

**Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 read with SEBI circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 for the financial year ended March 31, 2023**

**As on March 31, 2023, the Company has the following Schemes as given below:**

1. Tata Motors Limited Employees Stock Option Scheme 2018 ("TML ESOP Scheme 2018")
2. Tata Motors Limited Share-based Long Term Incentive Scheme 2021 (" TML SLTI Scheme 2021")

Accordingly, the disclosures pertaining to stock options granted by the Company under the aforesaid Schemes and as required under the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, are provided herein below.

Sr. No.	Particulars	Details
1.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Disclosed in Notes to Accounts – Note 38 to Standalone financial statements for the year ended March 31, 2023, page nos 376 and 377 of the Annual Report. (Disclosures are provided in accordance with Ind AS 102, Share-based payment)
2	Diluted EPS on issue of shares pursuant to the Schemes disclosed in accordance with 'Accounting Standard 20- Earning Per Share' issued by Central Government or any other relevant accounting standards as prescribed from time to time.	Diluted EPS for the year ended March 31, 2023 is disclosed in Note 38, page no. 376 of the Annual report.  Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be antidilutive.  Since there was a loss for the year ended March 31, 2022, potential equity shares was not considered as dilutive and hence Diluted EPS was same as basic EPS.
3.	Details related to TML ESOP Scheme 2018 / TML SLTI Scheme 2021	
i.	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including	<ul style="list-style-type: none"> <li>• TML ESOP Scheme 2018</li> <li>• TML SLTI Scheme 2021</li> </ul>
	a) Date of shareholders' approval	TML ESOP Scheme 2018: August 3, 2018 TML SLTI Scheme 2021: July 30, 2021
	b) Total number of Options/Performance Share Units (PSUs) approved under the Scheme	TML ESOP Scheme 2018: To issue and allot 1,38,00,000 (One Crore Thirty Eight Lakh Only) Ordinary Shares of Rs. 2 each  TML SLTI Scheme 2021: Entitling grantees to acquire not exceeding; 75,00,000 PSUs (Seventy Five Lakh Only) and/or

		14,00,000 Options (Fourteen Lakh Only); Ordinary shares of Rs. 2 each.
	c) Vesting requirements	<p><b>TML ESOP Scheme 2018:</b> The Options would vest in three tranches i.e. June 30, 2021, June 30, 2022 and June 30, 2023. The NRC may extend the Vesting Date for the Options to Vest by a period not more than 2 (two) months.</p> <p>The Options shall vest with the employees subject to continuing employment with the Company or any Tata Company and on the Company achieving certain performance matrices as contained in the Scheme.</p> <p><b>TML SLTI Scheme 2021:</b> All the PSUs and/or Options would vest within a maximum period of 3 years (for example, the grants made in 2021 shall vest in 2024, grants made in 2022 shall vest in 2025 and so on and so forth) subject to minimum vesting period of 1 (one) year, where after the Eligible Employees would have the right to subscribe to the Ordinary Shares during the Exercise Period.</p> <p>The PSUs and/or Options shall vest in employees subject to continuing employment with the Company / WOS / Associate Company, and on the Company achieving these performance matrices viz. Market share, EBIT and Free Cash Flows as per the Company's Standalone financials.</p> <p>The NRC would determine the said matrices, detailed terms and conditions relating to such vesting including the proportion in which PSUs and/or Options granted would vest. At the time of vesting, NRC may adjust the number of PSUs and/or Options already granted by +/-20% for the quality of results provided that the number of PSUs and/or Options vested will not exceed 120% of PSUs and/or Options granted to any Eligible Employee; provided further that the number of PSUs and/or Options vested would be a minimum of 50% of the number of the PSUs and/or Options granted.</p>
	d) Exercise price or pricing formula	<p><b>TML ESOP Scheme 2018:</b> Options have been granted at the Exercise price of ₹345/- (Rupees Three Hundred and Forty Five Only) per Ordinary Share, which is based on the 90 days average market price of the Company's Ordinary Shares as of May 23, 2018 (the date of approval of the Scheme by NRC and Board).</p> <p>The Exercise Price may be adjusted for any Corporate Action (s) announced by the Company prior to the Exercise Period pertaining to the relevant Options, as may be decided by the Board/NRC.</p> <p><b>TML SLTI Scheme 2021:</b></p> <ul style="list-style-type: none"> <li>• The Exercise Price for PSUs: Exercise Price shall be ₹2/- (Rupees Two Only) per PSU, i.e. at the face value of the underlying Ordinary Share of the Company.</li> <li>• The Exercise Price for Option: Exercise Price shall be ₹338/- (Rupees Three Hundred and Thirty Eight Only) i.e. equivalent to closing market price of the Company's Ordinary Shares on the National Stock Exchange of India</li> </ul>

