

PART I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section describes the risks that we currently believe may materially affect our business, financial condition and results of operations. The factors below should be considered in connection with any forward-looking statements in this annual report on Form 20-F. See “Cautionary Note Regarding Forward-looking Statements” on page ii of this annual report on Form 20-F for more information. Although we will make reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially and adversely impact our business, revenues, sales, net assets, financial condition, results of operations, liquidity, capital resources and prospects.

Risks Associated with Our Business and the Automotive Industry

We are facing an ongoing shortage of semiconductors crucial to our products.

Semiconductor chips are an important component of the electrical architecture of our vehicles. In recent years, we and other major automotive companies have experienced limited access to semiconductors supply, which has impacted production schedules. A limited number of companies produce the majority of semiconductors manufactured globally, and reduced capacity at these companies due to, among other matters, government actions in relation to the COVID-19 pandemic, has contributed to a persistent shortage of semiconductors for the global automotive industry. Supply of semiconductors was also impacted during 2021 by disruptions caused by a fire at the Renesas chip plant in Japan and extreme weather conditions in Texas during the winter of 2021. In addition, pandemic induced lockdowns necessitated work from home arrangements and more generally post pandemic, there has been unprecedented increase in the demand for white goods, especially consumer electronics, further accentuated by the migration to 5G, which has led to a shift in capacity allocation from the automotive sector to consumer durable goods.

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The shortage in the supply of semiconductors has impacted and continues to impact our production schedules and our ability to meet the demand for some of our vehicles. Such shortages, which affect the entire automotive industry, may impact us more pronouncedly than our competitors as they may have a greater level of buying power with suppliers or have a different range of features on their vehicles that are dependent on semiconductors, as well as impact our ability to divert the supplies on lower end models, in which our competitors exclusively operate or for which our competitors are able to better manage supplies. Production schedules continue to be actively managed by management in line with the availability of semiconductors and vehicle margin. Along with supply chain uncertainty caused by the COVID-19 pandemic and sudden factory shutdowns due to natural disasters at major semiconductor production sites worldwide, longer-term trends, such as a general rise in demand in the automotive sector competing with other rapidly growing industries for semiconductor manufacturing capacity and structural issues within the semiconductor supplier landscape have complicated our ability to secure sufficient supply. There can be no assurance that we will be able to source for alternative supplies of semiconductors or that such alternative supplies of semiconductors will be readily available. The shortage of semiconductors has and is likely to continue to impact us in the near future.

In the event that such shortages continue for a prolonged period of time, our production levels may be affected, which would materially affect our business, financial condition and results of operations. In addition, the shortage of semiconductors could also have an adverse impact on the implementation of Jaguar Land Rover's Reimagine strategy to expand into EVs, which may contain a higher level of semiconductors than that used in conventional vehicles. The shortage of semiconductors could also increase car prices, which could negatively affect customer demand in the future should other companies be able to increase supply in the future. Furthermore, the extended delivery times of new cars could cause an increase in cancellations by customers.

We have also committed to significant reduction of debt related to our automotive operations, excluding the vehicle financing segment, by Fiscal 2024. As a result of supply chain issues, production was impacted, resulting in adverse working capital which increased our debt for automotive business in Fiscal 2022. If we continue to face significant supply chain issues, our volumes may be impacted, affecting revenues from our operations, profitability, free cash flows and our debt reduction plans.

While we expect semiconductor supply to continue to gradually improve throughout Fiscal 2023, there is no assurance that this will be the case and while the supply of semiconductors remains constrained, we may be more susceptible to supply-driven shocks in the future.

While we continue to take measures to partially mitigate the impact of semiconductor supply shortages, including engaging in discussions with leading component suppliers and chip producers and prioritizing the production of higher-margin vehicles, there can be no assurance that such measures will provide significant mitigation.

The ongoing conflict between Russia and Ukraine could have an impact on our business and results of operations.

In late February 2022, Russian military forces invaded Ukraine, significantly amplifying already existing geopolitical tensions among Russia, Ukraine, the European Union and other nations. Russia's invasion, the responses of countries and political bodies to Russia's actions, and the potential for wider conflict have contributed to increased market volatility in recent months, and such volatility may continue or amplify in the future. Moreover, in response to Russia's actions in Ukraine, various countries, including the United States, the United Kingdom and European Union members, issued broad economic sanctions against Russia, including to prohibit certain trade activity with certain Russian corporate entities, financial institutions, officials and oligarchs.

In Fiscal 2022, Jaguar Land Rover recorded £43 million in relation to customer liabilities arising from sanctions imposed against Russia by countries, preventing the shipment of vehicles and certain parts to the market. Jaguar Land Rover has, over the past three fiscal years, earned around 2.5% of revenue on average each year from Russia and Ukraine, but has suspended vehicle exports to Russia to comply with recent export restrictions. As of the date of this annual report on Form 20-F, Jaguar Land Rover continues to import a restricted range of safety-related parts to Russia for the repair of vehicles in market in compliance with relevant sanctions and export controls measures in place.

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The impact of the conflict on our production volume has been limited during Fiscal 2022 as a result of active management of our parts supply chain. However, we are currently unable to predict with certainty the duration and severity of the conflict between Russia and Ukraine and its ultimate impact on our business, financial condition, liquidity and results of operation, as these depend on rapidly evolving and uncertain developments and factors that are beyond our control. For example, there is a risk that a further escalation of the conflict during Fiscal 2023 could bring challenges to our wider supply chain which could, in turn, have a material adverse impact on our business. While we have a relatively small number of parts and commodities that are sourced from the affected countries, it is too early to say how future commodity supply and pricing could be impacted.

Moreover, during April 2022 Russia suspended gas supplies to Poland and Bulgaria. Should this happen in the future, including in Slovakia where we operate a manufacturing plant, we may face further parts shortages or be unable to run production in our manufacturing facilities, which could have a material adverse impact on our business.

Furthermore, European governments are seeking to reduce energy reliance on Russia in the future and are restricting imports of oil and gas sourced from Russia. This is driving up energy costs, which could increase inflationary pressures during Fiscal 2023.

Some parts of the automotive supply chain are sourced from Russia and Ukraine, including Neon gas used in semiconductor production (Ukraine) and palladium (Russia). Should the conflict lead to shortages of these or any other commodities, we may face challenges within our supply chain in sourcing parts or face significant price increases in the future.

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 burdensome 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, 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 and ADSs.

In July 2020, the United States-Mexico-Canada Agreement came into force. Potential governmental actions related to tariffs or international trade agreements have the potential to adversely impact demand for our products, our costs, customers, suppliers and/or the North American economy or world economy or certain sectors thereof and, thus, our business.

Our Jaguar Land Rover business has significant operations in the United Kingdom, North America, continental Europe and China, as well as sales operations in markets across the globe. If automotive demand softens because of lower or negative economic growth in key markets or due to other factors, Jaguar Land Rover's business, prospects, financial condition and results of operations could be materially and adversely affected as a result. In addition, there is uncertainty as to whether changes to laws and policies governing international trade, tariffs and duties on foreign vehicle imports will be introduced, which could have a material adverse effect on Jaguar Land Rover's financial condition and results of operations.

We have been, and may continue to be, adversely affected by the COVID-19 pandemic.

Our results of operations and financial position have been, and may in the future be, impacted by the COVID-19 pandemic, including the emergence of new variants of the virus, uncertainty surrounding the medium- and long-term effectiveness of COVID-19 vaccines and future government action in response to the next stages of the pandemic.

Our operations have been impacted as a result of the COVID-19 pandemic. At various times over the course of Fiscal 2022, our Indian and Jaguar Land Rover business witnessed disruptions at manufacturing plants and implemented work-from-home protocols for employees who were able to work remotely in various jurisdictions, including India and the United Kingdom, to ensure public safety and to comply with government guidelines in various geographies. These situations have caused disruptions to our business and have had negative impacts on our cash flows.

While our volumes for the domestic business grew quarter over quarter, recurring waves of infection and restrictive measures by governments have continued to have an adverse impact on our results of operations. For example, industry sales volumes for our passenger segment (buses) in Commercial Vehicles experienced a slow recovery, and sector recovery may continue to be slowed by people returning to on-site learning and working slower and in fewer numbers.

Recent lockdowns in parts of China as the government pursues a strategy of containing the spread of COVID-19 are adversely impacting our supply chains as our suppliers are unable to produce or deliver products to us. Similarly, we are also witnessing a temporary decrease in demand. These lockdowns have also led to some dealerships in some regions of China to temporarily close, which may have an adverse impact upon our sales outlook in Fiscal 2023. If we are unable to ensure a supply of critical parts from China for production, we may be forced to stop production in some or all of our plants, which will have a significantly negative impact on our cash flow in the future. We are witnessing certain supply chain disruptions as a result of China's lockdowns and dealership closures possibly resulting in negative EBIT and negative free cash flows in the first quarter of Fiscal 2023 for Jaguar Land Rover while our domestic business is also likely to witness a negative impact on financial performance.

There is significant uncertainty surrounding such business disruptions, as continued cross-border restrictions could adversely affect our supply chains globally. We, like other automotive manufacturers, have experienced some supply chain disruption due to the COVID-19 pandemic, including the current global unavailability of semiconductors, which has impacted our production schedules and the ability to meet global demand for some of our vehicles. As a result, we adjusted production schedules for certain vehicles and in certain manufacturing plants. Although we have restored operations at our production facilities, our manufacturing rates and timelines may nonetheless be affected by global economic markets, the decrease in consumer confidence or changing behaviors, such as working from home arrangements, which could impact demand in the global transportation and automotive industries. The extent and impact of changing consumer preferences and behavior is unknown and impossible to predict at this time.

Even as the COVID-19 pandemic has largely subsided in most of our key regions, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur. Specifically, difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence as a result of the COVID-19 pandemic could have a continuing adverse effect on demand for our products, as well as limit or significantly reduce points of access to such products. The disruption caused by the COVID-19 pandemic may force us to change, in whole or in part, our strategic plans for the future.

In addition to the increase in costs associated with the implementation of enhanced health and safety measures in our operations, we are also faced with the potential increase in legal, advisory and other costs as a result of any COVID-19 pandemic related claims from workers or third-party suppliers that may come into contact with our operations. All or any of these factors have had, and could in the future have, a material adverse effect on our business, prospects, financial condition and results of operation.

In addition, the COVID-19 pandemic may continue to have an impact on the health and well-being of our employees and some of our employees have lost their lives as a result of the pandemic. This could affect the morale and well-being of our employees and we may be compelled to provide additional support to the families of those people who have lost their lives. While we have been engaging with the Unions and our employees on an ongoing basis and they have been very collaborative, we may face challenges in our industrial relations relating to employee matters due to the COVID-19 pandemic and the uncertainties involved.

Even after the COVID-19 pandemic subsides, we may continue to face uncertainties regarding the potential impact of any future variants of COVID-19 and long-term sustainability of any economic recovery in the jurisdictions in which we operate.

Disruptions to our supply chains and shortages of essential raw materials 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. 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 meet 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. Supply disruptions due to the impacts of the COVID-19 pandemic may continue to have an impact on our business in Fiscal 2023.

In addition, 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 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 prolonged disruption to the supply of battery cells could disrupt production of our vehicles and delay the rollout of our strategic initiatives, including Jaguar Land Rover’s Reimagine strategy (see Item 4.8 “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information). 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.

Increases in commodities and input prices may have a material adverse effect on our results of operations.

We purchase a wide range of raw materials to enable our production operations. In Fiscal 2022 and Fiscal 2021, the consumption of raw materials and components aggregates and purchase of products for sale (including changes in inventory) constituted 65.4% and 63.8%, respectively, of our revenues. Prices of commodity items, such as steel, nonferrous metals, precious metals, rubber and petroleum products have generally risen in recent years and may significantly rise in the future. Furthermore, we are also exposed to the risk of contractions in supply, and any corresponding increase in the price of rare earth metals we use in the production of vehicle electronics. Rare earth metal prices and supply remain uncertain. China, which is currently the largest producer of rare earths in the world, has, in the past, limited the export of rare earths from time to time. If we are unable to find substitutes for such raw materials or pass price increases on to customers by raising prices, or to safeguard the supply of scarce raw materials, our vehicle production, business and results from operations could be materially affected.

Domestically, our Commercial Vehicles business was significantly impacted by increases in commodity prices, primarily steel. In Fiscal 2022, the increase in steel prices impacted the profitability of our domestic Commercial Vehicles business, while TML’s Commercial Vehicle business has introduced price increases of approximately 2% every quarter during Fiscal 2022 and certain other corrective actions have been taken, we may not be able to mitigate the impact of commodity price increases entirely.

