Exchange Rate Information

For convenience, some of the financial amounts presented in this annual report on Form 20-F have been translated from Indian rupees into U.S. dollars at the rate of Rs.75.6650 to US$1.00, based on the rate in the city of Mumbai as published by the Foreign Exchange Dealers' Association of India on March 31, 2020.

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 and the cautionary statements on page iii. 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 have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operations.

Since the end of 2019, a disease caused by a novel strain of coronavirus ("COVID-19"), has spread in China and throughout the world, and the World Health Organization declared the COVID-19 outbreak a pandemic in March 2020. No fully effective treatments or vaccines have been developed as of the date of this annual report, and such development of treatments or vaccines may take a significant amount of time. The COVID-19 pandemic and associated governmental responses have adversely affected workforces, consumer sentiment, economies and financial markets. Such adverse effects, along with decreased consumer spending, have led to a global economic downturn. Based on the latest assessment by the International Monetary Fund, India's economy is forecast to contract by 4.5% and it is estimated that the global economy would contract by 4.9% in 2020 due to the COVID-19 pandemic.

The COVID-19 pandemic has spread across all key regions, including the United Kingdom, China, North America, India and continental Europe, from which we derive the substantial majority of our revenues. Governments imposed travel bans, quarantines, lockdowns, "stay-at-home" orders, and similar mandates on individuals to substantially restrict daily activities and on many businesses to curtail or cease normal operations. Such measures, though temporary in nature, may continue or be re-enacted depending on the development of the COVID-19 pandemic. These measures have severely impacted the economic activity across the globe, resulting in the major economies facing the risk of significant and unprecedented economic downturns and recession. Social distancing measures have been eased or are being eased, and economic activity is gradually resuming. However, there remains considerable uncertainty about the extent, speed and regional differences of any recovery including any longer term impacts on our business and the possibility of a second wave of the COVID-19 pandemic. There have been instances where local lockdowns have been re-imposed where infection rates have started to suddenly increase again. There is a risk that widespread strict social distancing measures may be reintroduced in the future until effective treatments or vaccines have been developed. The COVID-19 pandemic, as well as efforts to contain it, has caused significant economic and financial disruptions around the world, including disruption to manufacturing operations, logistics and global supply chains and financial markets. Based on our management analytical estimates, as a result of the COVID-19 pandemic, profit before tax ("PBT") for Tata Motors Limited was impacted by approximately Rs.5,000 million and free cash flow was impacted by approximately Rs.20,000 million in Fiscal 2020. We are expected to continue to be impacted by the COVID-19 pandemic in Q1 of Fiscal 2021 with minimal revenues and cash outflows estimated at Rs.50,000 million. As part of our mitigating actions, we have implemented rigorous cost and capital expenditure control measures, including cash improvement programme of Rs.60,000 million (including a cost savings programme of Rs.15,000 million). Capital expenditure guidance for Tata Motors Limited has been reduced by 66% to Rs.15,000 million in Fiscal 2021. For JLR, based on our management analytical estimates, PBT was impacted by GBP 599 million and free cash flow by GBP 767 million in Fiscal 2020, owing to the COVID-19 pandemic. JLR's focus has been on conserving cash and prioritising capital expenditure on key products. It is expected that JLR will continue to be impacted by COVID-19 pandemic in Q1 Fiscal 2021 hence cash outflows is estimated to be up to GBP 2 billion. Capital expenditure guidance for JLR in Fiscal 2021 is reduced by 40% to GBP 2.5 billion while cash and cost savings through Project Charge + have been targeted at GBP 1.5 billion for Fiscal 2021.

As a result of the COVID-19 pandemic, the Company and Jaguar Land Rover enacted temporary plant shutdowns 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 shutdowns caused and will continue to cause disruptions in our business and negative effects on our cash flows, primarily because our operations realize less revenue during shutdowns while continuing to incur costs. As of the date of this annual report, Tata Motors Limited and Jaguar Land Rover have resumed production at all of its plants except for the Jaguar plant at Castle Bromwich in the UK (scheduled to restart production in August 2020), each under defined health and safety protocols.

There is significant uncertainty surrounding the extent and duration of such business disruptions, as continued cross-border restrictions could adversely affect our supply chains in India and globally. 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 economic slowdown attributable to the COVID-19 pandemic has led to a severe decrease in global vehicle sales in markets around the world and the extent of recovery is still uncertain. Moreover, as a result of the restrictions imposed by governments in affected countries and negative consumers' reaction to the COVID-19 pandemic in general, showroom traffic at our dealers dropped significantly and many dealers temporarily ceased operations, thereby reducing dealers' demands for our products. Recently, over 98% of Jaguar Land Rover retailer sites are open either fully or partially, while over 90% of Tata Motors retailer sites have reopened.

The COVID-19 pandemic and the resulting business disruptions in several jurisdictions where we operate have had a material adverse impact on our operations, liquidity, business, financial conditions and/or credit ratings (Please see Item 5.B "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Principal Sources of Funding Liquidity" of this annual report on Form 20-F). Any future impact on our business may take some time to materialize and may not be fully reflected in the results for the first quarter of Fiscal 2021 and certain levels of disruption are expected for the remainder of Fiscal 2021. Even after the COVID-19 pandemic subsides, 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.

Further, government-sponsored liquidity or stimulus programs in response to the COVID-19 pandemic may not be available to our customers, suppliers, dealers, or us, and in the event that such programs are available, they may nevertheless be insufficient to address the impact of the COVID-19 pandemic. Supply and distribution chains may be disrupted by the bankruptcies of our suppliers or dealers or a permanent discontinuation of their operations. Consequently, the impact on our business, prospects, financial condition and results of operation cannot be fully determined at this time.

Furthermore, we have implemented enhanced health and safety measures in our operations, such as new screening protocols, in line with public health rules and guidelines and industry practices to combat the spread of the COVID-19 pandemic. We are exposed to the risk of an increase in the number of workplace and third-party claims arising from actual or alleged failures to implement such measures adequately, or at all. In addition to the increase in costs associated with the implementation of such measures, 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 could have a material adverse effect on our business, prospects, financial condition and results of operation.

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

The ongoing COVID-19 pandemic has a significant impact on economic activity globally. There are potentially high risks of credit rating downgrades across different sectors and countries. All geographies we operate in may be severely impacted as a result of ongoing COVID-19 pandemic. There remains considerable uncertainty around the ongoing COVID-19 pandemic and its negative impact on the financial and commodity markets.

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 the recent past have affected the manufacturing sector in India, including 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 factors in countries where we have sales operations may result in a decrease in demand for our automobiles. A decrease in demand could, in turn, cause automobile prices and manufacturing capacity utilization rates to fall.

Any worldwide financial instability, including as a result of the ongoing COVID-19 pandemic and with respect to increased protectionist measures and withdrawal from trade pacts by countries in which we operate, could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In the event global economic recovery is slower than expected, or if there is any significant financial disruption, this 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 November 2018, the United States, Mexico and Canada signed the United States-Mexico-Canada Agreement (“USMCA”), which is intended to succeed the North American Free Trade Agreement. The USMCA was revised by the three countries in December 2019, and has been ratified by the legislature of each of three countries. Potential governmental actions related to tariffs or international trade agreements has 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. Conditions in automotive markets remained challenging in Fiscal 2020 as a result of the COVID-19 pandemic significantly impacting sales and operations, as well as the wider global economy. 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 operation could be materially and adversely affected as a result. In addition, the current U.S. presidential administration may seek to introduce additional changes to laws and policies governing international trade and impose additional tariffs and duties on foreign vehicle imports, which could have a material adverse effect on Jaguar Land Rover’s sales in the United States.

