Risk Factors

Risks Associated with Company's Business and the Automotive Industry

Company has 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 Company's business, prospects, financial condition and results of operation.

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 Organisation 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.

The COVID-19 pandemic has spread across all the key markets, including the United Kingdom, China, North America, India and continental Europe, from which Company derive the substantial majority of its revenues. Governments in affected countries are imposing 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 expected to be temporary in nature, may continue to increase and intensify 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. It is difficult to estimate when such measures will be amended or lifted, and when economic activity will resume to normal levels. It is also anticipated that phased lockdowns may be required in the future until effective treatments or vaccines have been developed. While still evolving, 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 significant volatility and disruption of financial markets.

As a result of the COVID-19 pandemic, the Company and Jaguar Land Rover implemented work-from-home protocols for employees who were able to work remotely and have shut down the manufacturing plants in various jurisdictions, including India and the United Kingdom, to ensure public safety and to comply with government guidelines in various geographies. These shutdowns have caused and will continue to cause disruptions in the business and negative effects on Company's cash flows, primarily because Company's operations realize less revenue during shutdowns while continuing to incur costs. As of the date of this Annual Report, Tata Motors has resumed production at all plants. Jaguar Land Rover has resumed production at the manufacturing plants in Wolverhampton (United Kingdom), Solihull (United Kingdom), Halewood (United Kingdom) and Nitra (Slovakia) as well as the contract manufacturing operations in Graz (Austria), each under defined health and safety protocols.

There is significant uncertainty surrounding the extent and duration of such business disruptions, in particular the domestic and international travel bans. Continued travel bans could adversely affect Company's supply chains in India and globally. Even after Company restores operations at the production facilities, the manufacturing rates and timelines may nonetheless be affected by global economic markets and the decrease in consumer comfort and spending, which could impact demand in the global transportation and automotive industries.

The economic slowdown attributable to the COVID-19 pandemic has led to a global decrease in vehicle sales in markets around the world. 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 Company's dealers has dropped significantly and many dealers have temporarily ceased operations, thereby reducing dealers' demands for Company's products.

The COVID-19 pandemic and the resulting business disruptions in several jurisdictions where Company operates could have a material adverse impact of Company' operations, liquidity, business, financial conditions and/or credit ratings which have been recently downgraded. Any future impact on the Company's business may take some time to materialize and may not be fully reflected in the results for the last quarter of FY 2019-20. Even after the COVID-19 pandemic subsides, Company may continue to experience an adverse impact to the 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 the Company's 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 Company's customers, suppliers, dealers, or Company 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 Company's suppliers or dealers or a permanent discontinuation of their operations. Consequently, the impact on the Company's financial conditions and results of operation cannot be fully determined at this time.

Furthermore, Company has implemented enhanced health and safety measures in its 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. Company is 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, Company is 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 the Company's operations. All or any of these factors could have a material adverse effect on the Company's business, prospects, financial condition and results of operation.

Deterioration in global economic conditions could have a material adverse impact on Company's 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 Company operates 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 Company's automotive sales and results of operations. Deterioration in key economic factors in countries where the Company has sales operations may result in a decrease in demand for the 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 the Company 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 the Company's 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 Company's products, costs, customers, suppliers and/or the North American economy or world economy or certain sectors thereof and, thus, Company's business.

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 FY 2019-20 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 operations and financial condition 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 Company's 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 Company's 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 Company's 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. Company 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 Company's 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 the Company cannot predict may have a material adverse effect on Company's 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 Company's 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. The Company reviews the value of its 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 FY 2019-20, Company recorded an impairment charge of Rs. 1,418.64 crores for its Passenger Vehicles business due to changes in market conditions. During FY 2019-20, Company also recorded impairment charge of Rs. 297.49 crores and Rs. 55.71 crores in Company's subsidiaries Tata Motors European Technical Centre Plc and Trilix S.r.l., respectively. Company recorded a GBP3.1 billion (Rs.27,837.9 crores) impairment charge in FY 2018-19 due to adverse market conditions, particularly in China, rising interest rates and the failure to meet internal business plans for the Jaguar Land Rover business. Company 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 the Company's financial condition and the results of operations.

