)
Total	**758.42**	**641.31**

The gain/(loss) due to fluctuation in foreign currency exchange rates on derivative contracts, recognised in the income statement was ₹**228.36 crores** and ₹48.78 crores for the years ended March 31, 2023 and 2022, respectively.

(v) Commodity Price Risk

The Company is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under Ind AS 109 but are instead measured at fair value through profit or loss.

The (gain)/loss on commodity derivative contracts, recognised in the statement of profit and loss was ₹**49.16 crores** and ₹17.96 crores for the years ended March 31, 2023 and 2022, respectively.

Notes
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B. Statement of Profit and Loss

(₹ in crores)

	Particulars		Year ended March 31, 2023	Year ended March 31, 2022
XIV..	**Other comprehensive income/(loss):**			
	(A) (i) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement losses on defined benefit obligations (net)		(59.77)	(62.24)
	(b) Equity instruments at fair value through other comprehensive income		(134.12)	371.29
	(ii) Income tax credit/(expense) relating to items that will not be reclassified to profit and loss		34.54	(31.20)
	(B) (i) Items that will be reclassified to profit and loss - gains/(losses) in cash flow hedges		(99.70)	1.62
	(ii) Income tax credit/(expense) relating to items that will be reclassified to profit and loss		9.93	(0.57)
	Total other comprehensive income/(loss), net of taxes		**(249.12)**	**278.90**
XV.	**Total comprehensive income/(loss) for the year (XIII+XIV)**		**2,498.50**	**(1,340.63)**
XVI.	Earnings/(loss) per share (EPS)			
	Earnings/(loss) per share from continuing operations (EPS)			
	(a) Ordinary shares:			
	(i) Basic	₹	7.16	(4.61)
	(ii) Diluted	₹	7.16	(4.61)
	(b) 'A' Ordinary shares:			
	(i) Basic	₹	7.26	(4.61)
	(ii) Diluted	₹	7.26	(4.61)
	Earnings/(loss) per share from discontinued operations (EPS)			
	(A) Ordinary shares (face value of ₹ 2 each) :			
	(i) Basic	₹	-	0.36
	(ii) Diluted	₹	-	0.36
	(B) 'A' Ordinary shares (face value of ₹ 2 each) :			
	(i) Basic	₹	-	0.46
	(ii) Diluted	₹	-	0.46
	Earnings/(loss) per share from continuing and discontinued operations (EPS)			
	(A) Ordinary shares (face value of ₹ 2 each) :			
	(i) Basic	₹	7.16	(4.23)
	(ii) Diluted	₹	7.16	(4.23)
	(B) 'A' Ordinary shares (face value of ₹ 2 each) :			
	(i) Basic	₹	7.26	(4.23)
	(ii) Diluted	₹	7.26	(4.23)

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C. Statement of Changes in Equity for the year ended March 31, 2023

i) Equity Share Capital

(₹ in crores)

Particulars	
Balance as at April 1, 2022	765.88
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2022	**765.88**
Issue of shares on exercise of stock options by employees	0.14
Balance as at March 31, 2023	**766.02**

ii) Other Equity

(₹ in crores)

Particulars	Securities premium	Share based payments reserve	Share application money pending allotment	Capital redemption reserve	Debenture redemption reserve	Capital reserve (on merger)/(sale of business) (net)	Retained earnings			Other components of equity (OCI)			Total other equity
							General Reserve	Undistributable (Ind AS 101)	Distributable	Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2022	14,459.14	38.28	6.39	2.28	411.14	1,609.90	1,726.83	627.03	(1,498.14)	606.03	(13.80)	(87.12)	17,887.97
Changes in accounting policies or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2022	14,459.14	38.28	6.39	2.28	411.14	1,609.90	1,726.83	627.03	(1,498.14)	606.03	(13.80)	(87.12)	17,887.97
Profit for the year	-	-	-	-	-	-	-	-	2,747.62	-	-	-	2,747.62
Remeasurement gain /(loss) on defined benefit obligations (net)	-	-	-	-	-	-	-	-	(64.70)	-	-	-	(64.70)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	(94.65)	52.17	(141.94)	(184.42)
Total comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	-	2,682.92	(94.65)	52.17	(141.94)	2,498.50
Share-based payments	-	28.31	-	-	-	-	-	-	-	-	-	-	28.31
Money received on exercise of stock options by employees	23.40	-	(3.93)	-	-	-	-	-	-	-	-	-	19.47
Exercise of stock option by employees	3.79	(3.79)	-	-	-	-	-	-	-	-	-	-	-
Transfer of lapsed stock options	-	(1.30)	-	-	-	-	-	-	1.30	-	-	-	-
Transfer from debenture redemption reserve	-	-	-	-	(199.80)	-	-	-	199.80	-	-	-	-
Balance as at March 31, 2023	14,486.33	61.50	2.46	2.28	211.34	1,609.90	1,726.83	627.03	1,385.88	511.38	38.37	(229.06)	20,434.25

Consolidated Statement of Profit and Loss

(₹ in crores)

	Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
I.	**Revenue from operations**	34		
	(a) Revenue		342,874.59	275,235.23
	(b) Other operating revenues		3,092.38	3,218.39
	Total revenue from operations		345,966.97	**278,453.62**
II.	**Other income (includes government incentives)**	35	4,633.18	3,053.63
III.	**Total Income (I+II)**		350,600.15	**281,507.25**
IV.	**Expenses:**			
	(a) Cost of materials consumed			
	(i) Cost of materials consumed		208,218.05	159,598.06
	(ii) Basis adjustment on hedge accounted derivatives		726.26	1,322.50
	(b) Purchase of products for sale		22,306.95	18,374.77
	(c) Changes in inventories of finished goods, work-in-progress and products for sale		(4,781.62)	1,590.49
	(d) Employee benefits expense	36	33,654.70	30,808.52
	(e) Finance costs	37	10,225.48	9,311.86
	(f) Compulsorily convertible preference share measured at Fair Value		13.75	14.45
	(g) Foreign exchange (gain)/loss (net)		(103.88)	78.68
	(h) Depreciation and amortisation expense		24,860.36	24,835.69
	(i) Product development/engineering expenses		10,661.96	9,209.50
	(j) Other expenses	38	61,785.96	47,133.85
	(k) Amount transferred to capital and other account		(18,434.84)	(14,397.29)
	Total Expenses (IV)		349,133.13	**287,881.08**
V.	**Profit/ (loss) before exceptional items and tax (III-IV)**		1,467.02	(6,373.83)
VI.	**Exceptional Items:**			
	(a) Defined benefit pension plan amendment past service credit		(1,495.07)	-
	(b) Employee separation cost		1.45	9.83
	(c) Write off/provision for tangible/intangible assets (including under development) (net)		229.96	-
	(d) Reversal for onerous contracts and related supplier claims		(61.03)	-
	(e) Reversal for cost of closure of operation of a subsidiary		-	(21.47)
	(f) Reversal of Impairment in subsidiaries	8	(214.39)	(86.26)
	(g) Cost of slump sale of passenger vehicle undertaking		9.00	301.34
	(h) Provision for Russia market	49 (b)	-	428.66
	(i) Others	49 (c)	(60.45)	(2.52)
VII.	**Profit/(loss) before tax (V-VI)**		3,057.55	**(7,003.41)**
VIII.	**Tax expense/(credit) (net):**			
	(a) Current tax (including Minimum Alternate Tax)		3,258.35	2,669.98
	(b) Deferred tax		(2,554.29)	1,561.31
	Total tax expense/(credit) (net)	22	704.06	**4,231.29**
IX.	**Profit/(loss) for the year from continuing operations (VII-VIII)**		2,353.49	**(11,234.70)**
X.	Share of profit/(loss) of joint ventures and associates (net)	9	336.38	(74.06)
XI.	**Profit/(loss) for the year (IX+X)**		2,689.87	**(11,308.76)**
	Attributable to:			
	(a) Shareholders of the Company		2,414.29	(11,441.47)
	(b) Non-controlling interests		275.58	132.71
XII.	**Other comprehensive income/(loss):**			
	(A) (i) Items that will not be reclassified to profit or loss:			
	(a) Remeasurement gain/(losses) on defined benefit obligations (net)		(198.00)	7,083.47
	(b) Equity instruments at fair value through other comprehensive income (net)		(137.65)	392.46
	(c) Share of other comprehensive income in equity accounted investees (net)		6.29	4.77
	(ii) Income tax (expense)/credit relating to items that will not be reclassified to profit or loss		73.53	(963.79)
	(B) (i) Items that will be reclassified to profit or loss:			
	(a) Exchange differences in translating the financial statements of foreign operations		737.36	(325.94)
	(b) Gains/(losses) in cash flow hedges (including forecast inventory purchases)		(1,298.76)	(9,093.01)
	(c) Gains/(losses) on finance receivables held at fair value through other comprehensive income (net)		77.66	198.16
	(d) Share of other comprehensive income in equity accounted investees (net)		5.30	217.89
	(ii) Income tax (expense)/credit relating to items that will be reclassified to profit or loss		(1,181.06)	2,030.80
	Total other comprehensive income/(loss) for the year (net of tax)		(1,915.33)	**(455.19)**
	Attributable to:			
	(a) Shareholders of the Company		(1,935.09)	(455.81)
	(b) Non-controlling interests		19.76	0.62
XIII.	**Total comprehensive income/(loss) for the year (net of tax) (XI+XII)**		774.54	**(11,763.95)**
	Attributable to:			
	(a) Shareholders of the Company		479.20	(11,897.28)
	(b) Non-controlling interests		295.34	133.33
XIV.	**Earnings per equity share (EPS)**	46		
	(a) Ordinary shares (face value of ₹2 each):			
	(i) Basic EPS	₹	6.29	(29.88)
	(ii) Diluted EPS	₹	6.29	(29.88)
	(b) 'A' Ordinary shares (face value of ₹2 each):			
	(i) Basic EPS	₹	6.39	(29.88)
	(ii) Diluted EPS	₹	6.39	(29.88)

See accompanying notes to consolidated financial statements

In terms of our report attached

For and on behalf of the Board

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

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRQ5348
Place: Mumbai
Date: May 12, 2023

N CHANDRASEKARAN [DIN: 00121863]
Chairman

GIRISH WAGH [DIN: 03119361]
Executive Director

P B BALAJI
Group Chief Financial Officer

MALOY KUMAR GUPTA [ACS: 24123]
Company Secretary

Place: Mumbai
Date: May 12, 2023

Consolidated Statement of Changes In Equity for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2022	765.88
Proceeds from issuance of shares	0.14
Balance as at March 31, 2023	**766.02**

B. OTHER EQUITY

(₹ in crores)

Particulars	Reserves										Other components of equity					Attributable to Owners of Tata Motors Limited	Non-controlling interests	Total other equity
	Securities Premium	Share-based payments reserve	Share application money pending allotment	Capital redemption reserve	Debenture redemption reserve	Reserve for research and human resource development	Special reserve	Earned surplus reserve	Capital Reserve	Retained earnings	Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Hedging Reserve	Cost of hedging reserve	Currency translation reserve			
Opening balance as at April 1, 2022	14,137.14	38.28	6.39	2.28	411.14	200.74	617.25	45.65	1,164.20	22,946.58	399.74	663.22	(5,519.59)	65.95	8,616.39	43,795.36	4,271.06	48,066.42
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	2,414.29	-	-	-	-	-	2,414.29	275.58	2,689.87
Remeasurement gains/(losses) on defined benefit obligations (net)	-	-	-	-	-	-	-	-	-	(163.18)	-	-	-	-	-	(163.18)	-	(163.18)
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	78.92	(92.37)	(1,355.78)	(1,105.44)	722.61	(1,752.06)	19.76	(1,732.30)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	2,251.11	78.92	(92.37)	(1,355.78)	(1,105.44)	722.61	499.05	295.34	794.39
Amounts recognized in inventory	-	-	-	-	-	-	-	-	-	-	-	-	319.49	34.01	-	353.50	-	353.50
Amount reclassified to profit and loss	-	-		-	-	-	-	-	-	-	(19.86)	-	-	-	-	(19.86)	-	(19.86)
Acquisition of minority	-	-	-	-	-	-	-	-	-	(121.78)	-	-	-	-	-	(121.78)	19.81	(101.97)
Distribution to Minority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140.88)	(140.88)
Issue of perpetual instrument classified as equity by a subsidiary (refer note below)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	360.00	360.00
Proceeds from Compulsory Convertible Preference Shares (net of Debt issue cost)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,472.39	2,472.39
Share based payments	-	30.03	-	-	-	-	-	-	-	-	-	-	-	-	-	30.03	-	30.03
Money received on exercise of stock options by employees	23.40	-	(3.93)	-	-	-	-	-	-	-	-	-	-	-	-	19.47	-	19.47
Exercise of stock option by employees	3.79	(3.79)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of lapsed stock options	-	(1.30)	-	-	-	-	-	-	-	1.30	-	-	-	-	-	-	-	-
Tranfer from debenture redemption reserve	-		-	-	(199.80)	-	-	-	-	199.80	-	-	-	-	-	-	-	-
Transfer (from)/to retained earnings	-	-	-	-	-	-	25.99	-	-	(25.99)	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	14,164.33	63.22	2.46	2.28	211.34	200.74	643.24	45.65	1,164.20	25,251.02	458.80	570.85	(6,555.88)	(1,005.48)	9,339.00	44,555.77	7,277.72	51,833.49

Note: During the year ended March 31, 2023, Tata Motors Finance Limited, a subsidiary of the Company issued perpetual securities of ₹ 360.00 crores bearing a coupon interest rate of 9.23% and 9.30% per annum , with a step up provision if the securities are not called after 10 years from the issue date. The payment of any coupon may be cancelled or suspended at the discretion of the Board of Directors of Tata Motors Finance Limited. Accordingly, the Company has accounted these securities as equity instruments and any amount attributable to investors of these perpetual securities have been presented as non-controlling interest.