The COVID-19 pandemic has had a significant impact on the supply of precious metals as certain countries where such precious metals are mined had prolonged lockdowns that had resulted in supply chain constraints for such metals. See “We have been, and may continue to be, adversely affected by the COVID-19 pandemic” for more information. Moreover, since February 2022, Russia’s invasion of Ukraine has also led to increases in the prices of a wide range of raw materials that we rely on. See “The ongoing conflict between Russia and Ukraine could have an impact on our business and results of operations” for more information.

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Further, prolonged disadvantageous exchange rate movements and inflation may substantially increase our costs. We cannot guarantee that we would be able to mitigate or otherwise avoid such increased costs, and our inability to do so could have an adverse effect on our operating results, financial condition and prospects.

In a step to reduce carbon emissions, we will also need to increase our EV sales and EV penetration in order to meet various compliances and achieve our sustainability targets as a part of responsible business. If we are unable to mitigate the impact of rising commodity prices, it would significantly impact our profitability, demand and hamper our efforts to achieve our sustainability targets.

We are also exposed to supply chain risks relating to semiconductors and lithium-ion cells, which are critical for our EV production. See “We are facing an ongoing shortage of semiconductors crucial to our products” for more information.

While we continue to pursue cost-reduction initiatives and risk-hedging initiatives, a sustained increase in commodity prices and the prices of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could also have a negative impact on demand. In addition, because of intense price competition and our fixed costs base, we may not be able to adequately address changes in commodity prices even if they are foreseeable.

Intensifying competition could materially and adversely affect our business, prospects, financial condition and results of operations.

The global automotive industry, including the premium passenger car segment, is highly competitive and competition is likely to further intensify in the future, including as a result of new industry entrants. In the premium automotive sector, our competitors may intensify their efforts to remain competitive in established markets while at the same time focus on developing a presence in developing markets. There is also a trend toward consolidation in the automotive industry to mitigate the costs of the market shift toward electrification, which has the potential to strengthen our competitors’ market position. In light of Brexit, some of our European Union-based competitors may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. A range of factors affect the competitive environment, including the quality and features of vehicles, innovation, development timelines, ability to control costs, pricing, reliability, safety, fuel economy, research and development (“R&D”), the environmental impact and perception thereof, customer service and financing terms. Factors which affect the entire automotive industry, may impact us more negatively than they might impact our competitors, given each market participant’s individual circumstances. There can be no assurance that we will be able to compete successfully in the global automotive industry.

We also face strong competition in the Indian market from domestic and foreign automobile manufacturers. Improving infrastructure and growth prospects in India, compared to those of other mature markets, have attracted a number of international companies to India, either through joint ventures with local partners or through independently owned operations in India. International competitors may bring with them international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition may further intensify in the future. We have seen increased competition for our Commercial Vehicles business for several years, which has placed some pressure on our market share of the segment. If our share of this market segment is substantially impacted, our business, prospects, financial condition and results of operations may be materially and adversely affected. There is no assurance that we will be able to implement our future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

Jaguar Land Rover entered into an agreement with NVIDIA to jointly develop and deliver next-generation automated driving systems as well as AI-enabled services and experiences for its customers.

In October 2021, we announced a partnership with TPG Rise Climate, whereby, TPG Rise Climate along with co-investors have committed to investing Rs.75,000 million in compulsory convertible instruments to acquire an equity interest of between 11% to 15% in Tata Passenger Electric Mobility Ltd. (“TPEML”), incorporated as a wholly owned subsidiary of TML, which corresponds to an equity valuation of up to US\$9.1 billion. The new company is expected to leverage all existing investments and capabilities of TML and channelize the future investments into EVs, dedicated BEV platforms, advanced automotive technologies and catalyze investments in charging infrastructure and battery technologies.

We may also decide to collaborate with other companies in order to develop future technologies and initiatives, including, but not limited to, the dedicated BEV Jaguar architecture in the near future. We are exposed to execution risks or risks that the alliances entered into by our competitors may prove more beneficial than ours.

In addition, if our competitors consolidate or enter into other strategic partnerships or joint ventures, they may be able to achieve greater economies of scale. Some of our competitors have formed such strategic alliances in recent years. If our competitors are able to benefit from the cost savings offered by consolidation or strategic partnerships, our competitiveness could be adversely affected.

A significant reliance on key markets by both Tata Motors Limited and Jaguar Land Rover increases the risk of a negative impact from reduced customer demand in those countries.

We rely on certain key markets, including the United Kingdom, China, North America, India and continental Europe, from which we derive a substantial portion of our revenues. A decline in demand for our vehicles in these major markets may significantly impair our business, financial condition and results of operations. For example, adverse public perceptions toward diesel-powered vehicles, resulting from emissions scandals and tax increases on diesel vehicles, have precipitated a sharp fall in diesel vehicle sales, primarily in the United Kingdom and the European Union, and in November 2020, the UK government announced that it would ban the sale of new conventional petrol and diesel cars commencing in 2030. In addition, our strategy, which includes new product launches and expansion into growing markets, may not be sufficient to mitigate a decrease in demand for our products in mature markets in the future, which could have a significant adverse impact on our financial performance.

In addition, Jaguar Land Rover's Reimagine strategy may not be sufficient to mitigate a decrease in demand for our products in mature markets in the future, which could have a significant adverse impact on our financial performance.

Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining product competitiveness and quality.

New technologies, climate change concerns, increases in fuel prices and certain government regulations have resulted in changes in customer preferences and have encouraged customers to look beyond standard purchasing factors (such as price, design, performance, brand image and features). Customer preferences in certain markets are increasingly moving toward electric and hybrid vehicles and away from diesel powered engines. Such consumer preferences could materially affect our ability to sell premium passenger cars and large or medium-size all-terrain vehicles at current or target volume levels, and could have a material adverse effect on our general business activity, net assets, financial position and results of operations.

Consumer demand trends are affected by a variety of factors, such as disposable income, brand reputation and environmental awareness, which can be difficult to predict and/or control. We may fail to identify trends in customer needs and tastes in sufficient time to react to these changes (including by adapting our strategy and business plan as necessary), and our attempts to position our brand and/or optimize our product portfolio to take advantage of market trends and consumer demand patterns may be ineffective. A misjudgment in our strategy or delayed recognition of trends and customer needs and tastes in individual markets or other changes in requirements could lead to a decline in demand, sales and profitability of our products and damage our brand. It could also lead to significantly unprofitable investments and associated costs.

A shift in consumer demand from SUVs toward compact and mid-size Passenger Cars, whether in response to higher fuel prices or other factors, could adversely affect our profitability. Conversely, if the trend in consumer preferences for SUVs holds, we could face increased competition from other carmakers as they adapt to the market and introduce their own SUV models, which could materially and adversely impact our business, financial condition or results of operations. Our operations may also be significantly affected if we fail to develop, or experience delays in our planned rollout of, fuel-efficient and EVs and certain technologies that reflect changing customer preferences and meet the specific requirements of government regulations. Our competitors may gain significant advantages if they are able to offer products satisfying customer needs or government regulations earlier than we are able to, which could adversely affect our business, prospects, financial condition and results of operations.

The extent and impact of changing consumer preferences and behavior due to the impact of the COVID-19 pandemic and the various government responses to the pandemic are unknown and impossible to predict at this time. In some regions, there has been an increase in remote working, which could become a long-term change and may change the importance placed by consumers on owning a car or the same type of product. This could further accelerate the increased use of car-sharing services (e.g., Zipcar or DriveNow) and other innovative mobility initiatives that facilitate access to alternative modes of transport, and the increased reliance on public transportation in certain places may reduce peoples' dependency on private automobiles. A shift in consumer preferences away from private automobiles would have a material adverse effect on our general business activity and on our business, prospects, financial condition and results of operations.

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Further, there is no assurance that our new models will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments. In addition, there is a risk that our quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. A decrease in the quality of our vehicles (or public perception of such a decrease) could damage our image and reputation as a premium automobile manufacturer and materially affect our business, prospects, financial condition and results of operations. Furthermore, non-traditional market participants and/or unexpected innovations may disrupt the established business model of the industry by introducing new technologies, distribution models or methods of transportation that we may not be able to adapt to or replicate.

There is also a risk that the capital invested in researching and developing new technologies, including autonomous, connected and electrification technologies, or the capital invested in mobility solutions to overcome and address future travel and transport challenges, will, to a considerable extent, have been spent in vain, because the technologies developed or the products derived therefrom are unsuccessful in the market or exhibit failures that are impracticable or too costly to remedy or because competitors have developed better or less expensive products. It is possible that we could then be compelled to make new investments in researching and developing other technologies to maintain our existing market share or to win back the market share lost to competitors.

In addition, product development cycles can be lengthy, and there is no assurance that new designs, including electric and hydrogen-propelled vehicles will lead to revenues from vehicle sales, or that we will be able to accurately forecast demand for our vehicles, potentially leading to inefficient use of our production capacity. Additionally, our high proportion of fixed costs, due to our significant investment in property, plants and equipment, further exacerbates the risks associated with incorrectly assessing demand for our vehicles.

Autonomous, Connected, Electric, Shared (“ACES”) captures the megatrends that we consider to be driving changes in automotive industry. The pace of change has accelerated in the recent years as seen in the product and services being demanded by our customers. The knowledge, skill and attitude required from our workforce to position our business for success in the ACES world is significantly different from what has enabled us to succeed in the Internal Combustion Engine (“ICE”) world, in which we have developed what we believe to be world-class capability over the years.

We are working to mitigate this risk by hiring talent with requisite capabilities, upskilling our existing workforce and leveraging partnerships. With multiple existing auto and startup companies pursuing ambitious growth plans, there is a significant gap between supply and demand for talent. We face the challenge of retaining our existing talent and working to create a contemporary workplace that is focused on learning, creating opportunities for growth, creating an inclusive culture and targeting competitive compensation that are aimed at addressing the talent attraction and retention challenges.

We are investing to upskill our workforce through ACES capability building program, which covers employees across our various functions and levels (technicians on shop floor to senior leadership), by leveraging multiple avenues under education, experience and exposure in partnership with several universities in India and overseas, as well as by pursuing various industry associations.

In addition to internal programs, we also plan to coordinate and partner with third parties to supplement our in-house capabilities in ACES areas. These efforts include partnering and exchanging knowledge with group companies, such as Jaguar Land Rover and Tata Technologies Limited (“TTL”), and forming partnerships with academia, consultants and industry associations. While our efforts on this front are in early stages we are confident that we have a roadmap to develop a future-ready workforce that will enable us achieve our goals in the ACES world.

If we are unable to effectively implement or manage our growth strategy and strategy to deliver competitive business efficiency, our business, prospects, financial condition and results of operations could be materially and adversely affected.

As part of our growth strategy, we may open new manufacturing, research or engineering facilities, expand existing facilities, add additional product lines or expand our businesses into new geographical markets that we believe exhibit high-growth potential.

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While TML has undertaken robust turnaround actions, its future strategy focuses on accelerating the turnaround and achieving a sustainable transformation by emphasizing strong product development, sales enhancement, reducing costs and achieving bottom line improvements. In February 2021, Jaguar Land Rover also announced a shift in focus with the Reimagine strategy, including the plan to introduce the first all-electric Land Rover vehicle in 2024 and a further five Land Rover models with a full battery electric option by 2026. Jaguar also intends to emerge as a pure electric only brand from 2025. The Reimagine strategy also targets the production of more sustainable and fully electric luxury vehicles, including the ambitious goal of having a fully electric fleet of luxury vehicles by the end of the decade and 100% of sales from pure battery EVs by 2036, as well as striving toward achieving net zero carbon emissions across its supply chain, among other environmentally driven strategies by 2039 (see Item 4.B “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information). More recently, in October 2021, TML announced a commitment to invest over US\$2 billion over the next five years to expand its EV business.

We are also expanding our growth in domestic business with a focus on large scale fleet contracts. Such large contracts come with execution risks. For example, if we are unable to comply with various terms of agreement or fulfill the necessary specifications and timelines, we may incur penalties, sustain reputational damage or our financial performance and results of operations may be affected.

Further, Tata Motors Limited is also expanding its business through mass mobility solutions whereby vehicles are sold through own, maintain and operate model offered at a “per kilometer” rate. A separate business vertical has been carved out for this business. Such business model requires deployment of significant investments and contracts are of a longer tenure, increasing the risks and balance sheet size. If we are unable to develop the appropriate financing structure for such business or our revenues are not able to cover our costs, our revenues, profitability and liquidity may be adversely affected.