The United Kingdom’s exit from the European Union may adversely impact our business, prospects, financial condition and results of operations.

Brexit and the potential impact of the withdrawal of the United Kingdom have created significant uncertainty regarding the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union-derived laws to replace or replicate. On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union. After a number of iterations, the European Commission and the UK’s negotiators reached an agreement on the terms of the United Kingdom’s withdrawal from the European Union, and these terms have been approved by the UK and European parliaments. The United Kingdom formally withdrew from the European Union, in accordance with the terms provided by the withdrawal agreement, on January 31, 2020 after which it entered into the transition period specified in the withdrawal agreement, which is currently scheduled to end on December 31, 2020. During this period, it is expected that the majority of the existing European Union rules will continue to apply in the United Kingdom. The terms of Brexit are still uncertain, including United Kingdom’s access to the European Union single market permitting the exchange of goods and services between the United Kingdom and the European Union. The United Kingdom may not be able to reach an agreement on its future relationship with the European Union by the end of the transitional period, and it is uncertain whether an extension to the transitional period, as a result of the COVID-19 pandemic or otherwise, is possible.

The legal, political and economic uncertainty regarding the terms of the United Kingdom’s exit from the European Union may adversely affect our businesses, including Jaguar Land Rover. This uncertainty may also result in economic slowdown and/or a deteriorating business environment in the United Kingdom and in one or more European Union Member States. In particular, changes in taxes, tariffs and other fiscal policies could have a significant impact on Jaguar Land Rover; 21% of its retail sales volume in Fiscal 2020 was to customers based in the Europe Union (excluding the United Kingdom) and a substantial portion of its suppliers are situated there. The extent of Brexit’s impact on our operations in the United Kingdom will depend significantly on the trade negotiations between United Kingdom and European Union and the length of the transition period. The economic outlook could be further adversely affected by the risk of a greater push for independence by Scotland or Northern Ireland or the risk that the euro as the single currency of the European Union could cease to exist. We may be subject to risks associated with related foreign exchange volatility and supply chains if access to the European Union market is restricted as a result of Brexit. Changes to the UK’s border and immigration policy could likewise occur as a result of Brexit, potentially affecting our business’s ability to recruit and retain employees from outside the United Kingdom. Any of the foregoing factors and other factors relating to Brexit that we cannot predict may have a material adverse effect on our business, prospects, financial condition and results of operation, including the risks of impairments.

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 research and development, product design and engineering technology. We review the value of our tangible and intangible assets to assess on an annual basis or trigger events basis whether the carrying amount is less than the recoverable amount for the asset concerned based on underlying cash-generating units ("CGU") (such as Commercial Vehicles, Passenger Vehicles, Jaguar Land Rover and Vehicle Financing), either based on value in use ("VIU") or fair value. During Fiscal 2020, we recorded an impairment charge of Rs.4,455 million for our Passenger Vehicles business due to changes in market conditions. During Fiscal 2020, we also recorded impairment charge of Rs.2,975 million and Rs.557 million in our subsidiaries Tata Motors European Technical Centre Plc and Trilix S.r.l., respectively. We recorded a GBP3.1 billion (Rs.278,379 million) impairment charge during Fiscal 2019 due to adverse market conditions, particularly in China, rising interest rates and the failure to meet internal business plans for our Jaguar Land Rover business. We may have to 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 operation.

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 for sourcing raw materials, parts and components used in the manufacture of our products. At the local level, we rely on smaller enterprises where the risk of insolvency is greater. Furthermore, 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.

The ongoing COVID-19 pandemic may lead to significant disruptions in the supply chains in India and globally. There are risks that our suppliers may be adversely affected hence may not be able to fully resume normal operations and ramp up their production schedule to levels immediately prior to the COVID-19 pandemic. Our suppliers of critical components are located across the world and some of them have declared provisions related to force majeure under relevant contracts. Thus, we expect disruptions, at uncertain frequencies, in operations at our global and Indian tier 1, 2 and 3 suppliers leading to inconsistent supplies. Further, suppliers are saddled with huge work-in-progress and semi-finished inventories, which may reduce their working capital and their ability to supply materials in line with the customer expectations.

In response to the COVID-19 pandemic, various national, state, and local governments where we and our suppliers operate issued decrees prohibiting certain businesses from continuing to operate and certain workers from reporting to work. Those decrees have resulted in supply chain disruptions and higher absenteeism in our facilities or our suppliers' factories. It remains unclear how long these decrees will remain in place, whether decrees will be re-imposed, what additional decrees may be instituted, and the impact they may have on our company and our suppliers.

For Tata Motors Limited, the COVID-19 pandemic initially impacted supplies from certain areas in China in February 2020. Subsequently, supplies from European vendors were affected. Eventually, the nationwide lockdown imposed on India in late March 2020 led to complete suspension of manufacturing activities across the country. While manufacturing activities have resumed gradually across India since late May 2020, there are uncertainties for some supplies due to impact on vendors of shortage of manpower, limited raw material supplies, restrictions on working hours, incidence of COVID-19 positive cases at the supplier's end and restricted permission to operate as per local regulations. Jaguar Land Rover enacted temporary shutdowns at the China Joint Venture plant in January 2020 and elsewhere in March 2020 as a result of which its supply chain was inevitably disrupted. Jaguar Land Rover has restarted production at China Joint Venture since March 2020 and most of other plants since mid-May 2020. While JLR's suppliers have reopened lately and there have been no significant supply disruptions, current economic environment has put pressure on the supply chain and as a result JLR may receive claims in relation to suppliers in distress, and other COVID-19 pandemic related disruption claims. We may be compelled to provide additional support for our suppliers as a result of the COVID-19 pandemic. We are working closely with our suppliers to monitor the risks by, *inter alia*, defining inventory maintenance norms, building safety stocks, exploring localization options and exploring alternative sources, among others.

Deterioration in automobile demand and lack of access to sufficient financial arrangements for our supply chain could impair the timely availability of components to 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 lithium ion cells, which are critical for our electric vehicle production. Any disruption in the supply of battery cells from such suppliers could disrupt production of our vehicles. The severity of this risk is likely to increase as we and other manufacturers expand the production of electric vehicles and the demand for such vehicles increases.

We have also entered into supply agreements with Ford and certain other third parties for critical components and we remain reliant upon Ford and Ford's joint venture with the PSA Group (the "Ford-PSA Joint Venture") for a portion of our engines. However, following the launch of the Engine Manufacturing Centre ("EMC") in Wolverhampton, and the subsequent China Joint Venture, we now also manufacture our own "in-house" engines, as such supply agreements will terminate by December 2020. We may not be able to manufacture certain types of engines or find a suitable replacement supplier in a timely manner in the event of any disruption in the supply of engines, or parts of engines, and other hardware or services provided to us by Ford or the Ford-PSA Joint Venture and such disruption could have a material adverse impact on our business, prospects, financial condition and results of operation.

A change in requirements under long-term supply arrangements committing Jaguar Land Rover to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller, could have a material adverse impact on our business, prospects, financial condition and results of operation. We have entered into a number of long-term supply contracts that require Jaguar Land Rover to purchase a fixed quantity of parts to be used in the production of Jaguar Land Rover vehicles (e.g., "take-or-pay" contracts). If the need for any of these parts were to lessen, including as a result of the COVID-19 pandemic or otherwise, Jaguar Land Rover could still be required to purchase a specified quantity of the part or pay a minimum amount to the seller pursuant to the take-or-pay contract, which could have a substantial adverse effect on our business, prospects, financial condition and results of operation.