See accompanying notes to consolidated financial statements
In terms of our report attached

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

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRQ5348
Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board

N CHANDRASEKARAN [DIN: 00121863]
Chairman

GIRISH WAGH [DIN: 03119361]
Executive Director

P B BALAJI
Group Chief Financial Officer

MALOY KUMAR GUPTA [ACS: 24123]
Company Secretary

Place: Mumbai
Date: May 12, 2023

Statement of Changes in Equity for the year ended March 31, 2022

A. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2021	765.81
Proceeds from issuance of shares	0.07
Balance as at March 31, 2022	**765.88**

B. OTHER EQUITY

(₹ in crores)

Particulars	Reserves										Other components of equity							
	Securities Premium	Share-based payments reserve	Share application money pending allotment	Capital redemption reserve	Debenture redemption reserve	Reserve for research and human resource development	Special reserve	Earned surplus reserve	Capital Reserve	Retained earnings	Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Hedging Reserve	Cost of hedging reserve	Currency translation reserve	Attributable to Owners of Tata Motors Limited	Non-controlling interests	Total other equity
Opening balance as at April 1, 2021	25,296.63	22.18	-	2.28	904.44	200.74	578.86	45.65	1,164.20	16,582.83	256.78	320.88	311.35	66.88	8,727.21	54,480.91	1,573.49	56,054.40
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	(11,441.47)	-	-	-	-	-	(11,441.47)	132.71	(11,308.76)
Remeasurement gains/(losses) on defined benefit obligations (net)	-	-	-	-	-	-	-	-	-	6,176.72	-	-	-	-	-	6,176.72	-	6,176.72
Other comprehensive income /(loss) for the period	-	-	-	-	-	-	-	-	-	-	142.96	342.34	(6,937.65)	(69.36)	(110.82)	(6,632.53)	0.62	(6,631.91)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	(5,264.75)	142.96	342.34	(6,937.65)	(69.36)	(110.82)	(11,897.28)	133.33	(11,763.95)
Amounts recognized in inventory	-	-	-	-	-	-	-	-	-	-	-	-	1,106.71	68.43	-	1,175.14	-	1,175.14
Distribution to Minority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(146.06)	(146.06)
Issue of perpetual instrument classified as equity by a subsidiary (refer note below)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	485.00	485.00
Liability for buy back of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(245.79)	(245.79)
Proceeds from Compulsory Convertible Preference Shares (net of Debt issue cost)	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	2,471.09	2,471.09
Share based payments	-	18.05	-	-	-	-	-	-	-	-	-	-	-	-	-	18.05	-	18.05
Money received on exercise of stock options by employees	12.15	-	6.39	-	-	-	-	-	-	-	-	-	-	-	-	18.54	-	18.54
Exercise of stock option by employees	1.95	(1.95)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer (from)/to retained earnings	(11,173.59)	-	-	-	(493.30)	-	38.39	-	-	11,628.50	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	14,137.14	38.28	6.39	2.28	411.14	200.74	617.25	45.65	1,164.20	22,946.58	399.74	663.22	(5,519.59)	65.95	8,616.39	43,795.36	4,271.06	48,066.42

Note: During the year ended March 31, 2022, Tata Motors Finance Limited, a subsidiary of the Company issued perpetual securities of ₹ 485.00 crores bearing a coupon interest rate of 8.35% to 9.10% per annum, with a step up provision if the securities are not called after 10 years from the issue date. The payment of any coupon may be cancelled or suspended at the discretion of the Board of Directors of Tata Motors Finance Limited. Accordingly, the Company has accounted these securities as equity instruments and any amount attributable to investors of these perpetual securities have been presented as non-controlling interest.

See accompanying notes to consolidated financial statements
In terms of our report attached

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

SHIRAZ VASTANI
Partner
Membership No. 103334
UDIN: 23103334BGYMRQ5348
Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board

N CHANDRASEKARAN [DIN: 00121863]
Chairman

GIRISH WAGH [DIN: 03119361]
Executive Director

P B BALAJI
Group Chief Financial Officer

MALOY KUMAR GUPTA [ACS: 24123]
Company Secretary

Place: Mumbai
Date: May 12, 2023

Notes
forming part of Consolidated Financial Statements

impacted by the semiconductor shortages. JLR has also considered other severe but plausible downside scenarios and expected volumes under each of these scenarios is much higher than under the reverse stress test. JLR has considered severe but plausible downside scenarios, including scenario that reflect a decrease in variable profit per unit compared with the base case to include additional increase in material costs as a result of inflationary increases and other related production costs. The expected wholesale volumes under all of these scenarios is higher than under the reverse stress test.

Based on the evaluation described above, management believes that the Company and JLR have sufficient financial resources available to it at the date of approval of these financial statements and that it will be able to continue as a 'going concern' in the foreseeable future and for a period upto at least twelve months from the date of authorisation of these financial statement.

(f) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

i) Note 3, 6, 7 and 8 - Property, plant and equipment and intangible assets – Useful lives and impairment

ii) Note 5 - Impairment of goodwill

iii) Note 22 - Recoverability/recognition of deferred tax assets

iv) Note 31 - Provision for product warranty

v) Note 36 - Assets and obligations relating to employee benefits

vi) Note 18 - Allowances for credit losses for finance receivables

vii) Estimated discounts / incentives required to be paid to dealers on retail of vehicles

viii) Note 2(e) – Going concern assessment

(g) Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature.

Expenditure are capitalised, where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Company.