		<p>Limited on June 22, 2021 (one day prior to the Board Meeting date for approving the Scheme).</p> <p>The Exercise Price may be adjusted for any corporate action(s), as may be decided by the Board. NRC may also approve cashless exercise of the vested PSUs and/or Options by adjusting for the exercise price, applicable taxes and other amounts including any transaction fees and shall provide necessary procedures and/or mechanism for exercising such PSUs and/or Options subject to applicable laws, rules and regulations.</p>
	e) Maximum term of options granted	<p><b>TML ESOP Scheme 2018:</b> The Exercise Period would commence from the date of vesting of Options and will expire at the end of one year from the date of vesting of options. NRC may extend the Exercise Period by a further period not exceeding two years, as it may deem fit.</p> <p>Options granted under the TML ESOP Scheme 2018 would Vest within a maximum period of 5 (five) years from the date of Grant of such Options.</p> <p><b>TML SLTI Scheme 2021:</b> TML The Exercise Period would commence from the date of vesting of PSUs and/or Options and will expire at the end of twelve months from the date of vesting of PSUs and/or Options respectively. NRC may extend the Exercise Period by a further period of two years, as it may deem fit.</p> <p>The PSUs and/or Options will lapse if not exercised within the specified Exercise Period. Lapsed PSUs and/or Options cannot be re-issued by the Company.</p> <p>PSUs and/or Options granted under TML SLTI Scheme 2021 would vest within a maximum period of 3 (three) years but after minimum 1(one) year from the date of grant of such PSUs and/or Options, respectively.</p>
	f) Source of shares (primary, secondary or combination)	<p><b>TML ESOP Scheme 2018:</b> Primary</p> <p><b>TML SLTI Scheme 2021:</b> Primary</p>
	g) Variation in terms of options	<p><b>TML ESOP Scheme 2018:</b> The Board/ NRC shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the Grantee/ Participant/ Beneficiary and shall be entitled to vary any of the terms of the Scheme so as to meet any regulatory requirements or for any adjustments for Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant Options.</p>

		<p>During FY 2021-22, Hon'ble National Company Law Tribunal, Mumbai Bench, vide its order dated August 24, 2021 had approved the Scheme of Arrangement between the Company and step down subsidiary 'Tata Motors Passenger Vehicles Limited' (TMPVL) (formerly known as TML Business Analytics Services Limited)', pursuant to which the definition of employees under the TML ESOP Scheme 2018 was modified, to extend the benefit under the Scheme to the TMPVL employees, who were transferred from the Company to TMPVL.</p> <p>The Company at the 77<sup>th</sup> AGM held on July 4, 2022 sought shareholders' approval to amend the Scheme, in order to extend the benefits of the Scheme to such eligible employees of the Company who have been transferred /will be transferred to the subsidiaries /associate of the Company.</p> <p><b>TML SLTI Scheme 2021:</b> The Board/ NRC shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the Grantee/ Participant/ Beneficiary and shall be entitled to vary any of the terms of the Scheme so as to meet any regulatory requirements or for any adjustments for Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options.</p> <p>During FY 2022-23, there was no amendment/ modification/ variation in the TML SLTI Scheme 2021.</p>
ii.	Method used to account for the Schemes (Intrinsic or fair value):	The Company recognizes compensation expense relating to share based payments in accordance with Ind AS 102 Share-based Payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of Profit and Loss on a straight line basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.
iii	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed.	Not applicable.
iv.	Option movement during the year (for each of the Schemes):	Refer Annexure 1 below