Such strategies and objectives involve many risks and uncertainties, including rapidly changing consumer preferences and the progress of current and future technological advances. For example, Jaguar Land Rover or Tata Motors Limited may not be able to develop sufficiently efficient batteries before its competitors or at all. As with most new technological advances, Jaguar Land Rover and Tata Motors Limited may also face competition with software and hardware technologies in EVs, which could lead to the dominance of one product in the market causing the extinction of the other. If Jaguar Land Rover or Tata Motors Limited are unable to develop competitive models of EVs or fails to meet its projected development timeline, their business, prospects, financial condition and results of operations could be adversely affected.

Moreover, rapid technological growth and shifts in consumer demand for the latest product could lead to EVs being replaced by the next class of technologically advanced vehicles sooner than anticipated. If EVs do not become the market standard, or are quickly phased out, Jaguar Land Rover may not recover the costs associated with developing an all-electric fleet of Jaguar Land Rover vehicles.

Additionally, we face a range of risks generally inherent in our business strategies that could adversely affect our ability to achieve our strategy and objectives, including any disruptions to our ability to anticipate consumer demand, our business, our ability to manage the operations of a larger company, competition for growth opportunities and other operational and business risks. In addition, our international businesses face a range of risks and challenges, including, but not limited to: language barriers, cultural differences, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, the risk of non-tariff barriers, regulatory and legal requirements, environmental permits and other similar types of governmental consents, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes, foreign investment restrictions, foreign exchange controls and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions imposed by the United States, the United Nations or other governments or authorities, the burden of complying with a wide variety of foreign laws and regulations and other similar operational and business risks.

If we are unable to manage risks related to our expansion and growth in new geographical markets and fail to establish a strong presence in high-growth markets, our business, prospects, financial condition and results of operations could be adversely affected.

We are exposed to operational risks, including cyber security risks, in connection with our use of information technology.

We are exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes, among other things, losses that are caused by a lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of information technology (“IT”) systems, computer networks and telecommunications systems, mechanical or equipment failures, human error, natural disasters, security breaches or malicious acts by third parties (including, for example, hackers), whether affecting our systems or affecting those of third-party providers. We are generally exposed to risks in the field of information technology, since unauthorized access to or misuse of data processed on our IT systems, human errors associated therewith or technological failures of any kind could disrupt our operations, including the manufacturing, design and engineering processes. In particular, as vehicles become more technologically advanced and connected to the internet, our vehicles may become more susceptible to unauthorized access to their systems. As a business with complex manufacturing, research, procurement, sales and marketing and financing operations, we are exposed to a variety of operational risks and, if the protection measures put in place prove insufficient (especially given the harsher sanctions imposed under the European Union’s General Data Protection Regulation (Regulation (EU) 2016/679) (the “GDPR”)), our results of operations and financial condition could be materially adversely affected. In addition, we would likely experience negative press and reputational impacts. Cyber security incidents could lead to loss of productivity, negative impacts on our reputation, and, in extreme cases, material financial loss due to business disruptions.

Write-offs and impairment of tangible and intangible assets may have a material adverse effect on our results of operations.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in tangible and intangible assets, such as R&D, product design and engineering technology. We review the value of our tangible and intangible assets to assess, on an annual basis or trigger event basis, whether the carrying amount for an asset is less than the recoverable amount for that asset. Such reviews are based on underlying cash-generating units (“CGUs”) (such as Commercial Vehicles (“CVs”), Passenger Vehicles (“PVs”), Jaguar Land Rover and Vehicle Financing), either based on value in use (“VIU”) or fair value less the cost of disposal of an asset. As a result of shifting focus to the Reimagine strategy announced by our Jaguar Land Rover business in February 2021 a total of GBP1,486 million (Rs.149,943 million) was recorded in the fourth quarter of Fiscal 2021 comprising, non-cash write-downs of GBP952 million (Rs.96,061 million) for previously planned products (capitalized as property, plant and equipment and intangible assets) that will not be completed and GBP534 million (Rs.53,882 million) of other restructuring costs. See Item 4.B “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information. We may bear further impairment losses in the future if the carrying amount of tangible and intangible assets exceeds the recoverable amount, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are exposed to liquidity risks, including risks related to changes in our credit rating, which could adversely affect the value of our debt securities, finance costs and our ability to obtain future financing.

Our main sources of liquidity are cash generated from operations, existing notes, bank loans and other revolving credit facilities. However, conditions in credit markets could deteriorate (including as a result of higher oil prices, excessive public debt, significant defaults, the ongoing effects of the COVID-19 pandemic, geo-political tensions or for any other reason) and lower consumer demand may adversely affect both consumer demand and the cost and availability of finance for our business and operations. See Item 5.B “Operating and Financial Review and Prospects–Liquidity and Capital Resources–Principal Sources of Funding Liquidity–Loan Covenants” for more information.

We are also subject to various types of restrictions or impediments on the ability of our companies in certain countries to transfer cash across our companies through loans or dividends. These restrictions or impediments may be caused by factors such as exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which we operate. The transfer of cash may also be subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends in certain jurisdictions.

Any credit ratings assigned to us, or our debt securities, may not reflect the potential impact of all risks related to structural, market, additional risk factors discussed herein and other factors that may affect the value of our debt securities. A downgrade in our credit rating may negatively affect our ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt, or incur additional debt, or may require us to prepay part of the outstanding debt.

Our production facilities are highly regulated, and we may incur significant costs to comply with, or address liabilities under, environmental, health and safety laws and regulations applicable to them.

Our production facilities are subject to a wide range of increasingly strict environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of health and safety conditions in the workplace. Many of our operations require permits and controls to monitor or reduce pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Violations of such laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, production delays or limitations, imposition of terms of imprisonment, or the closure of our plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials we need for our manufacturing processes.

Our manufacturing units must ensure compliance with various environmental statutes, including, in India, the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act 1981, the Environment Protection Act 1986 and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as well as the rules and regulations implemented under such legislation. The Corporate Average Fuel Economy (“CAFE”) standards applicable to M1 category vehicles required us to demonstrate CAFE compliance for our Passenger Vehicles, Commercial Vehicles and Electric Vehicles M1 models. Any non-compliance could lead to penalties, product recalls and/or other punitive measures. Through the use of the CAFE calculator, we regularly monitor production volumes and processes to ensure that organizational-level CAFE compliance (which will require us to produce enough fuel-efficient models to compensate for those models having higher CO₂ emissions in g/km) is established at all times during the year. In addition, to support our compliance obligations, our overall product portfolio needs to be enhanced with the incorporation of electric and hybrid vehicles as well as the inclusion of environmentally-friendly technological features in existing and forthcoming models.

Jaguar Land Rover is taking measures to use resources responsibly, produce less waste and reduce its carbon footprint. In the United Kingdom and at its newest plant in Slovakia, JLR has achieved its goal of zero waste direct to landfill from its core operations, and was certified as having carbon neutral operations with the Carbon Trust for UK manufacturing and product development operations against a baseline year Fiscal 2017 for years Fiscal 2018 and Fiscal 2019, with the certification for Fiscal 2020 currently being progressed. In other markets, Jaguar Land Rover aspires for similar targets where it is possible. It aims to improve the local market and capacity for zero waste and low carbon manufacturing operations.

Jaguar Land Rover’s Reimagine strategy commits to achieving zero tailpipe emissions by 2036 and a net zero carbon business by 2039 across products, operations and supply chain. In achieving this, Jaguar aspires to be an all-electric luxury brand by 2025, and JLR will have six pure electric Land Rovers in the next five years. Jaguar Land Rover is working to achieve greater influence in the design and reuse of materials (including upstream supply chain) to fully consider the environmental impact of materials used in its business.

Our business and manufacturing processes result in the emission of greenhouse gases (“GHG”), such as carbon dioxide. Legal requirements to reduce GHGs have become increasingly more stringent and costly to address. For example, emissions trading scheme obligations apply to Jaguar Land Rover’s vehicle manufacturing plants in the United Kingdom and Slovakia, and in the United Kingdom is required to comply with the Streamlined Energy and Carbon Reporting Scheme (“SECR”). Jaguar Land Rover also has a Climate Change Agreement (“CCA”) in the United Kingdom, which covers its three vehicle manufacturing plants and one of its Special Operations facilities. Jaguar Land Rover achieved its 2020 CCA targets and have negotiated the 2022 targets.

Moreover, many of Jaguar Land Rover’s sites have an extended history of industrial activity. Jaguar Land Rover may be required to investigate and remediate contamination at those sites, as well as at properties it formerly operated, regardless of whether it caused the contamination or the activity causing the contamination was legal at the time it occurred. For example, some of JLR’s buildings at our Solihull plant and other plants in the United Kingdom are undergoing an asbestos removal program in connection with ongoing refurbishment and rebuilding. In Jaguar Land Rover’s overseas facilities prior to purchase, it undertook studies that informed of the presence of contamination, or otherwise, in the ground prior to development. In Brazil, Jaguar Land Rover’s manufacturing site is adjacent to a facility (the “Itatiaia West” site) where organic solvent contamination of the ground had previously occurred. Jaguar Land Rover has purchased the Itatiaia West site and is currently progressing relevant permits for operation and developing plans for further remediation of the organic solvent contamination. The Itatiaia West site is listed on the Environmental Regulators site (*Instituto Estadual do Ambiente*) as contaminated. Some of these historical issues are being addressed in conjunction with Jaguar Land Rover’s site development works while others are subject to ongoing treatment regimes.

We also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage or damage to natural resources resulting from hazardous substance contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related adverse impact on our business, prospects, financial condition or results of operations could be material.

We are subject to risks associated with the automobile financing business.

The sale of our Commercial Vehicles and Passenger Vehicles is heavily dependent on funding availability for our customers. In recent years, rising delinquencies and early defaults have contributed to a reduction in automobile financing, which, in turn, has had an adverse effect on funding availability for potential customers. This reduction in available financing may continue in the future and have a material adverse effect on our business, prospects, financial condition and results of operations.

Default by our customers or inability to repay installments as due could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. In addition, any downgrade in our credit ratings may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating downgrade, market volatility, market disruption, regulatory changes or otherwise, we may need to reduce the amount of financing receivables we originate, which could severely disrupt our ability to support the sale of our vehicles.

The transportation and logistics sectors were facing significant headwinds even before the COVID-19 pandemic, due to sluggish growth in freight availability and rates. This was exacerbated on account of business disruptions due to lockdowns and other COVID-19 pandemic-related measures introduced by local and national governments.

During Fiscal 2021, the Government of India and the Reserve Bank of India (the "RBI") announced several relief measures to ease the financial system stress resulting from the COVID-19 pandemic. However, such regulatory measures are temporary in nature and intended as a one-time relief, and there remains considerable uncertainty around the impact of any such headwinds in the future.

The RBI, through its circular dated November 12, 2021, with a view to ensuring uniformity in the implementation of Income Recognition, Asset Classification and Provisioning ("IRACP") norms across all lending institutions, clarified that loan accounts classified as NPAs may be upgraded as 'standard' assets only if the entire arrears of interest and principal are paid by the borrower. This means that any part payment will not result in accounts being upgraded. Only on full overdue repayment, can an account be classified as "standard". However, the RBI, on February 15, 2022, has given until September 30, 2022, to put in place the necessary systems to implement this provision.

On October 22, 2021, the RBI revised the regulatory framework for non-banking financial companies ("NBFCs"). These guidelines are anticipated to become effective on October 1, 2022. The new framework encompasses different facets of regulation for different categories of NBFCs covering capital requirements, governance standards and prudential regulation. TMF Group is likely to fall in Upper Layer NBFC category. Upper Layer NBFC will be required to maintain Common Equity Tier I capital at 9% within Tier I capital, board-approved policies on Internal Capital Adequacy Assessment Process to ensure availability of adequate capital to support all business risks and use better risk management techniques, leverage the requirement to ensure that growth is supported by adequate capital, and hold differential provisioning toward different classes of standard assets. Further, Upper Layer NBFCs will be mandatorily listed within three years of identification as Upper Layer NBFC. Moreover, to strengthen the supervisory tools applicable to NBFCs, the RBI has put in place a Prompt Corrective Action Framework ("PCA Framework"). The PCA Framework will be applicable to all deposit taking NBFCs and middle, upper and top layers of Non-Deposit Taking NBFCs effective from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.

The RBI has prescribed risk threshold with indicators mainly being capital ratios in terms of CRAR and Tier 1 ratio and asset solvency ratio in terms of Net Non-Performing assets. RBI has also prescribed mandatory and discretionary actions for all of the risk threshold, stricter action being for higher risk threshold. Mandatory actions include various restriction like on dividend distribution/remittance of profits, on branch expansions, on capital expenditures and on variable operating expenses. Discretionary action includes Special Supervisory actions related to Strategy, Governance, Capital, various type of risk, business, operation and profitability.