Material and other cost of sales as reported in the consolidated statement of profit and loss is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

(h) Foreign currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of Tata Motors Limited. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the

Notes
forming part of Consolidated Financial Statements

24. Other components of equity

(a) **The movement of Currency translation reserve is as follows:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	8,616.39	8,727.21
Exchange differences arising on translating the net assets of foreign operations (net)	717.31	(328.71)
Net change in translation reserve - equity accounted investees (net)	5.30	217.89
Balance at the end	**9,339.00**	**8,616.39**

(b) **The movement of Equity instruments held as fair value through other comprehensive income(FVTOCI) is as follows:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	663.22	320.88
Other Comprehensive income for the year	(131.79)	395.30
Income tax relating to gain/(loss) recognised on equity investments, where applicable	39.42	(52.96)
Balance at the end	**570.85**	**663.22**

(c) **The movement of gain/(loss) on debt instruments held as fair value through other comprehensive income (FVTOCI) is as follows:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	399.74	256.78
Other Comprehensive income for the year	78.93	219.75
Income tax relating to gain/(loss) recognised on debt instrument, where applicable	(19.87)	(76.79)
Balance at the end	**458.80**	**399.74**

(d) **The movement of Hedging reserve is as follows:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	(5,519.59)	311.35
Gain/(loss) recognised on cash flow hedges	(6,060.34)	(8,392.07)
Income tax relating to gain/(loss) recognized on cash flow hedges	(24.92)	1,949.36
(Gain)/loss reclassified to profit or loss	5,984.21	(621.37)
Income tax relating to gain/(loss) reclassified to profit or loss	(1,254.73)	126.43
Amounts reclassified from hedge reserve to inventory	394.43	1,366.28
Income tax related to amounts reclassified from hedge reserve to inventory	(74.94)	(259.57)
Balance at the end	**(6,555.88)**	**(5,519.59)**
Of the above balance related to :		
Continued Hedges	(6,552.84)	(5,423.58)
Discontinued Hedges	(3.04)	(96.01)

Notes
forming part of Consolidated Financial Statements

(e) **The movement of Cost of hedging reserve is as follows:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning	65.95	66.88
Gain/(loss) recognised on cash flow hedges	(1,201.96)	139.93
Income tax relating to gain/(loss) recognized on cash flow hedges	134.56	(30.26)
(Gain)/loss reclassified to profit or loss	(20.62)	(219.50)
Income tax relating to gain/(loss) reclassified to profit or loss	(17.42)	40.47
Amounts removed from hedge reserve and recognised in inventory	41.99	84.51
Income tax related to amounts removed from hedge reserve and recognised in inventory	(7.98)	(16.08)
Balance at the end	**(1,005.48)**	**65.95**
Of the above balance related to :		
Continued Hedges	(1,005.58)	61.18
Discontinued Hedges	0.10	4.77

(f) **Summary of Other components of equity:**

(₹ in crores)

	Year ended March 31, 2023	Year ended March 31, 2022
Currency translation reserve	9,339.00	8,616.39
Equity instruments through FVTOCI	570.85	663.22
Debt instruments through FVTOCI	458.80	399.74
Hedging reserve	(6,555.88)	(5,519.59)
Cost of hedging reserve	(1,005.48)	65.95
Total	**2,807.29**	**4,225.71**

25. Notes to reserves and surplus

(a) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities premium account.

(b) Retained earnings

Retained earnings are the profits that the Company has earned till date.

(c) Capital redemption reserve

The Indian Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the Balance Sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. Tata Motors Limited established this reserve pursuant to the redemption of preference shares issued in earlier years.

Notes
forming part of Consolidated Financial Statements

(d) Debenture redemption reserve (DRR)

The Companies Act requires that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the company available for payment of dividend. The company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve may not be utilized by the company except to redeem debentures. No DRR is required for debenture issued after August 16, 2019

(e) Reserve for research and human resource development

In terms of Article 9 of the Act on Special Taxation Restriction in Korea, Tata Daewoo Commercial Vehicle Company Limited (TDCV, a subsidiary of Tata Motors Limited) is entitled for deferment of tax in respect of expenditures incurred on product development cost subject to fulfilment of certain conditions, by way of deduction from the taxable income, provided that TDCV appropriates an equivalent amount from "Retained Earnings" to "Reserve for Research and Human Resource Development".

The deferment is for a period of three years and from the fourth year onwards one-third of the reserve is offered to tax and an equal amount is then transferred from the reserve to "Retained earnings available for appropriation".

(f) Special reserve

The special reserve represents the reserve created by two subsidiaries of Tata Motors Limited pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act") and related regulations applicable to those companies. Under the RBI Act, a non-banking finance company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purposes specified by the RBI.

(g) Earned surplus reserve

Under the Korean commercial code, TDCV is required to appropriate at least 10% of cash dividend declared each year to a legal reserve until such reserves equal to 50% of capital stock. This reserve may not be utilized for cash dividends, but may only be used to offset against future deficits, if any, or may be transferred to capital stock.

(h) Hedge Reserve

Effective portion of fair value gain/(loss) on all financial instruments designated in cash flow hedge relationship are accumulated in hedge reserve.

(i) Cost of hedge reserve

Fair value gain/(loss) attributable to cost of hedge on all financials instruments designated in cash flow hedge relationship are accumulated in cost of hedge reserve.

(j) Capital Reserve

The capital reserve represents the excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration.

(k) Dividends

Any dividend declared by Tata Motors Limited is based on the profits available for distribution as reported in the statutory financial statements of Tata Motors Limited (standalone) prepared in accordance with Generally

Notes
forming part of Consolidated Financial Statements

margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company operates certain customer loyalty programs under which customer is entitled to reward points on the spend towards Company's products. The reward points earned by customers can be redeemed to claim discounts on future purchase of certain products or services. Transaction price allocated towards reward points granted to customers is recognized as a deferred income liability and transferred to income when customers redeem their reward points.

Sales of services include certain performance obligations that are satisfied over a period of time, any amount received in advance is recorded as contract liability and recognized as revenue when service is rendered to customers. Any amount of income accrued but not billed to customers in respect of such contracts is recorded as a contract asset. Such contract assets are transferred to Trade receivables on actual billing to customers.

Refund liabilities comprise of obligation towards customers to pay for discounts and sales incentives.

Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for the Company as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result.

Proceeds from sale of vehicles for which the Company or any of its subsidiaries have retained buy back obligation in future is recorded as a liability – (i) Proceeds received in excess of agreed buy back price is recognized as Deferred income liability and (ii) the agreed buy back price is recognized as Buy back liability. Deferred income liability is recognized as operating lease income on time proportionate basis over date of sale and date of buy back.

c) Financing revenues - Interest income from financing transactions includes income from leasing of vehicles to customers. Finance and service charges are accrued on the unpaid principal balance of finance receivables using the effective interest method.

(B) Revenue from Operations:

(₹ in crores)

			Year ended March 31, 2023	Year ended March 31, 2022
(a)	**Sale of products** (refer note 1 and 2 below)			
	(i)	Sale of vehicles	290,006.29	227,178.54
	(ii)	Sale of spare parts	32,327.64	28,779.29
	(iii)	Sale of miscellaneous products	12,558.12	11,294.42
	Total Sale of products		**334,892.05**	**267,252.25**
(b)	Sale of services		3,763.08	3,871.12
(c)	Finance revenues		4,219.45	4,111.85
			342,874.58	**275,235.22**
(d)	**Other operating revenues**		3,092.39	3,218.40
	Total		**345,966.97**	**278,453.62**
Notes:				
(1)	Includes exchange gain/(loss) (net) on hedges reclassified from hedge reserve to statement of profit or loss		(5,675.01)	779.16
(2)	Includes variable marketing expenses netted off against revenue		(33,534.10)	(26,910.13)

Notes
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Jaguar Land Rover Pension plan

Jaguar Land Rover Ltd UK, have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund.