Tata Motors Limited has also entered into agreements for the purchase of components from certain suppliers. If we have to procure lower quantities than committed hence our costs of procurement thereby increase, we may have to record provisions towards such contracts, thereby impacting our financial condition and results of operation. In Fiscal 2020, Tata Motors Limited recognized a provision of Rs. 7,770 million towards certain supplier contracts.

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, external debt in the form of factoring discount facilities and other revolving credit facilities. However, prevailing conditions in credit markets reflecting negative global economic conditions (resulting from result of higher oil prices, excessive public debt, the COVID-19 pandemic or for any other reasons) 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."

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 are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which we operate. The transfer of cash is also subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends in certain jurisdictions. We may face significant liquidity risks due to squeezed credit lines for non-banking financial companies ("NBFCs") following the Infrastructure Leasing & Financial Services Limited crisis in 2018 and its impact on the Indian lending sector.

The COVID-19 pandemic may increase pressure on liquidity of the Company and its subsidiaries. (see "—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, which may significantly harm our business, prospects, financial condition and results of operations.")

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 and other factors that may affect the value of our debt securities. Credit rating agencies continually review the ratings they have assigned and their ratings may be subject to revision, suspension or withdrawal by the rating agency at any time. 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. A credit rating is not a recommendation to buy, sell or hold securities.

The ongoing COVID-19 pandemic and economic slowdown in certain geographic areas have led to Standard & Poor’s Rating Group (“S&P”) downgrading the credit ratings of Tata Motors Limited and its subsidiary Jaguar Land Rover from B+ to B in April 2020 and Moody’s Investors Service (“Moody’s”) downgrading the credit rating of Tata Motors Limited from BA3 to B1 and changing the outlook of Jaguar Land Rover from B1/ Under Review to B1/ Negative in June 2020. If disruption to the business as a result of the COVID-19 pandemic continues and increases further or the impact is worse than anticipated, the Company and its subsidiary may see further downgrades in credit ratings (see “—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, which may significantly harm our business, prospects, financial condition and results of operations.”)

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

The global automotive industry is highly competitive, and competition is likely to further intensify, including from new industry entrants. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also developing a presence in other key markets. Some of our competitors based in the European Union may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. There is no assurance that we will be able to compete successfully in the global automotive industry in the future.

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 bring with them decades of international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition is likely to further intensify in the future. 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.

If our competitors consolidate or enter into other strategic partnerships or joint ventures, they may be able to take better advantage of economies of scale. Some of our competitors have formed such strategic alliances in recent years including the Renault–Nissan–Mitsubishi Alliance, which further included Mitsubishi as a partner in 2017, and the merger between Fiat Chrysler and Peugeot in accordance with the combination agreement entered into on December 18, 2019. If competitors are able to benefit from the cost savings offered by consolidation or strategic partnerships, it could adversely affect our competitiveness. Further, our growth strategy relies on the expansion of our operations in less mature markets abroad, where we may face significant competition and higher than expected costs to enter and establish ourselves.

A significant reliance on key markets by both TML 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 the substantial majority of our revenues. A decline in demand for our vehicles in these major markets may, in the future, significantly impair our business, financial position and results of operations. For example, the recent adverse public perception towards diesel powered vehicles, resulting from emissions scandals and tax increases on diesel vehicles, has precipitated a sharp fall in diesel sales, primarily in the United Kingdom and Europe, and created uncertainty for customers that could further impact our sales of diesel vehicles in the future. The ongoing COVID-19 pandemic has had a significant impact across our key markets worldwide. Additionally, in China, the economy is experiencing a tempering of industry growth and increased pricing pressures due to macroeconomic volatility, regulatory and policy changes, softening consumer demand and increasing competition. Softening of the Chinese economy would likely impact our growth opportunities in China, an important market for us. 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.

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 more mature markets have trended towards smaller and more fuel-efficient and environmentally-friendly vehicles. Such consumer preferences could materially affect our ability to sell premium Passenger Cars and large or medium-sized 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.

In contrast to other mature markets, consumer preferences in the United States have shifted towards increased demand for pickup trucks and larger SUVs. A shift in consumer demand away from these vehicles within the United States towards 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 U.S. consumer preferences for SUVs holds, we could face increased competition from other carmakers as they adapt to the market shift and introduce their own SUV models, which could materially and adversely impact our business, financial position or results of operations. Our operations may be significantly impacted if we fail to develop, or experience delays in developing, fuel-efficient vehicles 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 impact our business, prospects, financial condition and results of operation.

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, which would materially affect our business, results of operations and financial condition. 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 operation.

There is also a risk that the capital invested on 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 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.

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 on-going 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 these 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, 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 process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from our vehicles or production sites into the environment, such as our use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorized acts of our employees, suppliers or agents.

Our manufacturing units must ensure compliance with various environmental statutes. Significant statutes for our business include the Water (Prevention and Control of Pollution) Act, 1974 and the Rules thereunder, the Air (Prevention and Control of Pollution) Act, 1981 and the Rules thereunder, the Environment Protection Act, 1986 and the Rules thereunder and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, pollution control boards ("PCBs"), which are vested with diverse powers to deal with water and air pollution and hazardous waste disposal, have been set up in each state. The PCBs are responsible for establishing standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that units or plants are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation.

The Corporate Average Fuel Economy ("CAFÉ") standards are applicable to M1 category vehicles from April 1, 2017. As a result, we are required to demonstrate CAFE compliance for our Passenger Vehicles, Commercial Vehicles and EV M1 models. TML has successfully complied with the Phase 1 CAFE requirements for Fiscal 2017 and Fiscal 2018. Through the use of the CAFE calculator, we regularly monitor production volumes and process to ensure that organizational level CAFE compliance (which will require us to produce enough fuel-efficient models to compensate for those models having higher CO_2 emissions in g/km) is established at all times during the year. Any non-compliance could lead to penalties, product recalls and/or other punitive measures. 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 environmental-friendly technological features in existing and forthcoming models.

In 2016, the Ministry of Environment, Forests & Climate Change ("MoEFCC") under the Government of India re-vamped several national level legislations governing waste management. Specifically the Plastic Waste Management Rules 2016, the Bio-Medical Waste (BMW) Management Rules 2016, e-waste Management Rules-2016, and the Construction and Demolition (C&D) Waste Management Rules 2016. All our plants have analyzed these new regulations for its applicability and aligned their compliance practices accordingly.

Our business and manufacturing processes result in the emission of greenhouse gases such as carbon dioxide. We expect legal requirements to reduce greenhouse gases to become increasingly more stringent and costly to address over time. For example, the European Union Emissions Trading Scheme ("EU ETS"), a European Union-wide system in which allowances to emit greenhouse gases are issued and traded, is now in Phase IV and currently applies to three manufacturing facilities in the United Kingdom, and is in the process of being applied for our Slovakia manufacturing facility. The free allocation of EUETS carbon allowances significantly reduces in Phase 4 of the scheme (from end of 2020) and, as a result, we will be required to purchase an increased number of allowances, potentially at substantial cost. This forecast is subject to further evaluation based on the final terms of the Brexit negotiations and their impact on the regulated carbon schemes. In any event, there will be a cost to purchase credits in Slovakia and that will be covered following EUETS permit application and issue.

In response to increased public interest, carbon legislation is rapidly evolving around the globe. The implementation requirements differ, with some countries such as the United Kingdom setting targets for "Net Zero Carbon" attainment by 2050. In other countries, timeframes and the degree of commitment varies.