If we are unable to meet the compliance norms, it would significantly affect our business objectives, financial performance, results of operations.

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During March 2022, there has been an upswing in freight and positive indicators in sectors which have dependency on transportation, But with the probability of fuel price increase due to international factors, such as the Ukraine – Russia conflict, may be short-term dampener; once freight availability is stabilized, collections and financiers’ portfolios will improve, which will have provide better funding avenues for the Commercial Vehicles segment.

Jaguar Land Rover has consumer finance arrangements in place with Black Horse Limited (part of the Lloyds Banking Group) in the United Kingdom, FCA Bank S.p.A. (a joint venture between Fiat Auto and Crédit Agricole) in major European markets, Chase Auto Finance in the United States and BNP Paribas in nine markets across Europe and has similar arrangements with local providers in a number of other key markets. Any reduction in the supply of available consumer financing for the purchase of new vehicles or an increase in the cost thereof would make it more difficult for some of its customers to purchase its vehicles, which could put JLR under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for its vehicles, thereby materially and adversely affecting our sales and results of operations. For example, during the global financial crisis, several providers of customer finance reduced their supply of consumer financing for the purchase of new vehicles. In response to the COVID-19 pandemic, central banks had taken a more accommodating stance; however, they are now showing increased willingness to introduce interest rate rises. If market rates for new vehicle financing rise, our vehicles will become less affordable or retail consumers may favor less expensive vehicles that tend to be less profitable for us, adversely affecting our business, prospects, financial condition and results of operations. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, consumers may not desire to or be able to obtain financing to purchase or lease our vehicles. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for us to the extent we decided to absorb the impact of such increase. As a result, a substantial increase in consumer interest rates or tightening of lending standards could have a material adverse effect on our business, prospects, financial condition and results of operations.

Furthermore, Jaguar Land Rover offers residual value guarantees on the purchase of certain leases in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, we may be adversely affected by movements in used car valuations in these markets.

Deterioration in the performance of any of our subsidiaries, joint ventures or affiliates could materially and adversely affect our results of operations and financial condition.

We have made and may continue to make capital commitments to our subsidiaries, joint ventures and affiliates. If the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorate, the value of our investments may decline substantially. We are also subject to risks associated with joint ventures and affiliates wherein we retain only partial or joint control.

Further, for our Commercial Vehicles, we also venture into international business through our subsidiaries in overseas markets, including Tata Daewoo Commercial Vehicles Co. Ltd. (“TDCV”), Tata Motors (SA) (Proprietary) Limited and PT Tata Motors Indonesia.

In our domestic business, we have also entered into Joint arrangements with Tata Cummins Limited for the design and manufacture of diesel engines and Fiat India Automobiles Limited, to manufacture passenger cars, engines and transmissions.

We also entered into a joint venture with Chery Automobile Company Ltd. (“Chery”) in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China (the “China Joint Venture” or “CJLR”).

We may also decide to collaborate with other companies in order to develop future technologies and initiatives, including but not limited to the dedicated BEV Jaguar architecture in the near future. Joint ventures and strategic partnership projects may be developed pursuant to agreements over which we only have partial or joint control.

If the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorate, the value of our investments may decline substantially and may impact our overall financial position and liquidity. If there is a significant change in these relationships (for example, if a co-owner changes or relationships deteriorate), our success in the joint venture may be materially adversely affected.

We are also subject to risks associated with joint ventures and affiliates wherein we retain only partial or joint control. If other shareholders of a joint venture, who may have different business or investment strategies than we do, or with whom we may have a disagreement or dispute, have the ability to block business, financial or management decisions, or our investment in the project, or otherwise implement initiatives that may be contrary to our interests, our future results and financial condition may be materially affected.

Moreover, our subsidiary company, TTL, works with many start-up companies and new customers. During Fiscal 2022, TTL was successful in winning multi-million dollar contracts from new customers for multiple full vehicle developments in the EV space and other engineering services. Successful delivery of the programs and management of credit risk from such exposures significantly influence TTL's financial performance. TTL is also expanding its innovative offering in the education space to upskill our talent in industries relevant to future technologies for the manufacturing sector. During Fiscal 2022, TTL won a large contract to modernize 150 ITIs from a state government in India, and it is in discussions with other government customers to deploy similar solutions. TTL's ability to fulfill its contractual obligations to its customers in a timely manner is dependent on several factors, including identification and development of relevant content at optimal costs and managing of commercial and other terms with its partners and vendors.

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 remedial 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 Fiscal 2022 with respect to the recall is GBP53 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 Ministry of Road, Transport, Highways of India ("MoRTH") have issued notifications mandating detailed CMV Rules for Implementation of Various provisions on Auto Recall, Percentage of owners reporting identical defects, etc. MoRTH has issued Draft Final Notification toward implementation of Whole Vehicle Safety Conformity of Production ("WVScop") from December 2022. The Government of India is also setting up ambitious E20 targets to achieve 20% Ethanol blending by Fiscal 2025. 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 Russian Ruble, 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 through 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 39(d)(i) - (b) to our consolidated financial statements included elsewhere in this annual report on Form 20-F 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.

Some of our financing arrangements are, or may in the future be, linked to interest rate benchmarks, such as the London Inter-Bank Offered Rate ("LIBOR"), the U.S. dollar LIBOR, Euro Interbank Offered Rate the Sterling Over Night Index Average rate ("SONIA") or the Secured Overnight Financing Rate ("SOFR"). These and other interest rate benchmarks continue to be the subject of national, international and other regulatory guidance and proposals for reform. For example, 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 1-week and 2-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, 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.

As at March 31, 2022, Jaguar Land Rover has issued US\$1 billion of debt and has US\$246 million of discounting facilities that are linked to the U.S. dollar LIBOR. As at March 31, 2022, TML has issued US\$237.5 million of debt while TML Holdings Pte. Ltd. has issued US\$100 million of debt linked to LIBOR.

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 to meet our obligations under our financing arrangements and/or could have a material adverse effect on the value or liquidity of, and the amounts payable under, our financing arrangements. Changes in the manner of administration of interest rate benchmarks could also result in adjustment to the conditions applicable to some of our financing arrangements or may have other consequences on our financing arrangements.

Potential changes to our business through mergers, acquisitions and divestments may have a material adverse effect on our future results and financial condition.

We believe that our acquisitions provide us with opportunities to grow significantly in the global automobile markets, including premium brands and products, and provide us with access to technology, additional capabilities and potential synergies. We regularly examine a range of corporate opportunities, including suitable mergers, joint ventures, acquisitions and divestments, with a view to determining whether those opportunities will enhance our strategic position and financial performance. However, the scale, scope and nature of the integration, management or separation required in connection with such transactions present significant challenges, and we may be unable to integrate, manage or separate the relevant subsidiaries, divisions and facilities effectively within our expected schedule. A transaction may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control.

These corporate opportunities may involve risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the transaction is completed. Integration or separation of an acquired or divested business can be complex and costly, sometimes including combining or separating relevant accounting and data processing systems, and management controls, as well as managing relevant relationships with employees, customers, regulators, counterparties, suppliers and other business partners. Integration or separation efforts could also create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. Additionally, there can be no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired or retained businesses will remain post-acquisition or post-divestment, and the loss of employees, customers, counterparties, suppliers and other business partners may adversely affect our operations or results.

If we are unable to manage any of the associated risks successfully, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Moreover, there are risks relating to the completion of any particular transaction occurring, including counterparty and settlement risk, or the non-satisfaction of any completion conditions (for example, relevant regulatory or third-party approvals). We acquired the Jaguar Land Rover business from the Ford Motor Company (“Ford”) in June 2008, and since then Jaguar Land Rover has become a significant part of our business, accounting for 68% of our total revenues in Fiscal 2022. As a result of the acquisition, we are responsible for, among other things, the obligations and liabilities associated with the legacy business of Jaguar Land Rover. There can be no assurance that any legacy issues at Jaguar Land Rover or any other acquisition we have undertaken in the past or will undertake in the future will not have a material adverse effect on our business, financial condition and results of operations, as well as our reputation and prospects.

Our strategy to grow the business through capital investments may not be successful or as successful as we expect.

Our strategic priorities to grow our business include investing in new models and modular architectures and in autonomous, connected, electric, as well as shared, mobility services. Specifically, with the launch of the Reimagine strategy in February 2021, Jaguar Land Rover is committed to investing significant resources in electric battery technology and vehicles, in order to achieve its goal of net zero carbon emissions across its supply chain, products and operations by 2039 (see Item 4.B “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information).

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Jaguar Land Rover’s annual total product and other investment spending was £2.3 billion in Fiscal 2021 and £2.0 billion in Fiscal 2022. Total product and other investment expenditure guidance for Fiscal 2023 is approximately £2.6 billion, with the Refocus program announced under the Reimagine strategy expected to continue to maintain the financial discipline successfully deployed previously under Project Charge+ and other initiatives.

Our total product and other investment spending for domestic business was Rs.36,440 million for Fiscal 2022. We have plans to significantly step up our capital expenditure for our domestic business, and it is expected to be around Rs.60,000 million in Fiscal 2023. TML continues to monitor the external challenges of dynamically managing capital expenditure and implementation of further cash improvement measures. For Fiscal 2023, on a consolidated basis, we expect to invest around Rs.320,000 million in property, plants and equipment and product development. We expect our businesses to largely remain self-sustaining, and we aim to fund total product and other investment spending primarily with cash flows from operating activities supported by debt capital markets activities and bank funding, as required.

We are also expanding our growth in domestic business with a focus on large-scale fleet contracts. Such large contracts come with execution risks. If we are unable to comply with various terms of agreement or fulfill the necessary specifications and timelines, we may incur penalties; it would adversely damage our reputation and significantly affect our financial performance and results of operations.

Further, Tata Motors Limited is also expanding its business through mass mobility solutions whereby vehicles are sold through own, maintain and operate model offered at a per-km rate. A separate business vertical has been carved out for this business. Such business model requires deployment of significant investments and contracts are of a longer tenure, increasing the risks and balance sheet size. If we are unable to find right financing structure for this business or our revenues are not able to cover our costs, it would adversely affect our revenues, profitability and liquidity. The Government of India is also setting up ambitious E20 targets to achieve 20% Ethanol blending by Fiscal 2025. 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.

As we increase our EV sales and penetration, we may also require to do sizable investment in battery and other EV component related ecosystem, in order to secure our supplies and mitigate the risks of rising battery prices.

- To give impetus to the “Make in India” project and attract investments, the Government of India has announced Production Linked Incentive (“PLI”) scheme for 13 core sectors, including automotive OEMs and automotive component manufacturers with budgeted outlays of over Rs.25,938 crores, for the automotive sector over the five years commencing April 2022. TML applied and successfully received the approval from the Government of India as an eligible company / group, including four of its subsidiaries, namely, Tata Motors Passenger Vehicles Ltd. (“TMPVL”), TPEML, Tata Motors Marcopolo Limited (“TMML”) and Jaguar Land Rover India (“JLR India”) under the category “Champion OEM” for manufacturing of advanced automotive technology vehicles, i.e., EVs and fuel cell EVs. The quantum of incentive earned by TML Group each year would depend on fulfilling all the criteria’s for each year, as well as cumulatively, these included, for example year-on-year growth criteria in Determined Sales Value, meeting the criteria of cumulative new domestic investment, and meeting the criteria of minimum 50% Domestic Value Addition for each approved Vehicle Model under the guidelines.

Though TML and Group companies have a robust action plan to fulfil all the above criteria’s on year on year/ cumulatively, but as most of the above depends upon many external factors, including demand of EV’s and development of entire ecosystem, including charging infrastructure, the quantum of benefits, which TML would earn in future cannot be ascertained at this moment.

The targets described above represent our current strategic objectives and do not constitute capital spending and earnings projections or forecasts. These targets are based on a range of expectations and assumptions regarding, among other things, our present and future business strategies, volume growth, cost efficiencies, capital spending program and the environment in which we operate, which may prove to be inaccurate. While we do not undertake to update our targets, we may change our targets from time to time. Actual results may differ materially from our targets. Accordingly, there can be no assurance that we will achieve any of our targets, whether in the short, medium or long term. The occurrence of one or more of the risks described in this “Risk Factors” section, many of which are beyond our control and could have an immediate impact on our earnings and/or the probability of which may be exacerbated in the medium to long term, could materially affect our ability to realize the targets described above. In particular, our capital spending target could be affected by investment needs arising from, among other factors, electrification, emissions compliance, driver assistance, connectivity and mobility trends. Our ability to achieve our targets may also be materially impaired by negative geopolitical and macroeconomic factors (see “-Deterioration or uncertainty in global economic conditions could have material adverse impact on our business, sales and results of operations” for more information), the competitive nature of our industry, industry trends, including market and competitive forces (such as higher incentives), new or the expansion of existing regulatory constraints, reduced customer demand for our vehicles, significant increases in our cost base, unexpected delays or failure in implementing or realizing the benefits of our investments and the impact of our new capitalization policy.