The UK defined benefit schemes are administered by a separate fund that is legally separated from the Company. The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme, is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed of representatives of the Company and plan participants in accordance with the plan's regulations.

Through its defined benefit pension plans the Company is exposed to a number of risks, the most significant of which are detailed below :

Asset volatility

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if plan assets under perform compared to the corporate bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against high inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more closely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

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Commitments

The Company has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature amounting to ₹**7,156.65 crores**, as at March 31, 2023 (₹8,847.53 crores as at March 31, 2022), which are yet to be executed.

The Company has entered into various contracts with vendors and contractors for the acquisition of intangible assets of a capital nature amounting to ₹**591.19 crores** as at March 31, 2023, (₹335.83 crores as at March 31, 2022), which are yet to be executed.

Under the joint venture agreement with Chery Jaguar Land Rover Automotive Co. Limited, the Company is committed to contribute ₹**5,980.75 crores** as at March 31, 2023 (₹5,977.00 crores as at March 31, 2022) towards its share in the capital of the joint venture of which ₹**4,156.62 crores** (₹4,154.01 crores as at March 31, 2022) has been contributed as at March 31, 2022. As at March 31, 2023, the Company has an outstanding commitment of ₹**1,824.13 crores** (₹1,822.98 crores as at March 31, 2022).

The Group's share of capital commitments of its joint venture agreement with Chery Jaguar Land Rover Automotive Co. Limited as at 31 March 2023 is ₹**121.97 Crores** (2022: ₹119.3 crores).

The Company has contractual obligation towards Purchase Commitment for ₹**22,871.36 crores** as at March 31, 2023 (₹18,650.90 crores as on March 31, 2022).

40. Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, convertible and non-convertible debt securities, senior notes and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Total debt includes all long and short-term debts as disclosed in notes 26 and 27 to the consolidated financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges and foreign currency translation reserve.

The following table summarizes the capital of the Company:

(₹ in crores)

	As at March 31, 2023	As at March 31, 2022
Equity*	50,745.37	45,613.11
Short-term borrowings and current portion of long-term debt	36,964.66	41,917.87
Long-term debt	88,695.81	97,759.17
Total debt	125,660.47	139,677.04
Total capital (Debt + Equity)	**176,405.84**	**185,290.15**

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* Details of equity :

(₹ in crores)

	As at March 31, 2023	As at March 31, 2022
Total equity as reported in balance sheet	52,599.51	48,832.30
Currency translation reserve attributable to		
- Shareholders of Tata Motors Limited	(9,339.00)	(8,616.39)
- Non-controlling interests	(76.50)	(56.44)
Hedging reserve and cost of hedge reserve	7,561.36	5,453.64
Equity as reported above	**50,745.37**	**45,613.11**

41. Financial instruments

(A) Accounting Policy

(i) Recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument

Initial measurement

Financial instruments are initially recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and measurement – financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

Equity investments at fair value through other comprehensive income (Equity instruments): These include financial assets that are equity instruments and are designated as such upon initial recognition irrevocably. Subsequently, these are measured at fair value and changes therein are recognised directly in other comprehensive income, net of applicable income taxes.

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In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation methods

(iii) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit and loss unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings. Financial assets are written off when there is no reasonable expectation of recovery. The Company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are decrecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

(iv) Impairment of financial assets:

The Company recognises a loss allowance for expected credit losses on a financial asset that is at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted using the applicable effective interest rate) and uses reasonable and supportable information.

(v) Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these forward contracts in a cash flow hedging relationship by applying the hedge accounting principles. The Company also uses interest rate swaps to hedge its variability in cash flows from interest payments arising from floating rate liabilities i.e. when interests are paid according to benchmark market interest rates.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of the hedge relationship, the Company documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are

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expected to offset changes in the cash flows of the hedged item. The Company documents its risk management objective and strategy for undertaking its hedging transactions. The Company designates only the intrinsic value of foreign exchange options in the hedging relationship. The Company designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross- currency interest rate swaps. Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts accumulated in equity are reclassified to the statement of Profit and Loss in the periods in which the forecasted transactions occurs.

For forwards and options, forward premium and the time value are not considered part of the hedge. These are treated as cost of hedge and the changes in fair value attributable to forward premium is recognised in the other comprehensive income along with the changes in fair value determined to be effective portion of the hedge.

Effective portion of fair value changes of interest rate swaps that are designated as hedges against interest rate risk arising from floating rate debt are recognised in other comprehensive income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold). For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained there until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is immediately transferred to the statement of Profit and Loss for the year.

(B) Disclosure on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated financial statements.

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(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2023.

(₹ in crores)

Financial assets	Cash and other financial assets at amortised cost	Non -Derivative Financial assets at fair value	Derivatives other than in hedging relationship (at fair value through profit or loss)	Derivatives in hedging relationship (at fair value)	Total carrying value	Total fair value
(a) Other investments - non-current	1,076.00	1,789.19	-	-	2,865.19	2,865.19
(b) Investments - current	14,761.83	4,076.48	-	-	18,838.31	18,838.31
(c) Trade receivables	15,737.97	-	-	-	15,737.97	15,737.97
(d) Cash and cash equivalents	31,886.95	-	-	-	31,886.95	31,886.95
(e) Other bank balances	5,128.61	-	-	-	5,128.61	5,128.61
(f) Loans and advances - non-current	870.65	-	-	-	870.65	870.65
(g) Loans and advances - current	2,302.84	-	-	-	2,302.84	2,302.84
(h) Finance receivable - current	6,393.47	17,023.84	-	-	23,417.31	23,417.31
(i) Finance receivable - non-current	7,416.41	-	-	-	7,416.41	7,517.97
(j) Other financial assets - non-current	4,341.65	-	1,037.84	1,648.17	7,027.66	7,027.66
(k) Other financial assets - current	1,629.23	-	679.31	478.18	2,786.72	2,786.72
Total	**91,545.61**	**22,889.51**	**1,717.15**	**2,126.35**	**118,278.62**	**118,380.18**

Financial liabilities	Derivatives other than in hedging relationship (at fair value)	Derivatives in hedging relationship (at fair value)	Other financial liabilities (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
(a) Long-term borrowings (including current maturities of long-term borrowings) (refer note below)	-	-	-	111,593.63	111,593.63	108,998.58
(b) Lease Liability (including current)	-	-	-	8,452.97	8,452.97	8,452.97
(c) Short-term borrowings	-	-	-	14,066.84	14,066.84	14,066.84
(d) Trade payables	-	-	-	72,055.77	72,055.77	72,055.77
(e) Acceptances	-	-	-	7,195.99	7,195.99	7,195.99
(f) Other financial liabilities - non-current	580.82	4,803.28	2,500.00	438.37	8,322.47	8,322.47
(g) Other financial liabilities - current	597.43	3,784.80	-	9,446.35	13,828.58	13,828.58
Total	**1,178.25**	**8,588.08**	**2,500.00**	**223,249.92**	**235,516.25**	**232,921.20**

Notes:

1 Includes ₹**7,757.57 crores** designated as hedged item in fair value hedge relationship. This includes a loss of ₹**648.89 crores** on account of fair value changes attributable to the hedged interest rate risk.