We have a Climate Change Agreement ("CCA") in the United Kingdom which covers our three vehicle manufacturing plants and one of our Special Operations facilities. This requires us to deliver a 15% reduction in energy use per vehicle by 2020 compared to the 2008 baseline.

The Carbon Reduction Commitment ("CRC") energy efficiency scheme ceased in 2019. In response to the loss of revenue for Her Majesty's Treasury from the cessation of the CRC, the amount of Climate Change Levy that we pay has increased in the United Kingdom. There has been the development of the Streamlined Energy and Carbon Reporting Scheme ("SECR") which will replace reporting under CRC and is compulsory for UK entities for UK operations.

The Best Available Techniques Reference Document ("BREF") for our paint shops has been under review and in 2019 changes have been proposed, including the lowering of permissible emissions to 30g/m2. Subject to the final terms of Brexit negotiations, it is possible that our paint shops will need to adhere to the revised BREF requirements within four years from its issue date and, in any event, our paint shop in Slovakia will need to meet this requirement.

Many of our sites have an extended history of industrial activity. We may be required to investigate and remediate contamination at those sites, as well as properties we formerly operated, regardless of whether we caused the contamination or the activity causing the contamination was legal at the time it occurred. For example, some of our buildings at our Solihull plant and other plants in the United Kingdom are undergoing an asbestos removal program in connection with on-going refurbishment and rebuilding. In our overseas facilities prior to purchase, we undertook studies that informed us of the presence of contamination or otherwise in the ground prior to development. In Brazil, our manufacturing site is adjacent to a facility (the "Itatiaia West" site), where organic solvent contamination of the ground had previously occurred. We have purchased the Itatiaia West site and are 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 our site development works whilst others are subject to ongoing treatment regimes.

In connection with contaminated properties, as well as our operations generally, 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, propsects, financial condition or results of operations could be material.

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 operation 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 feature higher growth potential than many of the more mature automotive markets in developed countries. There is a range of risks inherent in such a strategy that could adversely affect our ability to achieve these objectives, including, but not limited to: the potential disruption of our business; the uncertainty that we may not be able to meet or anticipate consumer demand; the uncertainty that a new business will achieve anticipated operating results; the difficulty of managing the operations of a larger company; the difficulty of competing for growth opportunities with companies that have greater financial resources than we have; and other similar operational and business risks. More specifically, 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, 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 operation could be adversely affected.

Delivering on our business and strategic objectives is key to sustaining profitable and cash accretive growth. Any uncertainties that materially compromise the achievement of our objectives could unfavorably impact our operational and financial performance. With the launch of Turnaround 2.0, Tata Motors Limited intends to drive its journey towards Competitive, Consistent and Cash-accretive growth, Jaguar Land Rover has announced Project Charge + and Project Accelerate to conserve cash, reduce costs and increase operational efficiency. If we are unable to deliver these objectives, our business, prospects, financial condition and results of operation could be materially and adversely affected.

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

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.

In joint ventures, we are required to foster our relationships with our co-owners as well as promote the overall success of the joint venture. 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 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”). Additionally, in March 2018, Jaguar Land Rover announced its strategic partnership with Waymo LLC (“Waymo”) to develop the world’s first premium self-driving electric vehicle. Joint ventures and strategic partnership projects, like our joint venture in China and partnership with Waymo, may be developed pursuant to agreements over which we only have partial or joint control. Investments in projects over which we have partial or joint control are subject to the risk that the other shareholders of the joint venture, who may have different business or investment strategies than we do or with whom we may have a disagreement or dispute, may have the ability to block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or our investment in the project, or otherwise implement initiatives that may be contrary to our interests. Moreover, our partners may be unable, or unwilling, to fulfill their obligations under the relevant joint venture agreements and shareholder agreements or may experience financial or other difficulties that may adversely impact our investment in a particular joint venture or strategic partnership projects.

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. For example, there are ongoing investigations with governmental agencies in United Kingdom relating to the quality of TDV6 diesel engines installed in some of our vehicles that are already in service, which have resulted in repair actions being required. 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 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, regarding the Takata Corporation (“Takata”) passenger airbag safety recall announced in May 2015 in the United States by the National Highway Traffic System Administration (the “NHTSA”), we have commenced remediatory actions. Following the initial provision of GBP67.4 million, the provision held at the end of Fiscal 2020 with respect to the recall is GBP46.1 million and we intend to use it as the mandated repairs are made over the next one to two years. Scrutiny of the automotive industry by national governments remains stringent in relation to potential safety defects or compliance transgressions.

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.

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

Some of our financing arrangements are, or may in the future be, linked to LIBOR and/or SONIA (as defined below). LIBOR has been the subject of recent national, international and other regulatory guidance and proposals for reform, which may cause it to cease to exist entirely after 2021. On November 29, 2017, the Bank of England and the U.K. Financial Conduct Authority (the “FCA”) announced that the market working group on Sterling Risk-Free Rates would have an extended mandate to catalyze a broad transition from LIBOR to the Sterling Over Night Index Average rate (“SONIA”) across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. On April 23, 2018, the Bank of England took over administration of SONIA and issued a series of reforms as part of its implementation as a replacement to LIBOR. From April 2018, the Bank of England has been setting the interest rate benchmark using SONIA, meaning that banks are no longer compelled by the FCA to submit LIBOR rates beyond 2021. These reforms and other pressures may cause LIBOR to disappear entirely or perform differently than in the past (as a result of a change in methodology or otherwise) or may create disincentives for market participants to continue to administer or participate in LIBOR or may have other consequences which cannot be predicted.

Any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR or SONIA or any alternative or successor benchmark rate) could affect the level of the published rate, including to cause it to be higher, lower and/or more volatile than it would otherwise be. If LIBOR is discontinued, then the rate of interest applicable to our financing arrangements that are linked to LIBOR may be determined by applicable contractual fall-back provisions, although such provisions have not been tested and may not operate as intended. Additionally, SONIA and/or any other alternative or successor benchmark rates are, or will be for a period of time, largely untested, and the use of SONIA and/or such alternative or successor benchmark rates may have adverse consequences that impact our financing arrangements.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR (or any alternative or successor benchmark rates, including SONIA) 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 LIBOR (or any alternative or successor benchmark rates, including SONIA) could result in adjustment to the conditions applicable to some of our financing arrangements or other consequences as relevant to those financing arrangements. While we may seek to amend the agreements related to our financing arrangements linked to LIBOR (or any alternative or successor benchmark rates, including SONIA), we may not be able to amend such agreements before any of the risks disclosed hereby materialize or at all. No assurance can be provided that relevant changes will not be made to LIBOR or any other relevant benchmark rate and/or that such rates will continue to exist.

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

We regularly examine a range of corporate opportunities, including acquisitions and divestments, with a view to determining whether those opportunities will enhance our strategic position and financial performance

We are subject to risks associated with mergers, acquisitions and divestments relating to our business. We believe that our acquisitions provide us 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. However, the scale, scope and nature of the integration or separation required in connection with such transactions present significant challenges, and we may be unable to integrate 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.

Additionally, 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 80% of our total revenues in Fiscal 2020. 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.

We will continue to evaluate opportunities through suitable mergers, acquisitions and divestments in the future. Such 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 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.

