

Tata plugs into UK for \$5.2 bn gigafactory

JLR, Tata Motors to be anchor customers of EV battery unit

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Tata Sons, on Wednesday, announced a plan to invest £4 billion (around \$5.2 billion) in an electric car battery factory with an initial annual output of 40 gigawatt hours (Gwh) in the UK. This would be the first gigafactory for EV batteries by Tata outside India and one of the largest ever investments in the UK automotive sector.

UK Prime Minister Rishi Sunak said this investment would not only create “thousands of skilled jobs for Britons” but would also strengthen its lead in the global transition to electric vehicles.

Jaguar Land Rover (JLR) and Tata Motors would be the anchor customers; supplies are expected to commence in 2026. The new plant will be built by Tata Sons’ wholly owned subsidiary Agratas Energy Storage Solutions, likely in Somerset, southwest England. JLR’s plants are near Birmingham, central England.

FIGURE THAT

40Gwh will be initial output of the gigafactory

2026 supplies expected to commence

£500 mn in subsidies reportedly offered to the Tatas

4,000 jobs the factory is expected to create



Britain PM Rishi Sunak (right) with Tata Sons Chairman N Chandrasekaran in Warwick on Wednesday REUTERS

OUR MULTI-BILLION-POUND INVESTMENT WILL BRING STATE-OF-THE-ART TECHNOLOGY TO THE COUNTRY”

N CHANDRASEKARAN,
Chairman, Tata Sons

WE CAN BE INCREDIBLY PROUD THAT UK HAS BEEN CHOSEN AS HOME TO TATA'S FIRST GIGAFACTORY OUTSIDE INDIA”

RISHI SUNAK,
Prime Minister, UK

BIG OVERSEAS BETS BY INDIA INC

Year	Target/ Destination	Acquirer/ investor	Value (\$ bn)
2006	Corus Group	Tata Steel	12.8
2010	Bharti Airtel Africa	Bharti Airtel	10.7
2007	Novelis	Hindalco Ind	5.7
2023	Somerset*	Tata Sons	5.2
2020	Petrochem biz/BP	INEOS Styrolution	5.0

*According to media reports, Tata’s EV battery plant is likely to come up in Somerset in southwest England
Note: The list includes overseas investments, mergers and acquisitions by Indian entities, based on Bloomberg classification Source: Bloomberg

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Tata to build \$5 bn gigafactory in UK

TATAS LOOK ABROAD

Investments (non-M&A) by the Tata group before the gigafactory announcement

Year	Target/ Destination	Acquirer/ investor	Value (\$ million)
2007	PT Kaltim Prima Coal & PT Arutmin Indonesia	Tata Power	1,300
2006	Energy Brands	Tata Tea	677
2017	Lyft	Tata Motors, others	500
2022	Ascend Elements	Tata Motors, others	208
2008	Piaggio Aero Ind	Tata Sons	108

Source: Bloomberg

Sunak's government is yet to divulge how much financial support it promised to secure the investment and fend off Spain, which had also lobbied to win the project. The *BBC* said the government would provide subsidies worth hundreds of millions of pounds to the Tatas.

British Finance Minister Jeremy Hunt, who has said that the UK will not go toe-to-toe on subsidies, declined to give details on any financial support for Tata but acknowledged Britain's need to attract big projects. "We're in competition with countries all over the world for these big investments," he said.

The Telegraph UK reported that the treasury is reported to have offered up to £500 million in subsidies; it also said the Tata group is seeking up to £300 million for its steelworks in Port Talbot. According to media reports, Tata Steel had sought fiscal support from the UK government to execute its decarbonisation plans for the Port Talbot plant.

"Details of government support to Tata Sons will be published in due course as part of our regular transparency data," according to a statement from the Department of Business and Trade, UK.

Tata Motors shares reacted positively to the news, ending Wednesday's trade at ₹620.45 apiece, up 1.35 per cent.

N Chandrasekaran, chairman, Tata Sons, said the Tata

group would be setting up one of Europe's largest battery manufacturing facilities in the UK. "Our multi-billion-pound investment will bring state-of-the-art technology to the country, helping to power the automotive sector's transition to electric mobility, anchored by our own business, Jaguar Land Rover," he said.

"I also want to thank His Majesty's government, which has worked so closely with us to enable this investment," Chandrasekaran added.

The Tata group has several companies operating in the UK across the technology, consumer, hospitality, steel, chemicals, and automotive sectors.

Terming the development as a "huge vote of confidence in Britain", Sunak said: "It will not only create thousands of skilled jobs for Britons around the country, but it will also strengthen our lead in the global transition to electric vehicles, helping to grow our economy in clean industries of the future."

He later tweeted: "When I think of the iconic cars designed and made in Britain throughout history my mind goes to Aston Martin, Rolls-Royce, Jaguar, and Land Rover. Today marks a landmark day for the British auto industry and for two of those iconic brands"

The Department of Business and Trade, UK, said in a statement: "The new gigafactory, at 40 GWh, will be one of the largest in Europe. It will create up to

4,000 highly skilled jobs, as well as thousands of further jobs in the wider supply chain for battery materials and critical raw minerals, helping grow the economy and take forward the UK's commitment to net zero."

It added that the factory would also provide almost half of the battery production that the Faraday Institution estimates the UK would need by 2030.

The gigafactory intends to use 100 per cent clean power. It would also employ processes like battery recycling and reuse all the original raw materials to deliver a circular economy ecosystem, the Tata group said.

In April, JLR Chief Executive Officer Adrian Mardell said that the group's new gigafactory was going to be in Europe. In June, the group signed a deal with the Gujarat government for building a lithium-ion cell factory with an investment of about ₹13,000 crore (\$1.6 billion). The plant is expected to have an initial manufacturing capacity of 20 Gwh, which could be doubled in the second phase of expansion. A memorandum of understanding has been signed between Tata's unit Agratas Energy Storage Solutions and the Gujarat government, and work on the plant is expected to start in less than three years.

JLR has embarked on an ambitious journey to become an "electric first" luxury carmaker by 2030. Its peers Audi and Volvo are eyeing 100 per cent battery electric vehicles (BEV) by 2033 and 2030, respectively, while BMW and Mercedes are eyeing 50 per cent BEV by 2030. Analysts at Ventura Securities said that JLR is eyeing 60 per cent BEV sales by 2030 and 100 per cent BEV sales by 2036.

In April, JLR announced a plan to invest £15 billion over the next five years to achieve its electric road map, which includes investing in manufacturing facilities. The Halewood plant in the UK will become an all-electric production facility and the engine plant in Wolverhampton, the UK, will produce electric drive units and battery packs for JLR's next generation vehicles;

apart from evolving its marquee brands

JLR wholesales grew by 30 per cent year-on-year in the June quarter of 2023 to 93,253 units (excluding China JV), while retail sales grew by 29 per cent to 101,994 units, riding on improved supply of electronic chips and improvement in supply constraints. It had an order book of 185,000 units.

Need for subsidy to go down as manufacturing gains scale: Gadkari

According to government data, EV sales crossed 1 million in 2022, registering a three-fold increase over the previous year.

Gadkari listed out the need for an overhaul in the public transport infrastructure, making EVs accessible to a much larger pool of people, Tesla's entry plans in India, and making India an export hub through concerted efforts of the industry as the main steps towards an EV revolution. The minister also elaborated on the ways to overcome the teething troubles, which come with any new technology.

EVs in Public Life and Transit

Gadkari, who arrived at the Business Standard event after a marathon NDA meeting called by Prime Minister Narendra Modi on Tuesday, said conversion of existing public transport infrastructure to electric mode and sustaining it as a profitable