Disruptions to the Company's supply chains and shortages of essential raw materials may adversely affect Company's production and results of operations.

The Company relies on third parties for sourcing raw materials, parts and components used in the manufacture of the products. At the local level, Company relies on smaller enterprises where the risk of insolvency is greater. Furthermore, for some parts and components, Company are dependent on a single source. Company's 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 the Company's control. Furthermore, there is a risk that manufacturing capacity does not meet the sales demand thereby compromising Company's 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 Company manages its supply chain as part of the supplier management process, any significant problems or shortages of essential raw materials in the future could adversely affect Company's 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 the Company's 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. Company's suppliers of critical components are located across the world and some of them have declared provisions related to force majeure under relevant contracts. Thus, Company expects disruptions, at uncertain frequencies, in operations at 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 Company and its suppliers operate have issued decrees prohibiting certain businesses from continuing to operate and certain classes of workers from reporting to work. Those decrees have resulted in supply chain disruptions and higher absenteeism in Company's facilities or Company's suppliers' factories. It remains unclear how long these decrees will remain in place, what additional decrees may be instituted, and the impact they may have on Company and Company's suppliers. Company may be compelled to provide additional support for its suppliers as a result of the COVID-19 pandemic. Company is working closely with its suppliers to monitor the risks by, inter alia, defining inventory salvation norms, building safety stocks and exploring localization options.

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

Company has also entered into supply agreements with Ford and certain other third parties for critical components and Company remains reliant upon Ford and Ford's joint venture with the PSA Group (the "Ford-PSA Joint Venture') for a portion of its engines. However, following the launch of the Engine Manufacturing Centre ('EMC') in Wolverhampton, and the subsequent China Joint Venture, Company now also manufactures its own "in house" engines, as such supply agreements will terminate during 2020.Company 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 the Company by Ford or the Ford-PSA Joint Venture and such disruption could have a material adverse impact on the Company's operations, business and/or financial condition.

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 Company's financial condition or results of operations. Jaguar Land Rover has 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, 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 the Company's financial condition or results of operations.

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

Company's 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 or for any other reasons) and lower consumer demand may adversely affect both consumer demand and the cost and availability of finance for Company's business and operations.

Company is also subject to various types of restrictions or impediments on the ability of its companies in certain countries to transfer cash across its 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 Company operates. The transfer of cash is also subject to certain restrictions on cash pooling, interCompany loan arrangements or interim dividends in certain jurisdictions. The Company 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 "—Company has 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 Company's business, prospects, financial condition and operating results.)

Any credit ratings assigned to the Company or its 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 Company's 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 the Company's credit rating may negatively affect the Company's ability to obtain future financing to fund its operations and capital needs, which may affect Company's liquidity. It may also increase Company's financing costs by increasing the interest rates of

Company's outstanding debt or the interest rates at which Company is 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 has led to S&P downgrading the credit ratings of Tata Motors and its subsidiary Jaguar Land Rover from B+ to B. 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 "—Company has 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 Company's business, prospects, financial condition and operating results.)

Intensifying competition could materially and adversely affect Company's sales, 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 the Company's 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 Company be able to compete successfully in the global automotive industry in the future.

Company also faces 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 Company will be able to implement its future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

If the Company's 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 Company's 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 the Company's competitiveness. Further, the Company's growth strategy relies on the expansion of the Company's operations in less mature markets abroad, where the Company may face significant competition and higher than expected costs to enter and establish it.

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.

The Company rely on certain key markets, including the United Kingdom, China, North America, India and continental Europe, from which the Company derive the substantial majority of its revenues. A decline in demand for Company's vehicles in these major markets may, in the future, significantly impair Company's 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 Company's sales of diesel vehicles in the future. The ongoing COVID-19 pandemic has had a significant impact across Company's 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 the Company's growth opportunities in China, an important market for the Company. In addition, the Company's strategy, which includes new product launches and expansion into growing markets, may not be sufficient to mitigate a decrease in demand for Company's products in mature markets in the future, which could have a significant adverse impact on the Company's financial performance.