2 Includes ₹**10,916.65 crores** (£1,074 million) designated as hedging instrument in net investment hedge relationship.

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The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2022.

(₹ in crores)

Financial assets	Cash and other financial assets at amortised cost	Non -Derivative Financial assets at fair value	Derivatives other than in hedging relationship (at fair value through profit or loss)	Derivatives in hedging relationship (at fair value)	Total carrying value	Total fair value
(a) Other investments - non-current	542.61	1,778.31	-	-	2,320.92	2,320.92
(b) Investments - current	16,905.10	5,804.12	-	-	22,709.22	22,709.22
(c) Trade receivables	12,442.12	-	-	-	12,442.12	12,442.12
(d) Cash and cash equivalents	38,159.01	-	-	-	38,159.01	38,159.01
(e) Other bank balances	2,510.18	-	-	-	2,510.18	2,510.18
(f) Loans and advances - non-current	843.35	-	-	-	843.35	843.35
(g) Loans and advances - current	1,671.93	-	-	-	1,671.93	1,671.93
(h) Finance receivable - current	8,005.06	14,090.29	-	-	22,095.35	22,095.35
(i) Finance receivable - non-current	11,135.85	-	-	-	11,135.85	11,400.14
(j) Other financial assets - non-current	3,161.90	-	1,222.99	794.60	5,179.49	5,179.49
(k) Other financial assets - current	1,881.33	-	1,333.43	585.06	3,799.82	3,799.82
Total	**97,258.44**	**21,672.72**	**2,556.42**	**1,379.66**	**122,867.24**	**123,131.53**

Financial liabilities	Derivatives other than in hedging relationship (at fair value)	Derivatives in hedging relationship (at fair value)	Other financial liabilities (at fair value)	Other financial liabilities (at amortised cost)	Total carrying value	Total fair value
(a) Long-term borrowings (including current maturities of long-term borrowings) (note below)	-	-	-	121,048.66	121,048.66	122,374.08
(b) Lease Liability (including current)	-	-	-	6,771.99	6,771.99	6,771.99
(c) Short-term borrowings	-	-	-	17,378.38	17,378.38	17,378.38
(d) Trade payables	-	-	-	59,970.38	59,970.38	59,970.38
(e) Acceptances	-	-	-	9,779.95	9,779.95	9,779.95
(f) Other financial liabilities - non-current	529.74	2,885.80	1,250.00	1,918.12	6,583.66	5,333.66
(g) Other financial liabilities - current	306.00	4,137.42	-	9,976.82	14,420.24	14,420.24
Total	**835.74**	**7,023.22**	**1,250.00**	**226,844.30**	**235,953.26**	**236,028.68**

Notes:

1 Includes ₹7,473.56 crores designated as hedged item in fair value hedge relationship. This includes a loss of ₹678.05 crores on account of fair value changes attributable to the hedged interest rate risk.

2 Includes ₹9,183.30 crores (£923.66 million) designated as hedging instrument in net investment hedge relationship.

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(b) Transfer of financial assets

The Company transfers finance receivables through securitisation transactions and direct assignments. In such transactions the Company surrenders control over the receivables, though it continues to act as an agent for the collection of receivables. Generally in such transactions, the Company also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement provided, even if it does not collect the equivalent amounts from the original asset and hence continues to retain substantially all risks and rewards associated with the receivables, and as a result of which such transfer or assignment does not meet the derecognition criteria, resulting in the transfer not being recorded as sale. Consequently, the proceeds received from such transfers are recorded as collateralized debt obligations.

Further the Company transfers certain trade receivables under the debt factoring arrangements. These do not qualify for derecognition, due to existence of the recourse arrangement. Consequently the proceeds received from such transfers with a recourse arrangements are recorded as loans from banks / financial institutions and classified under short-term borrowings.

The carrying amount of trade receivables and finance receivables transferred along with the associated liabilities is as follows:

(₹ in crores)

Nature of Asset	As at March 31, 2023		As at March 31, 2022	
	Carrying amount of asset transferred	Carrying amount of associated liabilities	Carrying amount of asset transferred	Carrying amount of associated liabilities
(a) Trade receivables	-	-	31.80	31.80
(b) Finance receivables	106.91 [1]	74.87	1,246.48 [1]	1,181.72

[1]Net of provision of ₹**2.60 crores** and ₹23.95 crores as at March 31, 2023 and 2022, respectively.

(c) Cash flow hedges

As at March 31, 2023, the Company have a number of financial instruments designated in a hedging relationship. The Company and its subsidiaries use both foreign currency forward and option contracts, cross currency interest rate swaps and other currency options to hedge changes in future cash flows as a result of foreign currency and interest rate risk arising from forecasted sales and purchases and repayment of foreign currency bonds. The Company and its subsidiaries have also designated some of its U.S. dollar denominated bonds as hedging instruments in a cash flow hedging relationship to hedge the changes in future cash flows as a result of foreign currency risk arising from future anticipated sales.

The Company also have a number of foreign currency options and other currency options, which are entered into as an economic hedge of the financial risks of the Company. These contracts do not meet the hedge accounting criteria of Ind AS 109, hence the change in fair value of these derivatives are recognised in the statement of Profit and Loss.

Options are designated on spot discounted basis. The time value of options are identified as cost of hedge. Changes in the time value of options are recognised in Cost of Hedge reserve to the extent they relate to the hedged item. Changes in the spot intrinsic value of options is recognized in Hedge reserve. Changes in fair value arising from own and counterparty credit risk in options and forward exchange contracts are considered ineffective in the hedge relationship and thus the change in fair value of options & forward exchange contracts attributable to changes in credit spread are recognised in the consolidated statement of profit and loss. Cross currency basis spread was historically included in the hedging relationship. Any ineffectiveness arising out of cross currency basis spread is recognised in the statement of profit and loss as it arises. Cross currency basis spread arising from forward

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exchange contracts entered after 1st January 2018 is identified as cost of hedge and accordingly changes in fair value attributable to this is recognized in cost of hedge reserve to the extent they relate to the hedged item.

Changes in fair value of foreign currency derivative and bonds, to the extent determined to be an effective hedge, is recognized in other comprehensive income and the ineffective portion of the fair value change is recognized in consolidated statement of Profit and Loss. The fair value gain/losses recorded in Hedge reserve and Cost of Hedge reserve is recognised in the consolidated statement of profit and loss when the forecasted transactions affects profit or loss. The accumulated gain/losses in hedge reserve and cost of hedge reserve are expected to be recognized in consolidated statement of profit or loss during the years ending March 31, 2024 to 2026.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in the consolidated statement of profit or loss.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to raw materials, components, and consumables in the consolidated statement of profit or loss.