The EV market and related opportunities may not evolve as anticipated.

There is a global trend, particularly in developed markets, toward increased use of EVs (including hybrids) and policies supporting vehicle electrification. The UK government has recently announced that the phase-out date for the sale of new petrol and diesel cars and vans has been brought forward to 2030 from the previous date of 2035, while the governments of other countries, including Norway and the Netherlands, have announced goals of banning new petrol and diesel cars. The Government of India has also been encouraging adoption of EVs and is working closely with the industry to address challenges and accelerate the adoption of EVs in India. As we consider our strategy, we may over time increase our focus on the production of EVs, make more investments in this area and position ourselves as a leading producer of EVs. Sales of EVs are hard to predict as consumer demand may fail to shift in favor of EVs, and this market segment may remain small relative to the overall market for years to come. Consumers may remain or become reluctant to adopt EVs due to the lack of fully developed charging infrastructure, long charging times or increased costs of purchase.

Jaguar Land Rover has announced several partnerships and collaborations in the EV space, including with Waymo LLC (“Waymo”). However, there can be no assurance that such partnerships and collaborations will be successful in achieving their commercial objectives. If the value proposition of EVs fails to fully materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operations. In February 2021, our Jaguar Land Rover business announced a change in direction under the Reimagine strategy whereby Jaguar would become a pure electric (100% BEV) automotive brand from 2025. First Land Rover BEV product is expected to be launched in 2024 and a further five Land Rover models offering BEV options are expected to be launched by 2026 (a total of six Land Rover models offering a BEV option). Furthermore, over 60% of JLR’s sales are expected to be pure BEV’s by 2030, rising to 100% by 2036. There can be no assurance that the milestones set in Jaguar Land Rover’s Reimagine strategy can be met on time, if at all, or that we will be successful in meeting consumer demands with our new and/or improved products (see Item 4.B “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information). If we are unable to meet our BEV development goals, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are exposed to a broad range of climate-related risks arising from both the physical and non-physical impacts of climate change and related risks, which may materially affect our results of operations and the markets in which we operate.

Over the past few years, the global market for automobiles, particularly in established markets, has been characterized by increasing demand for more environmentally friendly vehicles and technologies. In addition, governments around the world are increasingly announcing commitments to ban the sale of conventionally fueled vehicles in the coming decades. We endeavor to take account of climate protection and the ever more-stringent laws and regulations that have been adopted in response to climate change. We are focusing on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. We are also investing in development programs to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improvements in aerodynamics. There is a risk that these R&D activities will not achieve their planned objectives or that our competitors will develop better solutions and will be able to manufacture the resulting products more rapidly, in larger quantities, of a higher quality and/or at a lower cost than us.

The emissions levels of diesel technologies have also become the focus of legislators in the United States and European Union, and some of our competitors have announced programs to retrofit diesel vehicles with software that will allow them to reduce emissions. Such actions by our competitors may require us to undertake increased R&D spending as well as other capital expenses. In addition, changes to the European emissions tests of the Worldwide Harmonised Light Vehicle Test Procedure (“WLTP”) in September 2018 made models non-compliant with emissions limits subject to additional taxes. As a result of the changes, manufacturing costs increased and consumer uncertainty grew. There is a risk that these R&D activities, including retrofit software upgrades, will not achieve their planned objectives or that our competitors will develop better solutions and will be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality and/or at a lower cost than us.

Coupled with increased consumer preferences for more environmentally friendly and EVs, failure to achieve our planned objectives, such as execution of Jaguar Land Rover’s Reimagine strategy or delays in developing fuel-efficient products could materially affect our ability to sell premium Passenger Cars and large or medium-size all-terrain vehicles at current or targeted volumes and could have a material adverse effect on our general business activity, net assets, financial position and results of operations. There is a risk that our competitors will develop better solutions and manufacture the resulting products more rapidly, in larger quantities, with a higher quality and/or at a lower cost.

Hydrogen fuel cell technology is emerging as a promising alternative for replacing fossil fuels. TML has taken significant steps and has been leading in the development of Hydrogen-powered vehicles. TML won a tender of 15 Hydrogen Fuel Cell buses from Indian Oil Corporation (“IOCL”). Like any other fuel, there are risks associated with hydrogen fuel technology too. Hydrogen is by nature highly combustible requiring careful handling and TML has been proactively adhering to the legislative and industry standards related to its storage, transportation and product development.

Not all the hydrogen procured would be eco-friendly and higher efforts are required around generation of green hydrogen. The technology has not attained maturity and is far from mass adoption due to lack of available infrastructure, higher acquisitions costs and total cost of ownership. If we are not able to develop cost efficient solutions, develop an enabling ecosystem with stakeholders, introduce right kind of technology, it could affect our future plans. The hydrogen fuel technology adoption in India is at nascent stages and if there were any mishaps, it could potentially damage to our reputation and brand equity. In addition, our manufacturing operations, supply chain and sales may be subject to the potential physical impacts of climate change, including changes in weather patterns and an increased potential for extreme weather events, which could affect the manufacturing and distribution of our products, as well as the cost and availability of raw materials and components. Moreover, the increased use of car-sharing services (e.g., Zipcar and DriveNow) and other innovative mobility initiatives that facilitate access to alternative modes of transport, and the increased reliance on public transportation in certain places, may reduce peoples’ dependency on private automobiles. Furthermore, non-traditional market participants and/or unexpected disruptive innovations may disrupt the established business model of the industry by introducing new technologies, distribution models and methods of transportation. A shift in consumer preferences away from private automobiles would have a material adverse effect on our general business activity and on our business, prospects, financial condition and results of operations.

Sustainability is being brought to the center of our business strategy. There has been increased focus from various stakeholders toward sustainable business practices. As a responsible business and being part of the Tata Group, TML is committed to significantly reducing its GHG emissions to ultimately achieve net zero emissions. We are continuing to work toward transitioning to improved fuel efficiency of ICE vehicles across Commercial Vehicles and Passenger Vehicles, increasing the share of EVs in the product mix, significant reduction in energy consumption and increased use of renewable energy in Operations, along with Greening of the Supply Chain. With its Reimagine strategy in place, JLR’s aim is to achieve net zero carbon emissions across its supply chain, products and operations by 2039. If we are unable to achieve these objectives, our reputation, business and results of operations may be adversely affected.

Underperformance of our distribution channels may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of authorized dealers and service centers across India and through a network of distributors and local dealers in international markets. Any underperformance by or a deterioration in the financial condition of our dealers or distributors could materially and adversely affect our sales and results of operations.

The COVID-19 pandemic’s enforced lockdowns across key regions have adversely affected the financial performance of our dealers in Fiscal 2021 and may continue to affect them in the near future.

If dealers or importers encounter financial difficulties and our products and services cannot be sold or can be sold only in limited numbers, the sales of such dealers and importers may be adversely affected. Additionally, if we cannot replace the affected dealers or importers with other franchises, the financial difficulties experienced by such dealers or importers could have an indirect effect on our vehicle deliveries.

Consequently, we could be compelled to provide additional support for dealers and importers and, under certain circumstances, may even take over their obligations to customers, which would adversely affect our financial position and results of operations in the short term.

In order to optimize market performance, sales channels must be aligned to the buying habits of our customers, including through traditional showrooms but also by embracing increasingly more innovative sales channels, such as virtual showrooms and online purchasing supported by “click and deliver” initiatives. Inadequate sales and service performance could negatively impact our reputation and brands. Failure to deliver a superior sales service through the retailer channels will lead to a weakening in our competitive advantage, potentially impacting our business and financial performance.

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Globally, OEMs are constantly developing their distribution strategies and distribution models. For instance, some OEMs are exploring “direct to consumer” routes for sales. Such a model may increase distribution efficiencies and also offer a competitive cost advantage. We may be compelled to invest in such newer distribution models. However, if we are not able to meet changing consumer preferences, our sales may be materially and adversely affected.

Furthermore, as part of our global activities, we may engage with third-party dealers and distributors, whom we do not control, but who could nevertheless take actions that may have a material adverse impact on our reputation and business. We cannot assure you that we will not be held liable for any activities undertaken by such third parties.

We are more vulnerable to reduced demand for premium performance cars and luxury all-terrain vehicles than automobile manufacturers with a more diversified product range.

Jaguar Land Rover operates in the premium Passenger Cars and luxury all-terrain vehicles segments, and provides a more limited range of models than some of its competitors. Furthermore, some other premium performance vehicle manufacturers operate in a relatively broader spectrum of market segments, which makes them comparatively less vulnerable to reduced demand for any specific segment. Accordingly, JLR’s financial performance is linked to market conditions and consumer demand in those market segments. Any downturn or reduction in the demand for premium Passenger Cars and luxury all-terrain vehicles, or any reduced demand for JLR’s most popular models in the geographic markets in which it operates, could have a material adverse effect on our performance and earnings.

A decline in retail customers’ purchasing power, consumer confidence or corporate customers’ financial condition and willingness to invest could materially and adversely affect our business.

Demand for vehicles for personal use generally depends on consumers’ net purchasing power, their confidence in future economic developments and changes in fashion and trends, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on customers’ financial condition, their willingness to invest and available financing. The economic slowdown caused by the COVID-19 pandemic is also likely to affect consumer sentiment and demand in the short term. The conflict in Ukraine is leading to rising commodity prices and inflation for consumers, which will impact on their buying power. A decrease in potential customers’ disposable income or financial flexibility, reductions in the availability of consumer financing or used car valuations or an increase in the cost of financing may have a negative impact on demand for our products. A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment generally, may reduce consumers’ net purchasing power and lead existing and potential customers to refrain from purchasing new vehicles, defer a purchase further or purchase a smaller model with less equipment at a lower price. See “Deterioration or uncertainty in global economic conditions could have a material adverse impact on our business, sales and results of operations” for more information. A deteriorating macroeconomic environment may disproportionately reduce demand for luxury vehicles. It also could lead to reluctance by corporate customers to invest in vehicles for commercial use and/or to lease vehicles, resulting in a postponement of fleet renewal contracts.

In recent years, the automotive industry has increasingly offered customers and dealers price reductions on vehicles and services to stimulate demand for vehicles, which has led to increased price cost of sales pressures and sharpened competition within the industry. Any of the above may have a material adverse effect on our revenue, financial condition and results of operations.

We may be adversely affected by labor unrest.

All of our permanent employees in India, other than officers and managers, and most of our permanent employees in our automotive business in South Korea and the United Kingdom, including certain officers and managers, are members of labor unions and are covered by our wage agreements, where applicable, with those labor unions.

In general, we consider our labor relations with all of our employees to be good. However, in the future we may be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including impacting the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, prospects, financial condition and results of operations may be materially and adversely affected. For example, during Fiscal 2018, we faced two standalone incidents of labor unrest in India, one at our Jamshedpur plant and the other at our Sanand plant. Although these particular issues were amicably resolved, there is no assurance that additional labor issues could not occur, or that any future labor issues will be amicably resolved.

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In addition, Jaguar Land Rover engages in wage negotiations in relation to wage agreements covering approximately 75% of our employees in the United Kingdom, and a new agreement with the United Kingdom trade union was completed in June 2021 and agreed pay for two years. There is a risk, however, that future negotiations could escalate into industrial action ranging from “work to rule” to a strike before a settlement is ultimately reached. Our unionized employees outside of the United Kingdom are members of separate local trade unions and, as such, subject to separate local agreements.

In India, Tata Motors Limited had been granted an exemption with effect from November 1, 1952, in respect of the Provident Fund Scheme and had accordingly set up its own Provident Fund Trust, the Tata Motors Limited Provident Fund Trust (the “TMLPFT”), and has been administering its own scheme in lieu of the Employee’s Provident Fund Scheme 1952. Of the 31 conditions required to maintain such exemption, TML has breached one condition relating to reporting losses for three consecutive financial years, following the declaration of the standalone (India operations) financial results for Fiscal 2022. As a result, the exemption available to TML to operate its own provident fund has been mandatorily withdrawn from the first day of succeeding financial year (i.e., from April 1, 2022), and TML had to forthwith report the same to the Employees Provident Fund Organization (“EPFO”) and commence compliance as an non-exempted establishment.