The Company's future success depends on the Company's 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 the Company's 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 the Company's 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 the Company's profitability. Conversely, if the trend in U.S. consumer preferences for SUVs holds, the Company 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 the Company's business, financial position or results of operations. Company's operations may be significantly impacted if Company fails to develop, or experiences delays in developing, fuel-efficient vehicles and certain technologies that reflect changing customer preferences and meet the specific requirements of government regulations. Company's competitors may gain significant advantages if they are able to offer products satisfying customer needs or government regulations earlier than Company is able to, which could adversely impact Company's sales, results of operations and financial condition.

Further, there is no assurance that the Company's new models will meet its sales expectations, in which case the Company may be unable to realize the intended economic benefits of Company's investments, which would materially affect Company's business, results of operations and financial condition. In addition, there is a risk that the Company's quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. A decrease in the quality of the Company's vehicles (or public perception of such a decrease) could damage to the Company's image and reputation as a premium automobile manufacturer and materially affect the Company's business, results of operations and financial condition.

There is also a risk that the money invested in researching and developing new technologies, including autonomous, connected and electrification technologies, or money 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 Company could then be compelled to make new investments in researching and developing other technologies to maintain the Company's 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 the Company will be able to accurately forecast demand for its vehicles, potentially leading to inefficient use of Company's production capacity. Additionally, Company's high proportion of fixed costs, due to Company's significant investment in property, plants and equipment, further exacerbates the risks associated with incorrectly assessing demand for Company's vehicles.

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

The Company's 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 Company's operations require permits and controls to monitor or reduce pollution. Company has 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 Company's permits, production delays or limitations, imprisonment, or the closure of Company's plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials Company needs for its manufacturing process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from Company's vehicles or production sites into the environment, such as the use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorised acts of the Company's employees, suppliers or agents.

The Company's manufacturing units must ensure compliance with various environmental statutes. Significant statutes for Company's 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, Company is required to demonstrate CAFE compliance for its 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, Company regularly monitors its production volumes and processes to ensure that organisational level CAFE compliance (which will require Company to produce enough fuel-efficient models to compensate for those models having higher CO2 emissions in g/km) is established at all times during the year. Any non-compliance could lead to penalties, product recalls and/or other punitive measures. To support the Company's compliance obligations, the Company's 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 the Company's plants have analyzed these new regulations for its applicability and aligned their compliance practices accordingly.

The Company's business and manufacturing processes result in the emission of greenhouse gases such as carbon dioxide. Company expects 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 Jaguar Land Rover's 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, Company 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.

Jaguar Land Rover has a Climate Change Agreement ('CCA') in the United Kingdom which covers its three vehicle manufacturing plants and one of Company's Special Operations facilities. This requires the Company 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 Jaguar Land Rover pays 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 Jaguar Land Rover's 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 Jaguar Land Rover's paint shops will need to adhere to the revised BREF requirements within four years from its issue date and, in any event, Jaguar Land Rover's paint shop in Slovakia will need to meet this requirement.

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

In connection with contaminated properties, as well as the Company's operations generally, Company 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 the Company's operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at Company's facilities, could result in substantial unanticipated costs. Company could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if Company fails to accurately predict the amount or timing of such costs, the related adverse impact on the Company's business, financial condition or results of operations could be material.

If the Company is unable to effectively implement or manage its growth strategy and strategy to deliver competitive business efficiency, Company's operating results and financial condition could be materially and adversely affected.

As part of the Company's growth strategy, it may open new manufacturing, research or engineering facilities, expand existing facilities, add additional product lines or expand its 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 the Company's ability to achieve these objectives, including, but not limited to: the potential disruption of Company's business; the uncertainty that it 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 competitors that have greater financial resources than Company has; and other similar operational and business risks. More specifically, Company's 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 burdens of complying with a wide variety of foreign laws and regulations and other similar operational and business risks. If Company is are unable to manage risks related to its expansion and growth in new geographical markets and fails to establish a strong presence in high growth markets, Company's business, results of operations and financial condition could be adversely affected.