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 and electric technologies, as well as shared mobility services. Jaguar Land Rover's annual total product and other investment spending was GBP3.3 billion in Fiscal 2020 and is expected to be around GBP2.5 billion in Fiscal 2021 as we are planning to launch the first products on the new modular longitudinal architecture platform. We aim to fund total product and other investment spending out of cash flows from operating activities supported by debt capital markets and bank funding as required. We now expect the protracted business disruption as a result of COVID-19 pandemic will have a significant impact on our business in Fiscal 2021 (see "—We have been, and may in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, and which may significantly harm our business, prospects, financial condition and results of operations."). As the situation is still evolving, it is not possible to quantify this impact.

The targets described above represent our 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, diesel uncertainty, emissions compliance, driver assistance, connectivity and mobility trends. Our ability to achieve our targets may be materially impaired by negative geopolitical and macro-economic factors, such as the exit of the United Kingdom from the European Union (see "—The United Kingdom's exit from the European Union may adversely impact our business, prospects, financial condition and results of operations"), 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, in addition to the other factors described in this "Risk Factors" section. Furthermore, we operate in a very competitive and rapidly changing environment. We may face new risks from time to time, and it is not possible for us to predict all such risks which may affect our ability to achieve the targets described above. Given these risks and uncertainties, we may not achieve our targets at all or within the timeframe described above.

The electric vehicle market may not evolve as anticipated.

Sales of electric vehicles are hard to predict because consumer demand may fail to shift in favor of electric vehicles, and this market segment may remain small relative to the overall market for years to come. Consumers may remain or become reluctant to adopt electric vehicles due to the lack of fully developed charging infrastructure, long charging times or increased costs of purchase and fueling. In March 2018, we announced our strategic long-term partnership with Waymo to design, engineer and produce Jaguar I-PACE vehicles to be used by Waymo in their autonomous vehicle mobility service. The self-driving technology developed by Waymo is currently being tested in San Francisco and California. In addition, from 2020, we will begin the manufacture of next-generation Electric Drive Units at our Engine Manufacturing Centre in Wolverhampton which will be used to power our future battery electric and plug-in hybrid vehicles. However, there can be no assurances that the partnership will be successful in achieving its commercial objective or that Waymo will purchase the number of vehicles contemplated by our partnership or that our next-generation Electric Drive Units will be successful. In June 2019, we announced a collaboration with BMW to develop next-generation Electric Drive Units to support the advancement of electrification technologies. As with our partnership with Waymo, there can be no assurances that the partnership will be successful in achieving its commercial objective. If the value proposition of electric vehicles fails to fully materialize, this could have a material adverse effect on our business, prospects, financial condition and results of operation.

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 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 light of the public discourse on climate change and volatile fuel prices, we face more stringent government regulations, including the imposition of speed limits and higher taxes on SUVs or premium automobiles. Several jurisdictions, such as Norway, Germany, the United Kingdom, France, the Netherlands, India and China, have announced their intention to substantially reduce or eliminate the sale of conventionally fueled vehicles in their markets in the coming decades.

The emissions levels of diesel technologies have also become the focus of legislators in the United States and European Union. This has led various carmakers to announce programs to retrofit diesel vehicles with software that will allow them to reduce emissions which may require us to undertake increased research and development spending. There is a risk that these research and development activities, including retrofit software upgrades, will not achieve their planned objectives or that competitors or joint ventures set up by 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.

Coupled with increased consumer preferences for more environmentally-friendly vehicles, failure to achieve our planned objectives or delays in developing fuel-efficient products could materially affect our ability to sell premium Passenger Cars and large or medium-sized 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 or joint ventures set up by 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. Finally, our manufacturing operations and sales may be subject to 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. Private and commercial users of transportation increasingly use modes of transportation other than the automobile, especially in connection with increasing urbanization. In addition, the increased use of car sharing services (e.g., Zipcar and DriveNow) and other innovative mobility initiatives facilitate access to alternative modes of transport, thereby reducing 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.

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.

Our distribution channel partners have been adversely affected by the COVID-19 pandemic. Their profitability has declined as customers have been refraining from or delaying vehicle purchases in light of the pandemic. Further, during lockdown period, local dealers may be required to suspend businesses while they continue to incur operating and non-operating expenses such as salaries, rent and interest on unsold inventory. Even after such dealers resume operations, they may not be able to compensate for the expenses incurred during lockdown and recovery phases, thus their operations and sales may be further affected.

In Fiscal 2020, Indian automotive industry faced multiple challenges such as liquidity crunch after the debacle of Infrastructure Leasing & Financial Services Limited, decrease in rural sales due to weak monsoon, credit tightening by banks in the automotive sector and transition from BSIV to BSVI. In light of these challenges, industry sales volumes has declined over the year, affecting the profitability of our distribution channel partners, and the COVID-19 pandemic has further accentuated such challenges. Financial institutions have further tightened financing in the automotive industry. In the absence of availability of funding, dealers may not be able to resume operations to full scale, leading to further loss of sales.

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.

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 all-terrain vehicles than automobile manufacturers with a more diversified product range.

Jaguar Land Rover operates in the premium performance car and all-terrain vehicle segments, which are very specific segments of the premium Passenger Car market, and it has a more limited range of models than some of its competitors. Accordingly, its financial performance is linked to market conditions and consumer demand in those market segments. 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. Any downturn or reduction in the demand for premium Passenger Cars and all-terrain vehicles, or any reduced demand for Jaguar Land Rover’s most popular models in the geographic markets in which it operates could have a substantial adverse effect on its performance and earnings.

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

In Fiscal 2020 and Fiscal 2019, the consumption of raw materials, components aggregates and purchase of products for sale (including changes in inventory) constituted 64.4% and 65.6%, respectively, of our revenues. Prices of commodity items used in manufacturing automobiles, including steel, aluminum, copper, zinc, rubber, platinum, palladium and rhodium, have become increasingly volatile in recent years. Further, there is an increase in the use of precious metals (including rhodium and palladium) as raw materials in vehicles due to stringent emission policies across the world. The COVID-19 pandemic has a significant impact on the supply of precious metals as certain countries where such precious metals are mined are currently under lockdown. Furthermore, prices of commodity items such as steel, non-ferrous metals, precious metals, rubber and petroleum products may rise significantly. Further price movements depend on the evolving economic scenarios across the globe. Most of these inputs are priced in U.S. dollars on international markets. The COVID-19 pandemic has led to weakening of Indian rupees against the U.S. dollar, which can significantly increase our direct material cost. While we continue to pursue cost reduction initiatives, an increase in price 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. For example, BSVI vehicles are required to be registered post April 1, 2020 pursuant to recent laws in India will lead to an increase in price of input materials. In addition, because of intense price competition and fixed costs base, we may not be able to adequately address changes in commodity prices even if they are foreseeable.

In addition, we are exposed to the risk of contraction in the supply, and a corresponding increase in the price of, rare and frequently highly sought after raw materials, especially those used in vehicle electronics such as rare earth metals, which are predominantly produced in China. Rare earth metal prices and supply remain uncertain. China 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 affected. We are also exposed to supply chain risks relating to lithium-ion cells which are critical for our electric vehicle production. Any disruption in the supply of battery cells from such suppliers could disrupt production of our vehicles. The severity of this risk is likely to increase as we and other manufacturers increase electric vehicle production.

We manage these risks through the use of fixed supply contracts with tenor up to 12 months and the use of financial derivatives pursuant to a defined hedging policy. We enter into a variety of foreign currency, interest rates and commodity forward contracts and options to manage our exposure to fluctuations in foreign exchange rates, interest rates and commodity price risks. These financial exposures are managed in accordance with our risk management policies and procedures. We use foreign currency forward and option contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions. We also enter into interest rate swaps and interest rate currency swap agreements, mainly to manage exposure on our fixed rate or variable rate debt. We further use interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks. However, the hedging transactions may not adequately protect us against these risks. In addition, if markets move adversely, we may incur financial losses on such hedging transactions, and our business, prospects, financial condition and results of operation may be adversely impacted.