Provident fund accounts with the TMLPFT have consequently been frozen until the transfer is completed. Given the high volume and value of the funds, the transfer of the accounts and account-balances from the TMLPFT to EPFO is expected to take several months. Many employees would have planned withdrawals as allowed under the scheme and since they will not be able to complete such withdrawals until the transfer from the TMLPFT to the EPFO is completed, we anticipate that some employees may raise issues during the transition period. We are working with EPFO to facilitate a speedy transfer of accounts and exploring other options to help employees to manage their immediate needs.

Given the cyclical nature of automotive business, we have employed temporary workers at our manufacturing plants, including in production activities. With changes being proposed by new labor code and recent pronouncements by Indian courts, including one against TML by the Bombay High Court on practice of employment of temporary workers, we are re-examining our staffing model.

We are re-evaluating our options in the light of these recent developments. These include: (i) leveraging government-approved training schemes, including NAPS, NEEM, Trade Apprentice and others, which enables us to engage trainees for defined period and contribute to government plans to educate and provide skills to youth in India, (ii) leveraging automation, (iii) work content reduction, and other measures. Given the size of our temporary workforce, we anticipate this transition will be completed by the end of Fiscal 2023.

Our business and prospects could suffer if we lose one or more key personnel or if we are unable to attract and retain our employees.

Our business and future growth depend largely on the skills of our workforce, including executive officers and automotive designers and engineers. Autonomous driving, connected technologies, electrification and shared mobility trends are redefining conventional Auto business, creating tremendous disruption, and digital innovations are driving new business models. Our business requires an engaged workforce with core capabilities in new and emerging skill areas and a collaborative and innovative culture for our transformation to be successful. If we fail to develop new and flexible skills and capabilities within our workforce, or we fail to hire appropriate talent, our business will lose the ability to remain flexible in a dynamic automotive industry, which is key to delivering innovative products and services. The loss of the services of one or more key personnel could impair our ability to implement our business strategy. Any prolonged inability to continue to attract, retain or motivate our workforce could materially and adversely affect our business, financial condition, results of operations and prospects. Any shortages of labor could lead to demands for higher wages, which could increase the labor costs of our business.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters and epidemics.

Our products are exported to a number of geographical markets, and we plan to further expand our international operations in the future. Consequently, we are subject to various risks associated with conducting our business both within and outside our domestic market and our operations in markets abroad may be subject to political instability, wars, terrorism, civil disturbances, regional or multinational conflicts, natural disasters and extreme weather, fuel shortages and epidemics and pandemics (such as the ongoing COVID-19 pandemic). Any disruption of the operations of our manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect our business, prospects, financial condition and results of operations. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. If any of these events were to occur, there can be no assurance that we would be able to shift our manufacturing, design, engineering, sales, corporate and other operations to alternative sites in a timely manner, or at all. Any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability. Any significant or prolonged disruption or delay in our operations related to these risks could materially and adversely affect our business, prospects, financial condition and results of operations. See “We have been, and may continue to be, adversely affected by the COVID-19 pandemic” for more information.

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Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability. India has from time to time experienced social and civil unrest and hostilities and adverse social, economic or political events, including terrorist attacks and local civil disturbances, riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on our business, as well as the market for securities of Indian companies, including the Company's Shares and ADSs. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have a material adverse effect on our business, prospects, results of operations and financial condition, and also the market price of the Company's Shares and ADSs.

Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.

The sales volumes and prices for our vehicles are influenced in part by the cyclical nature and seasonality of demand.

In the Indian market, demand for our vehicles generally peaks between January and March each year, although there is a general decrease in demand during February in the lead-up to the release of the Indian annual fiscal budget. Demand is generally leaner between April and July and picks up again in the festival season from September to November, with a decline in December as customers defer purchases to the following year.

Our Jaguar Land Rover business is impacted by the biannual registration of vehicles in the United Kingdom where the vehicle registration number changes every March and September, which leads to an increase in sales during these months, and, in turn, impacts the resale value of vehicles. Most other markets, such as the United States, are influenced by the introduction of new-model-year products, which typically occurs in autumn of each year. Furthermore, in the United States, there is some seasonality in the purchasing pattern of vehicles in the northern states for Jaguar, where there is a concentration of vehicle sales in the spring and summer months and for Land Rover, where the trend for purchasing 4x4 vehicles is concentrated in the autumn and winter months. Markets in China tend to experience higher demand for vehicles around the Lunar New Year holiday, the National Day holiday and the Golden Week holiday in October. In addition, demand in Western European automotive markets tends to be softer during the summer and winter holidays. Jaguar Land Rover's cash flows are impacted by the seasonal shutdown of all of its manufacturing plants in the United Kingdom (including the Engine Manufacturing Center ("EMC") at Wolverhampton) and Slovakia during the Easter, summer and winter holiday periods.

Restrictive covenants in our financing agreements could limit our operations and financial flexibility and materially and adversely impact our financial condition, results of operations and prospects.

Some of our financing agreements and debt arrangements set limits on and/or require us to, among other matters, obtain lender consent before pledging assets as security. In addition, certain financial covenants may limit our ability to borrow additional funds or to incur additional liens. In the past, we have been able to obtain required lender consent for such activities. However, there can be no assurance that we will be able to obtain such consents in the future. If our liquidity needs or growth plans require such consents and such consents are not obtained in the future, we may be forced to forego or alter our plans, which could materially and adversely affect our business, prospects, financial condition and results of operations.

In one of our subsidiaries, we could not meet certain covenants and have obtained the waiver for Fiscal 2022. The outstanding term loan as at March 31, 2022, is Rs.187.5 million.

In addition, in the event we breach these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately and/or result in increased costs. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of our financing agreements could have a material adverse effect on our business, prospects, financial condition and results of operations.

Future pension obligations may prove more costly than currently anticipated and the market value of assets in our pension plans could decline.

We provide post-retirement and pension benefits to our employees, including defined benefit plans. Our pension liabilities are generally funded. However, lower returns on pension fund assets, changes in market conditions, interest rates or inflation rates, and adverse changes in other critical actuarial assumptions may impact our pension liabilities or assets and consequently increase funding requirements. Further, any changes in government regulations may adversely impact the pension benefits payable to employees, which could materially decrease our net income and cash flows.

The Indian Parliament has approved the Code on Social Security, 2020 (the “Code”), which would impact the contributions by the Company toward Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020, on November 13, 2020, and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will assess the impact and its conduct evaluation once the subject rules are notified and will reflect the appropriate impact in its financial statements for the period in which the Code becomes effective and the related rules to determine the financial impact are published.

Jaguar Land Rover offers post-retirement and pension benefits to its employees, some of which are defined benefit plans. As part of JLR’s strategic business review process, JLR closed its defined benefit pension plans to new joiners as of April 19, 2010. All new JLR employees in its United Kingdom operations from April 19, 2010, are offered a new defined contribution pension plan. Under the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years in order to determine cash funding rates. In the last actuarial valuation as at April 2018, the funding deficit was £554 million and we agreed to a schedule of contributions with the trustee which, together with the expected investment performance of the assets of the schemes, would eliminate the deficit by 2028. Cash contributions toward the deficit will be £60 million each year until Fiscal 2024 followed by £25 million each year until the fiscal year ending March 31, 2028. Contributions previously due for April, May and June 2020 were re-allocated over the year ended March 31, 2022. The 2021 statutory valuation process has started and is expected to be completed by June 30, 2022.

As at March 31, 2022, our defined benefit pension account had a surplus (net) of £409 million, as compared to a deficit of £387 million as at March 31, 2021. This change was primarily due to an increase in the discount rate used to value the liabilities.

Jaguar Land Rover has a limited number of manufacturing, design and engineering facilities and any disruption in the operations of those facilities could adversely affect our business, financial condition or results of operations.

Jaguar Land Rover has four wholly owned manufacturing facilities and two design and engineering centers in the United Kingdom, a manufacturing plant in Slovakia, a manufacturing plant in Brazil and a manufacturing facility in China, which it owns together with our joint venture partner Chery, among other manufacturing locations. We could experience disruptions to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or equipment failures and similar risks. We are particularly exposed to such disruptions due to the limited number of our facilities. Any significant disruptions could adversely affect our ability to design, manufacture and sell our products and, if any of those events were to occur, we cannot be certain that we would be able to shift our design, engineering and manufacturing operations to alternative sites in a timely manner, or at all. Any such disruption could therefore materially affect our business, financial condition or results of operations.

We may be materially and adversely affected by the divulgence of confidential information.

Although we have implemented policies and procedures to protect confidential information, such as key contractual provisions, future projects, financial information and customer records, such information may be divulged as a result of internal leaks, hacking, other threats from cyberspace or other factors. If confidential information is divulged, we could be subject to claims by affected parties, regulatory penalties, negative publicity and loss of proprietary information, all of which could have an adverse and material impact on our reputation, business, financial condition, results of operations and cash flows.

Our business could be negatively affected by the actions of activist shareholders.

Certain shareholders of the Company may from time to time advance shareholder proposals or otherwise attempt to effect changes at the Company, influence elections of the directors of the Company (“Directors”) or acquire control over our business. Our success depends on the ability of our current management team to operate and manage effectively. Campaigns by shareholders to effect changes at publicly listed companies are sometimes led by investors seeking to increase short-term shareholder value by advocating corporate actions, such as financial restructuring, increased borrowing, special dividends, stock repurchases or even sales of assets or the entire company, or by voting against proposals put forward by the board of directors of the Company (the “Board”) and our management. If faced with actions by activist shareholders, we may not be able to respond effectively to such actions, which could be disruptive to our business.

Inability to protect or preserve our intellectual property could materially and adversely affect our business, financial condition and results of operations.

We own or otherwise have rights in respect of a number of patents and trademarks relating to the products we manufacture. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new technical designs and innovations. We also use technical designs that are the intellectual property of third parties with such third parties’ consent. These patents, trademarks and licenses have been of value in the growth of our business and may continue to be of value in the future. Although we do not regard any of our businesses as being dependent upon any single patent or related group of patents, any material inability to protect such intellectual property generally, or the illegal breach of some or a significant amount of our intellectual property rights, may have a materially adverse effect on our operations, business and/or financial condition. We may also be affected by restrictions on the use of intellectual property rights held by third parties, and we may be held liable for the infringement of the intellectual property rights of others in our products. Moreover, intellectual property laws of some foreign countries may not protect our intellectual property rights to the same extent as U.S. or UK laws.

We may incur significant costs to comply with, or face civil and criminal liability for infringements of data protection laws in the markets in which we operate.

Data privacy rules are continuing to evolve around the world. These rules are generally designed to limit our rights to process personal data and have placed obligations upon us to ensure that the data we hold is adequately protected. Recent examples of legislation that we must comply with include the European Union’s GDPR, which was implemented in 2018, and China’s Personal Information Protection Law, which was implemented in 2021. These rules have led to an increased compliance burden for the Company and we may face fines, civil liabilities or other criminal liabilities for non-compliance with these rules. Our failure to implement and comply with data protection law could significantly affect our reputation and relationships with our customers and suppliers, and civil and criminal liabilities for the infringement of data protection rules could have a significant negative effect on our financial position.

Some of our vehicles make use of lithium-ion battery cells, which have been observed in some applications to catch fire or vent smoke and flames, and such events have raised concerns, and future events may lead to additional concerns, about the safety of the batteries used in automotive applications.

The battery packs that we use, and expect to continue to use, in our EVs make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain in a manner that can ignite nearby materials as well as other lithium-ion cells.

In addition, we store a significant number of lithium ion cells at various warehouses and at some of our manufacturing facilities.

While we have designed our battery packs to passively contain any single cell’s release of energy without spreading to neighboring cells, there can be no assurance that a field or testing failure of our vehicles will not occur. Furthermore, while we have implemented safety procedures related to the handling of the cells at our manufacturing plants, there can be no assurance that a safety issue or fire related to the cells will not occur. Any such incidents could have significant environmental and social impacts and may cause serious damage or injury may disrupt the operation of our facilities. In addition, any field or testing vehicle failure, even if such incident does not involve our vehicles, could subject us to lawsuits, product recalls, redesign efforts or negative publicity, all of which could have a material impact on our business, prospects, financial condition and operating results. Similarly, such instances, if they occur, could also affect our sustainability and emissions ambitions.

Any failures or weaknesses in our internal controls could materially and adversely affect our financial condition and results of operations.