v.	Weighted-average exercise prices and weighted-average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	<p><b>TML ESOP Scheme 2018:</b> The Exercise Price under Tata Motors Limited Employees Stock Option Scheme 2018 of ₹345/- is less than the average market price of the Ordinary Shares of the Company as on March 31, 2022.</p> <p><b>TML SLTI Scheme 2021:</b>  The Exercise price for PSUs: Exercise Price shall be ₹2/- (Rupees Two Only) per PSU, i.e. at the face value of the underlying Ordinary Share of the Company.</p> <p>The Exercise Price for Options: Exercise Price shall be ₹338/- (Rupees Three Hundred and Thirty Eight Only) i.e. equivalent to closing market price of the Company's Ordinary Shares on the National Stock Exchange of India Limited on June 22, 2021 (one day prior to the Board Meeting date for approving the Scheme).</p>
vi.	Employee wise details of options granted to:	Refer Annexure 2 below
vii	A description of the method and significant assumptions used during the year to estimate the fair value of Options/PSUs	Refer Annexure 1 below

## Annexure 1

## Disclosure related to Option/PSU movement during the year

Particulars	Tata Motors Limited Employees Stock Option Scheme 2018	Tata Motors Limited Share-based Long Term Incentive Scheme 2021	
		Option	PSUs
Number of PSUs/options outstanding at the beginning of the period	6,662,551	839,650	964,569
Number of options granted during the year	-	-	659,186
Number of options forfeited / lapsed during the year	(4,552,458)	(78,822)	(92,349)
Number of options vested during the year	Nil	-	-
Number of options exercised during the year	753,622	-	-
Number of shares arising as a result of exercise of options	753,622	-	-
Money realized by exercise of options (INR), if the Scheme is implemented directly by the Company	₹25,99,99,590	-	-
Loan repaid by the Trust during the year from exercise price received	NA	NA	NA
Number of options outstanding at the end of the year	2,863,715	760,828	1,531,406
Number of options exercisable at the end of the year	Nil	-	-

**A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

The Company has estimated fair value of options using Black Scholes model. The following assumptions were used for calculation of fair value of options for the year ended March 31, 2023:

Particulars	Tata Motors Limited Employees Stock Option Scheme 2018	Tata Motors Limited Share-based Long Term Incentive Scheme 2021	
		Option	PSUs
Assumption factor	Estimates	Estimates	Estimates
Risk free rate	7%-8%	5.3%	5.3%
Expected life of option	2-4 years	3.8 years	3.8 to 4 years
Expected volatility	33%-37%	50.7%	50.7%

## Annexure 2

Details of grant made during FY 2022-23 to Senior Managerial Personnel (including Key Managerial Personnel):

## A. Tata Motors Limited Employees Stock Option Scheme 2018

SI No	Name	Designation	No. of options granted in FY 23	Exercise Price per Option (in ₹)
-	-	-	-	-

## B. Tata Motors Limited Share-based Long Term Incentive Scheme 2021

SI No	Name	Designation	No. of options granted	No. of PSUs granted	Exercise Price per Option (in ₹)	Exercise Price per PSUs (in ₹)
1	Girish Wagh	Executive Director		25,102		2
2	P B Balaji	Group Chief Financial Officer		72,310		2
3	Ravindra Kumar GP	Chief Human Resource Officer		22,548		2
4	Rajendra Petkar	President and Chief Technology Officer		15,328		2
5	Shailesh Chandra	Managing Director – Tata Motors Passenger Vehicles Limited		31,049		2
6	Maloy Kumar Gupta	Company Secretary		4,648	-	2

Note: No other employee was granted shares (including cash-settled) in the year amounting to 5% or more of the total options granted during the year. Similarly, there was no grant (including cash-settled) in the year that was equal to or exceeding 1% of the issued capital of the Company.