(₹ in crores)

	As at March 31,2023	As at March 31,2022
Fair value gain/(loss) on foreign currency derivative contracts entered for cash flow hedges of forecast sales recognised in hedging reserve	(7,899.50)	(7,877.83)
Fair value gain/(loss) on foreign currency derivative contracts entered for cash flow hedges of forecast inventory purchases recognized in hedging reserve	586.24	(369.06)
Fair value gain/(loss) on foreign currency bonds designated as cash flow hedges of forecast sales recognised in hedging reserve	-	-
Fair value gain/(loss) on derivatives entered for cash flow hedges of repayment of foreign currency denominated borrowings recognized in hedging reserve	50.96	(5.25)
Fair value gain/(loss) on interest rate swaps entered for cash flow hedges of payment of interest on borrowings benchmarked to LIBOR	-	-
Fair value gain/(loss) recognized in other comprehensive income during the year	**(7,262.30)**	**(8,252.14)**
Gain/(loss) reclassified from Hedging reserve and recognized in 'Revenue from operations' in the statement of profit and loss on occurrence of forecast sales	(5,848.38)	779.16
Gain/(loss) reclassified out of Hedging reserve and recorded in Inventory in the Balance sheet on occurrence of forecast purchases	(436.42)	-
Gain/(loss) reclassified from Hedging reserve and recognized in 'Foreign exchange (gain)/ loss (net)' in the statement of profit and loss for the case where on account of forecast transactions no longer expected to occur	(117.77)	105.10
Gain/(loss) reclassified from Hedging reserve and recognized in 'Foreign exchange (gain)/ loss (net)' in the statement of profit and loss on account of repayment of foreign currency denominated borrowings	-	(43.34)
Gain/(loss) reclassified from Cost of Hedge reserve and recognized in 'Foreign exchange (gain)/loss (net)' in the statement of profit and loss on account of forecast transactions no longer expected to occur	2.56	(0.05)
Gain/(loss) reclassified from equity other comprehensive income to the consolidated statement of profit or loss	**(6,400.01)**	**840.87**
Gain/(loss) on foreign currency derivatives not hedge accounted, recognized in 'Foreign exchange (gain)/loss (net)' in the statement of profit and loss	(231.39)	277.32
Fair value gain/(loss) recognized in 'Foreign exchange (gain)/loss (net)' in the statement of profit and loss on account of ineffectiveness arising from foreign currency basis spread on forward contracts designated in cash flow hedge relationship	(3.06)	1.67
	(234.45)	278.99

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(d) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated statement of profit & loss, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, GBP, Chinese renminbi, Japanese yen, Singapore dollar and Euro, against the respective functional currencies of Tata Motors Limited and its subsidiaries.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Furthermore, any movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues and expenditure relating to its international operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10% while keeping the other variables as constant.

The following analysis is based on the gross exposure as of the relevant balance sheet dates, which could affect the income statement. There is no exposure to the income statement on account of translation of financial statements of consolidated foreign entities. Furthermore, the exposure as indicated below is mitigated

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by natural hedges resulting from anticipated revenue and cost in foreign currency expected to arise in future as well as certain derivative contracts entered into by the Company.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives) contract as of March 31, 2023:

(₹ in crores)

	U.S. dollar	Euro	Chinese Renminbi	GBP	Canadian dollar	Others [1]	Total
(a) Financial assets	16,487.24	12,720.97	5,340.61	1,495.47	918.21	3,709.55	40,672.05
(b) Financial liabilities	47,380.35	48,524.65	11,982.85	4,835.99	353.01	3,471.40	116,548.25

[1] Others mainly include currencies such as the Russian rouble, Singapore dollars, Swiss franc, Australian dollars, South African rand, Thai baht, Japanese Yen and Korean won.

The table below outlines the effect change in foreign currencies exposure for the year ended March 31, 2023:

Change in assumption	Impact on Company's net income before tax for financial assets	Impact on Company's net income before tax for financial liabilities
Appreciation in foreign currencies by 10%	Increase by ₹4,067.21 crores	Decrease by ₹ (11,654.82) crores
Depreciation in foreign currencies by 10%	Decrease by ₹(4,067.21) crores	Increase by ₹ 11,654.82 crores

(Note: The impact is indicated on the income/loss before tax basis).

The following table set forth information relating to foreign currency exposure (other than risk arising from derivatives) as of March 31, 2022:

(₹ in crores)

	U.S. dollar	Euro	Chinese Renminbi	GBP	Canadian dollar	Others [1]	Total
(a) Financial assets	16,832.74	10,350.79	3,910.94	144.26	1,190.84	2,836.12	35,265.69
(b) Financial liabilities	45,254.19	42,191.43	11,445.91	519.81	271.42	2,453.65	102,136.41

1 Others mainly include currencies such as the Russian rouble, Singapore dollars, Swiss franc, Australian dollars, South African rand, Thai baht, Japanese Yen and Korean won.

(b) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in fair value of financial instruments or changes in interest income, expense and cash flows of the Group

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term non-convertible bonds and short term loans.

In its financing business, the Company enters into transactions with customers which primarily result in receivables at fixed rates. In order to manage this risk, the Company has a policy to match funding in terms of maturities and interest rates and also for certain part of the portfolio, the Company does not match funding with maturities, in order to take advantage of market opportunities.

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The Company also enters into arrangements of securitization of receivables in order to reduce the impact of interest rate movements. Further, Company also enters into interest rate swap contracts with banks to manage its interest rate risk.

As at March 31, 2023 and 2022 financial liabilities of ₹**48,076.94 crores** and ₹51,611.40 crores respectively, were subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase of profit before tax) of ₹**480.77 crores** and ₹516.11 crores on income for the year ended March 31, 2023 and 2022, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Company uses cross currency interest rate swaps to hedge some of its exposure to interest rate arising from variable rate foreign currency denominated debt. The Company also uses cross currency interest rate swaps to convert some of its foreign currency denominated fixed rate debt to floating rate debt.

(c) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities.

The fair value of some of the Company's investments in equity securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities.

The fair value of some of the Company's investment in quoted equity securities measured at FVOCI as of March 31, 2023 and 2022, was ₹**643.31 crores** and ₹802.91 crores, respectively. A 10% change in prices of these securities held as of March 31, 2023 and 2022, would result in a pre-tax impact of ₹**64.33 crores** and ₹80.29 crores on equity, respectively.