The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and to expend resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. The measures we take may not be sufficient to satisfy our obligations as a public company and if we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements and harm our results of operations.

For example, in connection with our assessment of internal control over financial reporting for Fiscal 2020, we concluded that there was a material weakness pertaining to the design of controls to validate the accuracy parameters used to prepare information used in the operation of various process level and management review controls. We believe that this material weakness has been remediated in Fiscal 2021. Although we have instituted remedial measures to address the material weakness identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal controls, we cannot assure you that we will not discover additional weaknesses in our internal controls over financial reporting. Further, the Company's management continually improves, simplifies and rationalizes the Company's internal control framework where possible within the constraints of existing IT systems. However, any additional weaknesses or failure to adequately remediate the existing weakness could materially and adversely affect our financial condition or results of operations and/or our ability to accurately report our financial condition and results of operations in a timely and reliable manner.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which may have a material adverse effect on our business, financial condition and results of operations.

While we believe that the insurance coverage we maintain adequately covers the normal risks associated with the operation of our business, there is a risk that certain claims under our insurance policies may not be honored fully or timely, or would result in insufficient insurance coverage or significantly higher insurance premiums in the future. Such matters could materially affect our business prospects, financial condition and results of operations.

Political and Regulatory Risks

New or changing laws, regulations and government policies regarding increased fuel economy, reduced GHG and other emissions, vehicle safety and taxes, tariffs or fiscal policies may have a significant impact on our business.

We are subject to extensive governmental regulations regarding vehicle emissions levels, noise, safety and levels of pollutants generated by our production facilities. We expect the number and extent of legal and regulatory requirements and our related costs of compliance to continue to increase significantly in the future. In Europe and the United States, for example, governmental regulation is primarily driven by concerns about the environment (including GHG emissions), fuel economy, energy security and vehicle safety. In particular, the increasingly stringent regulatory environment in our industry, particularly with respect to vehicle emissions regulations, is leading to heightened regulatory scrutiny and more investigations into vehicle manufacturers. We may also be subject to randomized testing and similar inquiries by regulatory authorities with a focus on emissions and environmental performance. In China, increasingly stringent tailpipe emissions and other regulations have been introduced by the Chinese government in the short-to-medium-term future to reduce GHG emissions and improve air quality standards. Requirements to optimize vehicles in line with these governmental actions could significantly affect our plans for global product development and may result in substantial costs, including significant fines and penalties in cases of non-compliance. These requirements may also result in limiting the types and amounts of vehicles we sell and where we sell them, which may affect our revenue.

To comply with current and future environmental norms, we may have to incur additional capital expenditures and R&D expenditures to upgrade products and manufacturing facilities, install new emissions controls or reduction technologies and purchase or otherwise obtain allowances to emit GHGs, which may have an impact on our cost of production. If we are unable to develop commercially viable technologies or otherwise attain compliance within the time frames set by new standards, we could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. For example, in the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal CAFE standards. Please see Item 4.B "Information on the Company-Business Overview-Governmental Regulations-Environmental, Fiscal and Other Governmental Regulations Around the World-Greenhouse gas / CO₂ / Fuel Economy Legislation" for additional detail on these standards. These penalties are calculated at US\$5.50 for each tenth of a mile below the required fuel-efficiency level for each vehicle sold in a model year in the U.S. market up to and including the 2021 model year vehicles. Beginning with the 2022 model year vehicles, the rate is expected to increase to US\$14.00, to be followed by index-linked annual increases thereafter. As at March 31, 2022, a provision of GBP78 million was held to face the possible fine from European and United Kingdom regulators for failing to meet emissions reduction targets in 2021 and 2022. This provision may be subject to increases as a result of future changes to laws, regulations and government policies.

Further, post-Brexit, United Kingdom emissions will be calculated separately from European Union emissions as a result of which there is a possibility of increased penalties. Since 2011, Jaguar Land Rover has purchased approximately US\$109 million in credits from third-party OEMs to offset its NHTSA, EPA and California Air Resources Board (“CARB”) penalties. Additionally, JLR expects to buy approximately US\$12 million in credits in Fiscal 2021 from third-party OEMs to offset its expected NHTSA and EPA penalties for model year 2019 vehicles. Jaguar Land Rover could incur a substantial increase in these penalties, including as a result of increases in CAFE civil penalties to adjust for inflation. Additionally, JLR expects to continue incurring approximately GBP12 million in Fiscal 2021 for credit purchases in China, and we expect those annual costs to rise going forward, primarily as a result of increasing costs of “new energy vehicle credits”. Jaguar Land Rover’s Reimagine strategy aims to expand its pure battery electric offering from 2024, which supports JLR’s aim to reach fleet CO₂ compliance with consideration for global measures to support net zero ambitions as well as forecasted stringent CO₂ / GHG regulations, including the proposed ban on the sale of vehicles powered solely by ICEs from 2030 allowing continuation of Plug-in Hybrid Electric vehicles (“PHEV”), and the total ban of all ICEs, including PHEVs, from 2035 in the United Kingdom and similar initiatives by other governments. See Item 4.B “Information on the Company–Business Overview–Our Strategy–Jaguar Land Rover’s Reimagine Strategy” for more information.

Moreover, safety and environmental standards may at times impose conflicting imperatives, which would pose engineering challenges and, among other things, increase our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs of compliance with these standards could be significant to our operations and may materially and adversely affect our business, prospects, financial condition and results of operations.

In India, the 2019 amendments to the Motor Vehicle Act address vehicle recalls, road safety, traffic management and accident insurance, among other matters. The Act imposes civil and criminal liability on manufacturers selling vehicles in contravention of the standards specified in the Act, or required by the government to recall their vehicles.

Despite the implementation of the Trade and Cooperation Agreement, there remains significant uncertainty as to how Brexit will affect relations between the United Kingdom and the European Union, including the legal rights and obligations for businesses in certain service industries not covered by the Trade and Cooperation Agreement. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services between the United Kingdom and the European Union. Such uncertainty could negatively impact business and consumer confidence in the United Kingdom.

The EUWA, and secondary legislation made under powers provided in this Act ensure that there is a functioning statute book in the United Kingdom. While the United Kingdom introduced a temporary permission regime to allow European Economic Area firms to continue to do business in the United Kingdom for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement is only part of the overall package of agreements reached on December 24, 2020. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the European Union and the United Kingdom will discuss how to move forward with equivalence determinations in relation to financial services. It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the United Kingdom enjoyed through its European Union membership.

Due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the United Kingdom’s relationship with the European Union, there may continue to be instability in the market, significant currency fluctuations, and/or otherwise adverse effects on trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future. Following withdrawal from the European Union, barrier-free trade access between the United Kingdom and other member states of the European Union could be diminished or eliminated and the United Kingdom may no longer be covered by trade agreements entered into by the European Union which apply to all member states and so will either have to seek to negotiate new trade agreements or join existing trade agreements (such as the World Trade Organisation tariffs) which could result in the transfer of goods, becoming subject to import/export duties and/or non-tariff trade barriers (including health and safety, product labelling and other standards, many of which are currently standardized across the European Union).

Despite the fact that the Trade and Cooperation Agreement was agreed between the United Kingdom and the European Union in December 2020 and tariffs have, to date, generally been avoided, Brexit has continued to generate customs and other administrative frictions. Some of these administrative requirements have led to increased costs in the form of duties and overheads to support compliance with the new requirements.

A significant amount of European Union law in matters ranging from employment law to data protection to competition and financial regulation is currently embedded in UK law either as a result of European Union regulation directly applicable in the United Kingdom or from UK regulations implementing European Union directives. Accordingly, it is also unclear what impact the withdrawal of the United Kingdom from the European Union will have on the legal and regulatory landscape in the United Kingdom, which could, in turn, have a significant impact on our business. Given that the transition/implementation period has ended, subject to the terms of the Trade and Cooperation Agreement, European Union law has ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Over the years, English law has been devised to function in conjunction with European Union law (in particular, laws relating to financial markets, financial services, prudential and conduct regulation of financial institutions, financial collateral, settlement finality and market infrastructure). As a result, depending on the final trade arrangements to be put in place for the areas not covered by the Trade and Cooperation Agreement, substantial amendments to English law may occur and may diverge from the corresponding provisions of European Union law applicable after the transition/implementation period. Any substantial change in the regulations applicable to our business could jeopardise our ability to continue to operate in a manner consistent with our past practice.

Imposition of any additional taxes and levies designed to limit the use of automobiles and changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments or import or tariff policies, could adversely affect the demand for our vehicles and our results of operations.

Regulations in the areas of investments, taxes and levies may also have a materially adverse impact on Indian securities, including the Company's Shares and ADSs. For more information, see Item 4.B "Information on the Company—Business Overview—Governmental Regulations" of this annual report on Form 20-F.

Any future potential or real unexpected change in law could have a material adverse effect on our business prospects, results of operations and financial condition.

We may be affected by competition laws in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Indian Competition Act, 2002 (the "Competition Act") and various regulations promulgated thereunder, including in relation to merger controls, oversee practices having an appreciable adverse effect on competition in a given relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition, is considered void and results in imposition of substantial penalties. All agreements entered into by us could be within the purview of the Competition Act. Furthermore, the Competition Commission of India (the "CCI") has expansive powers, including extraterritorial powers to investigate any agreement, abusive conduct or combination occurring outside of India, if such agreement, conduct or combination has an appreciable adverse effect on competition in India. The Competition Act also prohibits abuse of a dominant position by any enterprise.

In 2011, complaints were filed with the CCI against certain automakers on the ground that the genuine spare parts of automobiles manufactured by the OEMs were not made freely available in the open market in India and, accordingly, anti-competitive practices were carried out by the OEMs for indulging in anti-competitive practices. The CCI ordered an investigation of the matter, and subsequently the director general of the CCI expanded the scope of investigation to other car manufacturers operating in India, including TML.

In 2014, the CCI held that the automobile manufacturers, including TML, had engaged in anti-competitive practices and imposed a penalty of 2% of their total turnover in India. TML was ordered to pay a penalty of Rs.13,465 million within a period of 60 days of the receipt of the order. TML challenged the order of the CCI in the Delhi High Court on constitutional issues. In 2019, the High Court allowed the petitions, partly by striking down Section 22(3) of the Competition Act. Also in 2019, the Supreme Court of India extended the relief that was granted by the Delhi High Court during the pendency of the matter before it. As of the date of this annual report on Form 20-F, the matter remains to be listed for further proceedings in due course.

In another matter, two of our ex-dealers filed information with the CCI alleging that TML engaged in anti-competitive practices by colluding with its finance subsidiaries (Tata Motors Finance Limited (“TMFL”) and Tata Motors Finance Solutions Limited (“TMFSL”)) and abused its dominance in the market. In May 2021, the CCI issued an order directing the director general of the CCI to initiate an investigation against TML, but did not otherwise make any final or binding observations or determinations (including with respect to any possible penalties or fines) with regard to the allegations. As of the date of this annual report on Form 20-F, we have received one notice from the director general of the CCI and we have responded to its queries. See Item 4.B “Information on the Company–Business Overview–Governmental Regulations–Legal Proceedings” for more information. As of the date of this annual report on Form 20-F, we are preparing internally to respond to the queries as soon as raised by the director general of the CCI.

Our business, prospects, financial condition and results of operations would be materially and adversely affected by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act.

Compliance with new or changing corporate governance and public disclosure requirements may add uncertainty to our compliance policies and increase our costs of compliance.

We are subject to a complex and continuously changing regime of laws, rules, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, U.S. Securities and Exchange Commission (the “SEC”) regulations, Securities and Exchange Board of India (the “SEBI”) regulations, New York Stock Exchange (the “NYSE”) listing rules, the Companies Act, and Indian stock market listing regulations. New or changed laws, rules, regulations and standards may lack specificity and be subject to varying interpretations. Under applicable Indian laws, for example, remuneration packages may, in certain circumstances, require shareholders’ approval. New guidance and revisions may be provided by regulatory and governing bodies, which could result in continuing uncertainty and higher costs of compliance. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time. In addition, there can be no guarantee that we will always succeed in complying with all applicable laws, regulations and standards.