Delivering on Company's business and strategic objectives is key to sustaining profitable and cash accretive growth. Any uncertainties that materially compromise the achievement of Company's objectives could unfavourably impact Company's operational and financial performance. With the launch of Turnaround 2.0, Tata Motors intends to drive its journey towards Competitive, Consistent and Cash-accretive growth, successfully navigating the headwinds in the Indian automotive market. Jaguar Land Rover has announced Project Charge + and Project accelerate to conserve cash, reduce costs and increase operational efficiency. If Company is unable to deliver these objectives, its operating results and financial condition could be materially and adversely affected.

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

Company has made and may continue to make capital commitments to its subsidiaries, joint ventures and affiliates. If the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorate, the value of Company's investments may decline substantially. Company is are also subject to risks associated with joint ventures and affiliates wherein it retains only partial or joint control.

In joint ventures, Company is required to foster its relationships with Company's 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), Company's success in the joint venture may be materially adversely affected.

Company 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 Company's joint venture in China and partnership with Waymo, may be developed pursuant to agreements over which Company only has partial or joint control. Investments in projects over which Company has partial or joint control is subject to the risk that the other Shareholders of the joint venture, who may have different business or investment strategies than Company do or with whom Company 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 Company's investment in the project, or otherwise implement initiatives that may be contrary to Company's interests. Moreover, Company's 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 Company's investment in a particular joint venture or strategic partnership projects.

The Company is subject to risks associated with product liability, warranties and recalls.

The Company is subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety related issues affecting its vehicles. From time to time, Company may be subject to investigations by governmental authorities relating to safety and other compliance issues with Company's vehicles. For example, there are ongoing investigations with governmental agencies in China, South Korea and Taiwan relating to the quality of TDV6 diesel engines installed in some of the Company's vehicles that are already in service, which have resulted in repair actions being required. In particular, as Company's vehicles become more technologically advanced, Company is subject to risks related to its software and operation, including Advanced Driver Assistance Systems ('ADAS') automation. Company expends 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 Company's consumers to question the safety or reliability of Company's vehicles, which may harm Company's reputation. Any harm to the Company's reputation may result in a substantial loss of customers. For example, regarding the Takata Corporation ('Takata') passenger airbag safety recall announced in May 2016 in the United States by the National Highway Traffic System Administration (the "NHTSA'), Company' has commenced necessary remediation. Following the initial provision of GBP67.4 million, the provision held at the end of Fiscal 2020 with respect to the recall is GBP46 million and Company intends to use it as the mandated repairs are made over the next one to two years. Further, in July 2018, the NHTSA announced that it is seeking to conduct an investigation into reports of doors inadvertently opening while the vehicle was in motion in certain of jaguar Land Rover's vehicles, following a recall remedy to rectify this risk. The recall action remains active and Company continues to resolve these issues. In July 2019, NHTSA has opened an enquiry relating to fuel leaking from the 4.2-litre 2010 model of the Jaguar XF, while the 5.0-litre model was recalled for the same condition, and Jaguar Land Rover initiated a recall subsequently to remedy this. Scrutiny of the automotive industry by national governments remains stringent in relation to potential safety defects or compliance transgressions.

Furthermore, Company may also be subject to class actions or other large-scale lawsuits pertaining to product liability or other matters in various jurisdictions in which Company has 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 Company's brands. Any costs incurred or lost sales caused by product liability, warranties and recalls could materially adversely affect Company's business and reputation.

Changes or uncertainty in respect of LIBOR and/or SONIA may affect some the Company's financing arrangements.

Some of the Company's 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 29 November 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 catalyse 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 Company's 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 Company's 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 the Company to meet the obligations under Company's financing arrangements and/or could have a material adverse effect on the value or liquidity of, and the amounts payable under, Company's 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 the Company's financing arrangements or other consequences as relevant to those financing arrangements. While Company may seek to amend the agreements related to its financing arrangements linked to LIBOR (or any alternative or successor benchmark rates, including SONIA), Company 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 the Company's business through acquisitions and divestments may have a material adverse effect on Company's future results and financial condition

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

Company is subject to risks associated with mergers, acquisitions and divestments relating to its business. Company believes that its acquisitions provides opportunities to grow significantly in the global automobile markets including premium brands and products and provide 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 Company may be unable to integrate or separate the relevant subsidiaries, Divisions and facilities effectively within Company's expected schedule. A transaction may not meet Company's 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 Company's 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).Company 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 Company's business, accounting for 80% of Company's total revenues in Fiscal 2020. As a result of the acquisition, Company is 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 Company has undertaken in the past or will undertake in the future will not have a material adverse effect on Company's business, financial condition and results of operations, as well as Company's reputation and prospects.