Exchange rate and interest rate fluctuations 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 Thai baht, the Korean won and the Indian rupee. Brexit could also have a negative impact on the growth of the United Kingdom economy and increase volatility of the GBP. A significant proportion of our input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore we have 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. The majority of our product development and manufacturing operations, as well as our global headquarters, are based in the United Kingdom, but we also have national sales companies which operate in the major markets in which we sell vehicles. As a result, we have exposure to movements of the U.S. dollar, the Euro, Chinese Renminbi, the Russian Ruble and other currencies relative to the GBP and foreign exchange volatility may affect our results of operations, profitability and financial position.

Moreover, we have outstanding foreign currency-denominated debt and are sensitive to fluctuations in foreign currency exchange rates. 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 the term loan facility, the UKEF & commercial loan facilities and the UK fleet financing facility), whereas the notes and existing notes bear interest at fixed rates. We are therefore exposed to changes in interest 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, which could have a material adverse effect on our financial condition, results of operations and liquidity. 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. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having international swaps and derivatives association agreements in place with each of our hedging counterparties), 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.

A decline in retail customers' purchasing power, consumer confidence or in 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 the customers' financial condition, their willingness to invest (motivated by expected future business prospects) and available financing. A decrease in potential customers' disposable income, their financial flexibility, reductions in the availability of consumer financing and used car valuations or an increase in the cost of financing will generally 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, to defer a purchase further or to purchase a smaller model with less equipment at a lower price. 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.

To stimulate demand, the automotive industry has offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the industry. We are a provider of numerous high-volume models, so our profitability and cash flows are significantly affected by the risk of rising competitive and price pressures. In recent years, incentive spending in the automotive industry has been increasing to stimulate demand for vehicles, which has impacted us and has ultimately led to an increase in the cost of sales attributable to those incentives.

Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in our dealer organization.

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. 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.

In addition, we engage in bi-annual negotiations in relation to wage agreements, covering approximately 17,000 of our unionized employees, the most recent of which resulted in a one year wage agreement covering the period from November 2018 to October 2019 and we expect to negotiate a new labor agreement with the trade unions in 2020. 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.

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

Operational risk is 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, our results of operations and financial condition can be materially adversely affected. In addition, we would likely experience negative press and reputational impacts. Cybersecurity incidents could lead to loss of productivity, negative impact on our reputation, and, in extreme cases, financial loss due to business disruptions.

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 executives and officers, and automotive designers and engineers. The loss of the services of one or more of our personnel could impair our ability to implement our business strategy. In view of intense competition, any inability to continue to attract, retain and motivate our workforce could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, countries resorting to protectionism, natural disasters, fuel shortages and prices, epidemics and labor strikes.

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, epidemics and pandemics (such as the ongoing COVID-19 pandemic) and labor strikes. 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 alternate 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 in the future be, adversely affected by the COVID-19 pandemic, the duration and economic, governmental and social impact of which is difficult to predict, which may significantly harm our business, prospects, financial condition and results from operations".

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.

We are vulnerable to supply chain disruptions resulting from natural disasters, pandemics (such as the COVID-19 pandemic) or accidents. A significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could materially and adversely affect our ability to maintain our current and expected levels of production, and therefore negatively affect our revenues and increase our operating expenses.

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 sentiments towards 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.

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 by the cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past, and we expect this cyclicality to continue.

In the Indian market, demand for our vehicles generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian fiscal budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December as customers defer purchases to the new 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. This leads to an increase in sales during the period when the aforementioned change occurs. Most other markets, such as the United States, are influenced by the introduction of new-model-year products, which typically occurs in the 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 when 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 in either January or February, the Chinese National Day 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 temporary shutdown of four of their manufacturing plants in the United Kingdom (including the EMC at Wolverhampton) during the summer and winter holidays, as well as shutdowns resulting from the COVID-19 pandemic and Brexit.

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 obtain lender consent before, among other things, 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. On June 30, 2020, we notified one of our Indian lenders in respect of our US$425 million loan facility that as at June 30, 2020, the Company failed to maintain one of the financial ratios under the terms of the loan facility. On July 30, 2020, the Company received confirmation from the lender that it has approved an increase in such threshold and has given waiver of the Company's failure to maintain the relevant financial ratio for Fiscal 2021. If our liquidity needs or growth plans require such consents and such consents are not obtained, we may be forced to forego or alter our plans, which could materially and adversely affect our business, prospects, financial condition and results of operation.

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 result in 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 operation.

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 the employees, which could materially decrease our net income and cash flows.

Jaguar Land Rover provides post-retirement and pension benefits to its employees, some of which are defined benefit plans. As part of Jaguar Land Rover's strategic business review process, Jaguar Land Rover closed its defined benefit pension plans to new joiners as of April 19, 2010. All new Jaguar Land Rover employees from April 19, 2010 join 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. As a result of the April 2018 valuation process, a funding deficit of GBP 554 million was disclosed and we agreed to a schedule of contributions with the trustee which, together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2028. Cash contributions towards the deficit will be GBP 60 million each year until Fiscal 2024 followed by GBP 25 million each year until the fiscal year ending March 31, 2028. The revised schedule of contributions also reflects the reduced ongoing cost of benefit accrual of approximately 22% for Fiscal 2020 and approximately 21% for Fiscal 2021 and ongoing benefits from changes implemented on April 5, 2017 (compared to a previous rate of 31%). As of March 31, 2020, Jaguar Land Rover's UK defined benefit pension improved to a surplus of GBP 380 million, as compared to a deficit of GBP 667 million as of March 31, 2019. This improvement was primarily due to an increase in the discount rate used to value the liabilities, as well as asset increases due to interest rate hedges and contributions paid.

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 largely 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.

We rely on licensing arrangements with Tata Sons Private Limited to use the "Tata" brand. Any improper use of the associated trademarks by our licensor or any other third parties could materially and adversely affect our business, financial condition and results of operations.

Our rights to our trade names and trademarks are a crucial factor in marketing our products. Establishment of the "TATA" word mark and logo mark in and outside India is material to our operations. We have licensed the use of the "TATA" brand from our Promoter, Tata Sons Private Limited ("Tata Sons"). If Tata Sons, or any of its subsidiaries or affiliated entities, or any third party uses the trade name "TATA" in ways that adversely affect such trade name or trademark, our reputation could suffer damage, which, in turn, could have a material adverse effect on our business, prospects, financial condition and results of operations.

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. 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 Reserve Bank of India (the "RBI") has announced several measures to ease the financial system stress resulting from the COVID-19 pandemic, including a moratorium of three months for dues falling between March 1, 2020 to May 31, 2020 on loan repayments for specific borrower segments and an asset classification standstill benefit to overdue accounts where a moratorium has been granted. On May 23, 2020 the RBI permitted extension of the moratorium for further three months until August 31, 2020. Such regulatory measures are temporary in nature, and there is considerable uncertainty around the COVID-19 pandemic and further relief measures may be required. These moratorium policies would impact debt collections in the short run. Once relief measures are lifted, there is a possibility of increase in non-performing assets. While the TMF group has taken certain asset classification benefits and holds provisions as at March 31, 2020 against the potential impact of COVID-19 pandemic based on the information available, there is significant uncertainty around debt collections in the future, and we may further be required to provide for loan allowances which may impact our results of operation and profitability.