The Companies Act has effected significant changes to the existing Indian company law framework, such as in the provisions related to the issue of capital, disclosures in offering documents, corporate governance, accounting policies and audit matters, related party transactions, class action suits against companies by shareholders or depositors, prohibitions on loans to directors and insider trading, including restrictions on derivative transactions concerning a company’s securities by directors and key managerial personnel. The Companies Act may subject us to higher compliance requirements, increase our compliance costs and divert management’s attention. We are also required to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding financial years, calculated for TML on a standalone basis under Ind AS, on corporate social responsibility (“CSR”) activities. Compliance with CSR activities is fulfilled when the Company spends the prescribed amount in accordance with its obligations. However, if the Company fails to spend the requisite amount within the financial year, it must fulfil its obligation by transferring the unspent amount to any fund included in Schedule VII of the Companies Act. The same will be considered as compliance with Section 135(5) of the Act. Further, the Board of the Company is required to give the requisite disclosure in the Board report and annual report on CSR. Furthermore, the Companies Act imposes greater monetary and other liability on the Company and its Directors for any non-compliance. Due to limited relevant jurisprudence, in the event that our interpretation of the Companies Act differs from, or contradicts, any judicial pronouncements or clarifications issued by the Government of India in the future, we may face regulatory actions or be required to undertake remedial steps. In addition, some of the provisions of the Companies Act overlap with other existing laws and regulations (such as corporate governance provisions and insider trading regulations issued by SEBI). SEBI’s circular, dated May 10, 2021, updated the disclosures to be mentioned in the Business Responsibility and Sustainability Report, which is to be submitted by the top 1,000 listed entities and which was first introduced in 2012. SEBI promulgated the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), which are applicable to all Indian companies with listed securities. Pursuant to the Listing Regulations, the Company is required to establish and maintain a vigilance mechanism for Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct (the “Tata Code of Conduct”) or ethics policy under our whistleblower policy (the “Whistleblower Policy”), to implement increased disclosure requirements for price-sensitive information and to conduct detailed director familiarization programs and comprehensive disclosures thereof, in accordance with the Listing Regulations. While we have been able to comply with such requirements to date, we cannot assure you that we will be able to maintain compliance with such requirements in the future. Furthermore, the Company cannot currently determine the impact of certain provisions of the Companies Act and the revised SEBI corporate governance standards. Any increase in our compliance requirements or associated costs may have a material and adverse effect on our business, prospects, financial condition and results of operations. Further, SEBI recently amended the Listing Regulations to widen the definition of “Related Party” and broadened the ambit of Related Party Transactions (RPTs). SEBI has mandated listed companies to obtain prior approval of the shareholders in respect of RPTs exceeding Rs.1,000 crore or 10% of the consolidated annual turnover of a listed entity as per its last audited financial statements, whichever is lower, even if such RPTs are in the ordinary course of business and valued at an arm’s length pricing basis. Further, while obtaining shareholders’ approval, all the related parties are prohibited from voting on the resolutions irrespective of whether they are party to that particular RPT or not. Therefore, for all RPTs exceeding the abovementioned threshold, would require a majority of minority shareholders’ vote in favour of the RPTs.

We are subject to risks associated with legal proceedings and governmental investigations, including potential adverse publicity as a result thereof.

We are and may be involved from time to time in civil, labor, administrative or tax proceedings arising in the ordinary course of business. It is not possible to predict the potential for, or the ultimate outcomes of, such proceedings, some of which may be unfavorable to us. In such cases, we may incur costs and any mitigating measures (including provisions taken on our balance sheet) adopted to protect against the impact of such costs may not be adequate or sufficient. In addition, adverse publicity surrounding legal proceedings, government investigations or allegations may also harm our reputation and brands.

Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant adverse financial and reputational consequences for our business and materially adversely affect our results of operations and financial condition. See Item 4.B “Information on the Company–Business Overview–Governmental Regulations–Legal Proceedings” for more information.

We could be subject to additional tax liabilities in any of the geographical markets in which we operate.

Evaluating and estimating our provision and accruals for our taxes requires significant judgement. We operate in multiple geographical markets, and our operations in each market are susceptible to additional tax assessments and audits. Our collaborations with business partners are similarly susceptible to such tax assessments. Authorities may engage in additional reviews, inquiries and audits that may disrupt our operations or challenge our conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty (including revocation of a benefit or exemption from tax) or additional fee for failing to make the initial payment.

Our tax rates may be affected by earnings estimation errors, losses in jurisdictions that do not grant a related tax benefit, changes in currency rates, acquisitions, restructurings, investments, or changes in laws, regulations, or practices. Furthermore, government fiscal or political pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be initiated even where we consider our practices to be in compliance with tax laws and regulations. Should we challenge such taxes or believe them to be without merit, we may nonetheless be required to pay them. These amounts may be materially different from our expected tax assessments and could result in additional utilization of tax losses, expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficitation.

We may have to comply with more stringent foreign investment regulations in India in the event of an increase in shareholding of non-residents or if we are considered as engaged in a sector in which foreign investment is restricted.

Indian companies that are owned or controlled by non-resident persons are subject to investment restrictions specified in the Consolidated Foreign Direct Investment Policy (“Consolidated FDI Policy”). Under the Consolidated FDI Policy issued in 2017, an Indian company is considered to be “owned” by non-resident persons if more than 50% of its equity interest is beneficially owned by non-resident persons. The non-resident equity shareholding in the Company may, in the near future, exceed 50%, thereby resulting in the Company being considered as being “owned” by non-resident entities under the Consolidated FDI Policy. In such an event, any investment by the Company in existing subsidiaries, associates or joint ventures and new subsidiaries, associates or joint ventures will be considered as indirect foreign investment and shall be subject to various requirements specified under the Consolidated FDI Policy, including sectoral limits, approval requirements and pricing guidelines, as may be applicable.

Furthermore, as part of our automotive business, we supply, and have in the past supplied, vehicles to Indian military and paramilitary forces and in the course of such activities have obtained an industrial license from the Department of Industrial Policy. The Consolidated FDI policy applies different foreign investment restrictions to companies based upon the sector in which they operate. While we believe we are an automobile company by virtue of the significance of our automobile operations, in the event that foreign investment regulations applicable to the defense sector (including under the Consolidated FDI Policy) are made applicable to us, we may face more stringent foreign investment restrictions and other compliance requirements compared to those applicable to us presently, which, in turn, could materially affect our business, prospects, financial condition and results of operations.

We require certain approvals or licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner, or at all, could materially and adversely affect our operations

We require various statutory and regulatory permits, licenses and approvals to carry out our business operations. Our ability to obtain such permits, licenses and approvals depends, among other matters, on the information we provide as part of the application processes, as well as the internal review and consideration processes of the various issuing agencies. While we make every effort to obtain the necessary permits, licenses or approvals, and their renewals, we cannot assure you that we will receive them in a timely manner, or at all.

In addition, there is a risk that any approvals, licenses, registrations and permits issued to us would be suspended or revoked in the event of non-compliance or alleged non-compliance by us with any terms or conditions thereof, or pursuant to any regulatory action.

Any of the above could materially and adversely affect our business, prospects, financial condition and results of operations.

Risks Associated with Investments in an Indian Company

Political changes in the Government of India could delay and/or affect the further liberalization of the Indian economy and materially and adversely affect economic conditions in India, generally, and our business, in particular.

Our business could be significantly influenced by economic policies adopted by the Government of India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. The Government of India has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, protests against such policies, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

Any significant change in the Government of India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.

Any adverse revisions to India's credit ratings for domestic and international debt by rating agencies could adversely impact our ability to raise additional financing, as well as the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our financial results, business prospects, ability to obtain financing for capital expenditures and the price of the Company's Shares and ADSs.

We may be materially and adversely affected by Reserve Bank of India policies and actions.

The Indian stock exchanges are vulnerable to fluctuations based on changes in monetary policy formulated by the RBI. We can make no assurance about future market reactions to RBI announcements and their impact on the price of the Company's Shares and ADSs. Furthermore, our business could be significantly impacted were the RBI to make major alterations to monetary or fiscal policy. Certain changes, including changes to interest rates, could negatively affect our sales and consequently our Revenue, which could have a material adverse effect on our business, prospects, financial condition and results of operations. While the RBI has initiated several relief measures over the course of 2020, such as providing moratorium on loans, relaxing provisioning norms toward certain loans and taking other measures to enhance liquidity for NBFCs, there remains considerable uncertainty around the effects of the recent and any future variants of COVID-19 and further relief measures and policy actions that may be needed to assist economic recovery.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The memorandum and articles of association of the Company (the “Articles of Association”) and Indian law govern the Company’s corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions, including the United States. You may also have more difficulty in asserting your rights as a shareholder of the Company than you would as a shareholder of a corporation organized in another jurisdiction.

The market value of your investment may fluctuate due to the volatility of the Indian securities market.

Stock exchanges in India, including BSE Limited (the “BSE”) have, in the past, experienced substantial fluctuations in the prices of their listed securities. Such fluctuations, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Company’s Shares and, in turn, the Company’s ADSs. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Volatility in other stock exchanges, including, but not limited to, those in the United Kingdom and China, may affect the prices of securities in India, including the Company’s Shares, which may in turn affect the price of the Company’s ADSs. In addition, the governing bodies of the stock exchanges in India have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There may be a differing level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, compared to the United States. For example, while SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market, there may still be less publicly available information about Indian companies than for United States domestic companies.

Investors may have difficulty enforcing judgments against us or our management.

The Company is a public limited company incorporated in India. The majority of the Company’s Directors and executive officers are residents of India and substantially all of the assets of those persons and a substantial portion of the company’s assets are located in India. As a result, it may not be possible for you to effect service of process within the United States upon those persons or it may be difficult to effect service of process within the United States on the Company. In addition, you may be unable to enforce judgments obtained in courts of the United States against those persons outside the jurisdiction of their residence, including judgments predicated solely upon U.S. federal securities laws. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India to enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with public policy.

Section 44A of the Indian Code of Civil Procedure, 1908, as amended (the “Civil Code”), provides that where a foreign judgment has been rendered by a superior court (within the meaning of the section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, such foreign judgment may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, the enforceability of such judgments is subject to the exceptions set forth in Section 13 of the Civil Code.

Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties and does not include arbitration awards.

If a judgment of a foreign court is not enforceable under Section 44A of the Civil Code as described above, it may be enforced in India only by a suit filed upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution. Accordingly, as the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A, a judgment rendered by a court in the United States may not be enforced in India except by way of a suit filed upon the judgment.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the resolution of suits by Indian courts.

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A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI, under the Foreign Exchange Management Act, 1999 ("FEMA") to repatriate any amount recovered pursuant to such enforcement. Any judgment in a foreign currency would be converted into Indian rupees on the date of judgment and not on the date of payment.

Risks Associated with the Company's Shares and ADSs

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar may have a material adverse effect on the market value of the Company's ADSs and Shares, independent of our operating results.

The exchange rate between the Indian rupee and the U.S. dollar has been volatile in the past and may materially fluctuate in the future. Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar may affect, among others things, the U.S. dollar-equivalents of the price of the Company's Shares in Indian rupees as quoted on stock exchanges in India and, as a result, the market price of the ADSs. Such fluctuations may also affect the U.S. dollar-equivalent of any cash dividends in Indian rupees received on the Shares represented by the ADSs and the U.S. dollar-equivalent of the proceeds in Indian rupee of a sale of Shares in India.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although ADS holders have a right to receive any dividends declared in respect of the Shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the Shares underlying the ADSs. Citibank, N.A. as depositary (the "depositary") is the registered shareholder of the deposited Shares underlying the Company's ADSs, and only the depositary may exercise the rights of shareholders in connection with the deposited Shares. The depositary will notify ADS holders of upcoming votes and arrange to deliver our voting materials to ADS holders only if requested by the Company. The depositary will try, insofar as practicable, subject to Indian laws and the provisions of the Articles of Association, to vote or have its agents vote the deposited securities as instructed by the ADS holders. If the depositary receives voting instructions in time from an ADS holder which fails to specify the manner in which the depositary is to vote the Shares underlying such ADS holder's ADSs, such ADS holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary does not receive timely instructions from an ADS holder, such ADS holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by the Company, the depositary is required to represent all Shares underlying ADSs, regardless of whether timely instructions have been received from such ADS holders, for the sole purpose of establishing a quorum at a meeting of shareholders.

In addition, in your capacity as an ADS holder, you will not be able to examine the Company's accounting books and records, or exercise appraisal rights. Registered holders of the Company's Shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying Shares in time. Furthermore, an ADS holder may not receive voting materials if the Company does not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement (as defined below), or for any other reason.

For further details on the terms and conditions of the Company's ADSs and the rights and obligations of the Company's ADS holders, please see the amended and restated deposit agreement, dated as of September 27, 2004, among the Company, Citibank, N.A., as depositary, and all holders and beneficial owners of ADSs issued thereunder, as amended and supplemented by Amendment No. 1, dated as of December 16, 2009, hereinafter referred to as the "deposit agreement", which is incorporated by reference into this annual report on Form 20-F.