The Company 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 Company's operations or results. If Company is unable to manage any of the associated risks successfully, Company's business, financial condition and results of operations could be materially and adversely affected.

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, Jaguar Land Rover announced its 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, Jaguar Land Rover will begin the manufacture of next-generation Electric Drive Units at JLR's Engine Manufacturing Centre in Wolverhampton which will be used to power JLR's 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 Jaguar Land Rover's partnership or that Jaguar Land Rover's next-generation Electric Drive Units will be successful. In June 2019, Jaguar Land Rover announced a collaboration with BMW to develop next-generation Electric Drive Units to support the advancement of electrification technologies. As with Jaguar Land Rover's 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 Company's financial condition or results of operations.

The Company is 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 the Company's results of operations and the markets in which the Company operates.

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, Company faces 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 prog to retrofit diesel vehicles with software that will allow them to reduce emissions which may require Company 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 Company's planned objectives or delays in developing fuel-efficient products could materially affect Company's 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 Company's general business activity, net assets, financial position and results of operations. There is a risk that Company's 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, Company's 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 Company's 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 Company's general business activity and on its sales, prospects, financial condition and results of operations.

Underperformance of Company's distribution channels may adversely affect Company's sales and results of operations.

The Company's 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 the Company's dealers or distributors could materially and adversely affect the Company's sales and results of operations.

Company's 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 FY 2019-20, 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 Company's 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 Company's 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 Company 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 Company's vehicle deliveries.

Consequently, Company 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 its financial position and results of operations in the short term.

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

Jaguar Land Rover is 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 Company's 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% and 65%, respectively, of Company's 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 Company's direct material cost. While Company continues to pursue cost reduction initiatives, an increase in price of input materials could severely impact Company's 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, BS VI 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, Company may not be able to adequately address changes in commodity prices even if they are foreseeable.

In addition, Company is 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 Company is 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, Company's vehicle production, business and results from operations could be affected. Company is also exposed to supply chain risks relating to lithium-ion cells which are critical for Company's electric vehicle production. Any disruption in the supply of battery cells from such suppliers could disrupt production of Company's vehicles. The severity of this risk is likely to increase as Company and other manufacturers increase electric vehicle production.

Company manages 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. Company enters into a variety of foreign currency, interest rates and commodity forward contracts and options to manage Company's exposure to fluctuations in foreign exchange rates, interest rates and commodity price risks. These financial exposures are managed in accordance with Company's risk management policies and procedures. Company uses foreign currency forward and option contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions. Company also enters into interest rate swaps and interest rate currency swap agreements, mainly to manage exposure on Company's fixed rate or variable rate debt. Company further uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks. However, the hedging transactions may not adequately protect Company against these risks. In addition, if markets move adversely, Company may incur financial losses on such hedging transactions, and the financial condition and results of operations may be adversely impacted.

Exchange rate and interest rate fluctuations could materially and adversely affect Company's financial condition and results of operations.

Company's operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which Company operates. Company imports capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore, Company's 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 Company's input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore Company has costs in, and significant exposure to the movement of, the Euro (specifically a strengthening of the Euro) and certain other currencies relative to the GBP (Jaguar Land Rover's reporting currency), which may result in decreased profits to the extent these are not fully mitigated by non GBP sales. The majority of Company's product development and manufacturing operations, as well as Company's global headquarters, are based in the United Kingdom, but Company also has national sales companies which operate in the major markets in which Company sells vehicles. As a result, Company has 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 Company's results of operations, profitability and financial position.

Moreover, Company has outstanding foreign currency-denominated debt and is sensitive to fluctuations in foreign currency exchange rates. Company has experienced and could in the future experience foreign exchange losses on obligations denominated in foreign currencies in respect of Company's borrowings and foreign currency assets and liabilities due to currency fluctuations. Company is exposed to changes in interest rates, as Company has 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. Company is therefore exposed to changes in interest rates . Although Company engages in managing its 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 Company's cost of borrowing, which could have a material adverse effect on Company's financial condition, results of operations and liquidity.