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 and Chase Auto Finance in the United States and have 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 Jaguar Land Rover 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. Additionally, base interest rates in developed economies are at historic lows. Base interest rates in developed economies, specifically the United States and the United Kingdom, are still relatively low, despite recent increases, due to, among other things, expansive government monetary policies. As interest rates rise generally, market rates for new vehicle financing are expected to rise as well, which may make our vehicles less affordable to retail consumers or steer consumers to 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 and/or consumers. As a result, a substantial increase in consumer interest rates or tightening of lending standards could have a material adverse effect on the Group's 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.

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, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new technical designs for use in our vehicles. We also use technical designs that are the intellectual property of third parties with such third parties' consent. These patents and trademarks 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, an inability to protect this intellectual property generally, or the illegal breach of some or a large group 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 legally 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, the European General Data Protection Regulation.

In April 2016, the European Union enacted the General Data Protection Regulation (the "GDPR"). The GDPR is a uniform framework setting out the principles for legitimate data processing and came into force on May 25, 2018. The new regime may impose a substantially higher compliance burden on us and limit our rights to process personal data, lead to cost intensive administration processes, oblige us to provide the personal data that we record to customers in a form that would require additional administrative processes or require substantial changes in our IT environment. Additionally, there are much greater sanctions in case of violations of the GDPR requirements compared to the previous regime. These sanctions depend on the nature of the infringed provision and may consist of civil liabilities and criminal sanctions. Our failure to implement and comply with the GDPR 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 will make use of lithium-ion battery cells, which have been observed in some non-automotive 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 will use, in our electric vehicles make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells.

While we have designed the battery pack 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, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time consuming and expensive. Negative public perceptions regarding the suitability of lithium-ion cells for automotive applications, or any future incident involving lithium-ion cells such as a vehicle fire, even if such incident does not involve our vehicles, could seriously harm our business.

In June 2019, we announced that we plan to manufacture a range of new electrified vehicles at our manufacturing plant in Castle Bromwich, United Kingdom, and we expect to open a new battery assembly center in Hams Hall (North Warwickshire, United Kingdom) in 2020, with an installed capacity of 150,000 units. In addition, we store a significant number of lithium ion cells at various warehouses and at some of our manufacturing facilities. Any mishandling of or accidents involving battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, there can be no assurance that a safety issue or fire related to the cells would not disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle may cause indirect adverse publicity for us and our products, which could harm our business, prospects, financial condition and operating results.

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

As discussed in Item 15. "Controls and Procedures," upon an evaluation of the effectiveness of the design and operation of our internal controls, we concluded that there was a material weakness such that our internal controls over financial reporting were not effective as of March 31, 2020. 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 is reasonably adequate to cover all normal risks associated with the operation of our business. There can be no assurance that any claim under our insurance policies will be honored fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not change substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or that exceeds our insurance coverage, or are required to pay higher insurance premiums, our business, prospects financial condition and results of operations could be materially and adversely affected.

Political and Regulatory Risks

India's obligations under the World Trade Organization Agreement could materially affect our business.

India's obligations under its World Trade Organization agreement could reduce the present level of tariffs on imports of components and vehicles. Reductions of import tariffs could result in increased competition, which in turn could materially and adversely affect our sales, business, prospects, financial condition and results of operations.

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

As an automobile company, we are subject to extensive governmental regulations regarding vehicle emission 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 greenhouse gas emissions), fuel economy, energy security and vehicle safety. In particular, the increasingly stringent regulatory environment in our industry, particularly with respect to vehicle emission regulations, is leading to heightened regulatory scrutiny and more investigations into vehicle manufacturers, including randomized testing. We are subject to randomized testing and similar enquiries 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 greenhouse gas 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 research and development expenditures to upgrade products and manufacturing facilities, install new emission controls or reduction technologies and purchase or otherwise obtain allowances to emit greenhouse gases, which would have an impact on our cost of production. If we are unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the 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/CO_2/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. Since 2010, Jaguar Land Rover has paid total penalties of US$46 million for its failure to meet CAFE standards. Since 2011, we have purchased approximately US$71 million in credits from third party original equipment manufacturers ("OEMs") to offset our NHTSA, EPA and California Air Resources Board ("CARB") penalties. Additionally, we expect to buy approximately US$12 million in credits in Fiscal 2020 from third party OEMs to offset our expected NHTSA and EPA penalties for model year 2019 vehicles. We could incur a substantial increase in these penalties, including as a result of increases in CAFE civil penalties to adjust for inflation. Moreover, environmental and safety standards may at times impose conflicting imperatives, which pose engineering challenges and would, 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 for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, prospects, financial condition and results of operations.

Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, 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 for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, prospects, financial condition and results of operations. The Motor Vehicle (Amendment) Act 2019 has been published on August 9, 2019. This Act addresses 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. The Act also proposes the creation of the National Road Safety Board to provide advice to the central and state governments on all aspects of road safety and traffic management.

Commencing July 1, 2017, the Indian tax regime underwent a systemic change. The Government of India, in conjunction with the state governments, implemented a comprehensive national goods and services tax ("GST") regime to subsume a large number of central government and state government taxes into one unified tax structure. It is a dual GST with central government and state government simultaneously levying it on the common base. The tax is called Central GST, if levied by the central government; state union territory GST, in instances where the state or union territory levy the tax; and integrated GST, in instances where the GST is levied on the inter-state supply of goods and services. While both the central and state governments have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information or alignment of industrial policy of various state government to cover GST or to protect the quantum of incentive available to industries in pre-GST regime, we are unable to provide any assurance as to this or any other aspect of the tax regime, or guarantee that the implementation of GST will not materially or adversely affect our business, prospects, financial condition and results of operation.

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. For instance, the United Kingdom's exit from the European Union would result in material changes to the United Kingdom's tax, tariff and fiscal policies. In addition, the current U.S. presidential administration has called for changes to laws and policies governing international trade to further restrict free trade, including imposing tariffs on certain goods imported into the United States. For example, the announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war". A "trade war" of this nature or other governmental action related to tariffs or international trade agreements, the impact of which cannot yet be fully assessed, could negatively affect the economics of the end-markets in which we operate (such as the United States and China), including regional or global demand for automobiles and automobile-components as well as our customers' ability to purchase our cars.

Recently, the United Kingdom announced that, from April 2020, a 2% digital services tax could be imposed on the UK revenue of digital services businesses (such as social media networks, search engines and online marketplaces) that are considered to derive significant value from the participation of their UK users. As a response to this proposal, the United States Treasury indicated that such digital services tax could have a discriminatory effect on U.S. multinational digital companies and warned that the United States could take retaliatory actions, such as in the form of a tax on UK car exports to the United States, should the new digital services tax be imposed. In addition, in a report submitted to the President of the United States on February 17, 2019, the U.S. Department of Commerce recommended a potential 25% tariff on automobiles and auto-parts imported into the United States. Following the expiration of the subsequent 90-day decision period, the President of the United States announced that the imposition of such additional tariffs would be delayed by another six months. Considering the fact that the additional extension has expired without the U.S. government taking any decision regarding additional tariffs and without a new extension to the decision period being announced, it remains uncertain whether the U.S. government will indeed impose a 25% tariff on automobiles and auto-parts in the future, but should such tariffs or similar trade barriers be imposed by the U.S. government, this would increase the cost of our vehicles in the United States (as we have no manufacturing operations in the United States), which is likely to have a material adverse effect on our sales in the United States and our results of operation. Moreover, any countermeasures to such additional tariffs by regional or global trading partners, including the European Union and China, could slow down global economic growth and decrease global demand for automobiles and automobile components. Additional developments may also occur that we cannot currently know about or anticipate, or that may be impossible to plan for or protect against. Furthermore, in recent years, Brazil has increased import duty on foreign vehicles, along with related exemptions provided certain criteria are met.