The fair value of some of the Company's investments in quoted equity securities measured at FVTPL as of March 31, 2022 and 2021, was ₹Nil and ₹Nil, respectively. A 10% change in prices of these securities measured at FVTPL held as of March 31, 2022 and 2021, would result in an impact of ₹ Nil and ₹Nil on profit before tax, respectively.

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(iv) Derivative financial instruments and risk management

The Company has entered into variety of foreign currency, interest rates and commodity forward contracts and options to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. The counterparty is generally a bank. These financial exposures are managed in accordance with the Company's risk management policies and procedures.

The Company also enters into interest rate swaps and cross currency interest rate swap agreements, mainly to manage exposure on its fixed rate or variable rate debt. The Company uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies.

Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair value of derivative financial instruments is as follows:

(₹ in crores)

		As at March 31, 2023	As at March 31, 2022
(a)	Foreign currency forward exchange contracts and options	(6,266.90)	(5,349.33)
(b)	Commodity Derivatives	(491.62)	1,209.85
(c)	Others including interest rate and currency swaps	835.69	216.60
	Total	**(5,922.83)**	**(3,922.88)**

Following table provides sensitivity analysis in relation to derivative contracts:

(₹ in crores)

	As at March 31, 2023	As at March 31, 2022
10% depreciation of foreign currency:		
Gain/(loss) in hedging reserve and cost of hedge reserve	13,639.41	9,550.61
Gain/(loss) in statement of Profit and loss	(4,042.29)	(3,352.99)
10% Appreciation of foreign currency:		
Gain/(loss) in hedging reserve and cost of hedge reserve	(13,360.69)	(11,136.42)
Gain/(loss) in statement of Profit and loss	5,702.96	4,857.49

(v) Commodity Price Risk

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under Ind AS 109 but are instead measured at fair value through profit or loss.

The gain/(loss) on commodity derivative contracts, recognized in the statement of Profit and Loss was **₹1,414.83 crores** loss and ₹1,370.57 crores loss for the years ended March 31, 2023 and 2022, respectively.

In respect of the Company's commodity derivative contracts, a 10% depreciation/appreciation of all commodity prices underlying such contracts, would have resulted in an approximate gain/(loss) of **₹571.41 crores** and ₹592.41 crores in the statement of profit and loss for the years ended March 31, 2023 and 2022, respectively.

Exposure to gain/loss on derivative instruments offset to some extent the exposure to foreign currency risk, interest rate risk as disclosed above.

(Note: The impact is indicated on the income/loss before consequential tax impact,if any basis).

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42. Disclosure on Financials instruments designated as hedging instrument in cashflow hedge

The details of cash flow hedges entered by the Company to hedge interest rate risk arising on floating rate borrowings and by one of the Company's subsidiaries to hedge the currency fluctuation of its functional currency (GBP) against foreign currencies to hedge future cash flows arising from revenue and cost of materials is as follows:

Outstanding contracts	Average strike rate as at March 31		Nominal amounts (₹ in crores) as at March 31		Carrying value (₹ in crores) as at March 31	
	2023	2022	2023	2022	2023	2022
Foreign currency forwards						
Cash flow hedges - USD						
Sell - USD/ Buy - GBP						
<1 year	0.753	0.760	28,067.89	28,651.39	(1,916.67)	47.03
Between 1-5 years	0.758	0.736	42,682.28	37,125.99	(2,390.79)	(769.64)
Buy - USD/ Sell - INR						
<1 year	-	0.000	-	-	-	-
Cash flow hedges - Chinese Yuan						
Sell - Chinese Yuan / Buy - GBP						
<1 year	0.114	0.109	27,179.92	28,023.68	(1,159.67)	(2,335.00)
Between 1-5 years	0.116	0.112	49,743.44	35,010.36	(1,876.36)	(1,248.76)
Cash flow hedges -Euro						
Buy - Euro / Sell - GBP						
<1 year	0.892	0.887	(20,163.28)	28,756.03	203.59	(1,105.89)
Between 1-5 years	0.913	0.886	(417.56)	12,464.61	4.88	(46.73)
Cash flow hedges - Other						
<1 year	-	-	7,421.90	9,399.29	(57.63)	(167.98)
Between 1-5 years	-	-	8,620.90	8,651.33	(16.87)	(277.69)
Cash flow hedges of foreign exchange risk on recognised debt						
Cross currency interest rate swaps						
Buy - USD / Sell - GBP						
Between 1-5 years	1.30	1.30	6,780.06	757.89	780.68	154.88
>5 years	-	0.759	-	3,774.33	-	9.13
Buy - Euro / Sell - GBP						
>5 years	0.891	0.891	4,529.44	4,430.46	(508.22)	(382.97)
Buy - USD / Sell - INR						
<1 year	73.810	71.158	110.72	1,067.15	13.40	66.38
Between 1-5 years	71.860	71.860	718.60	829.32	82.12	1.47
>5 years	83.520	83.520	4,417.31	4,073.65	318.84	432.50
Total foreign currency derivative instruments			**159,691.62**	**203,015.48**	**(6,522.70)**	**(5,623.26)**
Debt instruments denominated in foreign currency						
USD						
< 1 year			-	-	-	-
Between 1-5 years	0.629	0.000	10,845.50	-	(9,849.38)	-
Total debt instruments denominated in foreign currency			**10,845.50**	**-**	**(9,849.38)**	**-**

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Cash flow hedges of interest rate risk arising on floating rate borrowings

	Average strike rate		Nominal amounts (USD in million)		Carrying value (₹ in crores)	
	as at March 31		as at March 31		as at March 31	
	2023	2022	2023	2022	2023	2022
Interest rate swaps linked to LIBOR						
>5 years	2.86%	2.86%	237.50	237.50	60.97	(20.31)
Total derivatives designated in hedge relationship					(6,461.73)	(5,643.57)
Total debt instruments designated in hedge relationship					**(9,849.38)**	**-**

Non derivatives designated in hedge relationship

	Average strike rate		Nominal amounts (USD in million)		Carrying value (₹ in crores)	
	as at March 31		as at March 31		as at March 31	
	2023	2022	2023	2022	2023	2022
Net Investment Hedge - GBP	-	-	1,074.00	923.66	-	-

43. Segment reporting

The Company primarily operates in the automotive business. The automotive business includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts, accessories and services. The Company provides financing for vehicles sold by dealers in India. The vehicle financing is intended to drive sale of vehicles by providing financing to the dealers' customers and as such is an integral part of automotive business. The operating results for Vehicle Financing has been adjusted only for finance cost for the borrowings sourced by this segment.

Operating segments consist of :

a) Automotive: The Automotive segment consists of four reportable sub-segments: Tata Commercial Vehicles, Tata Passenger Vehicles, Jaguar Land Rover and Vehicle Financing.

b) Others: Others consist of IT services and Insurance Broking services.

Other operating segments do not meet the quantitative thresholds for disclosure and have been aggregated.

These segment information is provided to and reviewed by Chief Operating Decision Maker (CODM).