Evaluating and estimating our provision and accruals for our taxes requires significant judgment. As we conduct our business, the final tax determination may be uncertain. 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 disrupt our operations or challenge our conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty 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, investments, or changes in laws, regulations or practices. Additionally, government fiscal pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the 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 additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

Regulations in the areas of investments, taxes and levies may also have an 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.

The Petroleum Ministry of India in consultation with Public Oil Marketing Companies brought forward the date of BSVI grade auto fuels in National Capital Territory of Delhi with effect from April 1, 2018 instead of April 1, 2020. The shortage of BSVI fuel across India in the future could impact our business, prospects, results of operations and financial condition. We could be impacted by the change of emission standards in India from BSIV to BSVI, effective April 1, 2020, as BSIV vehicles will not be allowed to be registered after that date. The change in emission standards may also increase the cost of BSVI vehicles and impact our profitability.

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

We may be affected by competition law 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") oversees practices having an appreciable adverse effect on competition ("AAEC") 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 AAEC, is considered void and results in imposition of substantial penalties. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, sharing the market by way of geographical area or number of subscribers in the relevant market or which directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. We cannot predict with certainty the impact of the provisions of the Competition Act on our agreements at this stage.

On March 4, 2011, the Government of India issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "CCI"). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011 (as amended), which sets out the mechanism for the implementation of the merger control regime in India.

Furthermore, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The CCI has initiated an inquiry against us and other car manufacturers pursuant to an allegation that 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.

If we are adversely affected, directly or indirectly, 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, it could adversely affect our business, prospects, financial condition and results of operations.

Compliance with new or changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases 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 and 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, and the Companies Act, as well as Indian stock market listing regulations. New or changed laws, rules, regulations and standards may lack specificity and are 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 Tata Motors Limited on a standalone basis under Ind AS, toward corporate social responsibility activities. 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 with, 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 promulgated the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) which are applicable to all Indian companies with listed securities or companies intending to list its securities on an Indian stock exchange, and the Listing Regulations became effective on December 1, 2015. 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, to conduct detailed director familiarization programs and comprehensive disclosures thereof, in accordance with the Listing Regulations. The Company may face difficulties in complying with any such overlapping requirements. 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 the Company’s compliance requirements or in the Company’s compliance costs may have a material and adverse effect on the Company’s business, prospects, financial condition and results of operations.

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.

In 2014, the antitrust regulator in China, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission (the “NDRC”), launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of our competitors. The NDRC has reportedly imposed fines on certain of our international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, we established a process to review our pricing in China and announced reductions in the manufacturer’s suggested retail price for the 5.0-litre V8 models, which include the Range Rover, Range Rover Sport and F-TYPE and the price of certain of our spare parts. Imposition of price reductions and other actions taken in the future in relation to our products may significantly reduce our revenue and profits generated by operations in China and have a material adverse effect on our business, prospects, financial condition and results of operation. As a result, our attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China) may fail or not be as successful as expected. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant adverse financial and reputational consequences on our business and have a material adverse effect on our results of operations and financial condition.

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

Evaluating and estimating our provision and accruals for our taxes requires significant judgement. As we conduct our business, the final tax determination may be uncertain. 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 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, investments, or changes in laws, regulations, or practices. Additionally, government fiscal or political pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be levied 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 additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

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, which 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 certain statutory and regulatory permits, licenses and approvals to carry out our business operations and applications for their renewal need to be made within certain time frames. For some of the approvals that may have expired, we have either made, or are in the process of making, an application for obtaining the approval or its renewal. While we have applied for renewal for such approvals, registrations and permits, we cannot assure you that we will receive them in a timely manner, or at all. We can make no assurances that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Furthermore, if we are unable to renew or obtain necessary permits, licenses and approvals on acceptable terms in a timely manner, or at all, our business, prospects, financial condition and results of operations could be materially and adversely affected.

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. While we expect any new government to continue the liberalization of India’s economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued.

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of the Company’s Shares and ADSs may be affected by interest rates, changes in policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

A change in the Government of India’s economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically our business and operations, as a substantial portion of our assets are located in India. This could have a material adverse effect on our business, prospects, financial condition and results of operation.

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 domestic or international 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 assurances 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 the raising of interest rates, could negatively affect our sales and consequently our Revenue, any of which could have a material adverse effect on our business, prospects, financial condition and results of operation. While the RBI has initiated several relief measures, such as providing moratorium on loans, relaxing provisioning norms towards certain loans and taking other measures to enhance liquidity for NBFCs, there is a considerable uncertainty evolving around COVID-19 pandemic and further relief measures and policy actions may be needed to assist economic recovery. The impact of COVID-19 pandemic on our business and financial performance remains highly uncertain and dependent on spread of COVID-19 pandemic and further steps taken by the Government of India and the RBI to mitigate the economic impact.

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 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, than in the United States. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

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 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 or that an Indian court would 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 of 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.

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 changed materially in the last two decades and may materially fluctuate in the future. Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will 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, may affect the market price of the ADSs. Such fluctuations will 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 depository 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 depository (the “depository”) is the registered shareholder of the deposited Shares underlying the Company’s ADSs, and only the depository may exercise the rights of shareholders in connection with the deposited Shares. The depository will notify ADS holders of upcoming votes and arrange to deliver our voting materials to ADS holders only if requested by the Company. The depository 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 depository receives voting instructions in time from an ADS holder which fails to specify the manner in which the depository is to vote the Shares underlying such ADS holder’s ADSs, such ADS holder will be deemed to have instructed the depository to vote in favor of the items set forth in such voting instructions. If the depository has not received timely instructions from an ADS holder, such ADS holder shall be deemed to have instructed the depository 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 depository 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 depository 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 depository to distribute such materials, or may not receive such voting materials in time to instruct the depository 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 deems 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 depository, 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.

Moreover, pursuant to Indian regulations, the Company is required to offer its shareholders preemptive rights to subscribe for a proportionate number of Shares to maintain their existing ownership percentages prior to the issue of new Shares. These rights may be waived by a resolution passed by at least 75% of the shareholders of the Company present and voting at a general meeting. ADS holders may be unable to exercise preemptive rights for subscribing to these new Shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. The Company’s decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and the Company does not commit that it would file such a registration statement. If any issue of securities is made to the shareholders of the Company in the future, such securities may also be issued to the depository, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the depository would receive upon the sale of such rights or securities. To the extent that ADS holders are unable to exercise preemptive rights, their proportionate ownership interest in our company would be reduced.

The Government of India’s regulation of foreign ownership could materially reduce the price of the ADSs.

Foreign ownership of Indian securities is regulated and is partially restricted. In addition, there are restrictions on the deposit of Shares into the Company’s ADS facilities. ADSs issued by companies in certain emerging markets, including India, may trade at a discount to the market price of the underlying Shares, in part because of the restrictions on foreign ownership of the underlying Shares and in part because ADSs are sometimes perceived to offer less liquidity than underlying Shares that can be traded freely in local markets by both local and international investors. See Item 10.D “Additional Information—Exchange Controls.”