Appropriate hedging lines for the type of risk exposures Company is 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 Company's exposure to fluctuations in currency exchange rates to a certain extent, Company 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 Company's hedging counterparties), there are currency fluctuations, the arrangement is imperfect or ineffective, or Company's internal hedging policies and procedures are not followed or do not work as planned. In addition, because Company's potential obligations under the financial hedging instruments are marked to market, Company may experience quarterly and annual volatility in its operating results and cash flows attributable to its 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 Company's 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 Company's 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. Company is a provider of numerous high-volume models, so Company's 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 the Company 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 Company's dealer organisation.

The Company may be adversely affected by labor unrest.

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

In general, Company considers its labor relations with all of its employees to be good. However, in the future Company may be subject to labor unrest, which may delay or disrupt its 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 Company's facilities or at the facilities of Company's major vendors occur or continue for a long period of time, Company's business, financial condition and results of operations may be materially and adversely affected. During Fiscal 2018, Company faced two standalone incidents of labor unrest in India, one at Jamshedpur plant and the other at 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, Jaguar Land Rover engages in bi-annual negotiations in relation to wage agreements, covering approximately 17,000 of its unionized employees, the most recent of which resulted in a one year wage agreement covering the period from November 2018 to October 2019 and it expects to negotiate a new labour 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.

Company is exposed to operational risks, including cybersecurity risks, in connection with its 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 Company's systems or affecting those of third party providers. Company is generally exposed to risks in the field of information technology, since unauthorized access to or misuse of data processed on Company's IT systems, human errors associated therewith or technological failures of any kind could disrupt Company's operations, including the manufacturing, design and engineering processes. In particular, as vehicles become more technologically advanced and connected to the Internet, Company's 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, Company is exposed to a variety of operational risks and, if the protection measures put in place prove insufficient, Company's results of operations and financial condition can be materially adversely affected. In addition, Company would likely experience negative press and reputational impacts. Cybersecurity incidents could lead to loss of productivity, negative impact on Company's reputation, and, in extreme cases, financial loss due to business disruptions.

Company's business and prospects could suffer if Company loses one or more key personnel or if it is unable to attract and retain its employees.

Company's business and future growth depend largely on the skills of its workforce, including executives and officers, and automotive designers and engineers. The loss of the services of one or more of personnel could impair Company's ability to implement its business strategy. In view of intense competition, any inability to continue to attract, retain and motivate Company's workforce could materially and adversely affect Company's business, financial condition, results of operations and prospects.

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

The Company's products are exported to a number of geographical markets, and Company plans to further expand its international operations in the future. Consequently, Company is subject to various risks associated with conducting its business both within and outside its domestic market and Company's 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 Company's manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect Company's business, financial condition and results of operations. In addition, conducting business internationally, especially in emerging markets, exposes the Company 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 the Company would be able to shift its 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 Company's operations related to these risks could materially and adversely affect Company's business, financial condition and results of operations. See – "Company has 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 Company's business, prospects, financial condition and operating results.

Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which Company operates, Company's business and Company's 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 Company's 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 Company's business, results of operations and financial condition, and also the market price of the Company's Shares and ADSs.

Company is 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 Company's ability to maintain Company's current and expected levels of production, and therefore negatively affect Company's revenues and increase Company's operating expenses.

The Company is a global organisation, and therefore is 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 Company's ability to operate as a global business. Additionally, negative sentiments towards foreign companies among Company's overseas customers and employees could adversely affect Company's sales as well as Additionally, negative sentiments towards foreign companies among Company's overseas customers and employees could adversely affect Company's 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 Additionally, negative sentiments towards foreign companies among Company's overseas customers and employees could adversely affect Company's business, results of operations and financial condition.

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

The sales volumes and prices for Company's vehicles are influenced by the cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past, and Company expects this cyclicality to continue.

In the Indian market, demand for Company's 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.

Company's 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 Company's financing agreements could limit Company's operations and financial flexibility and materially and adversely impact Company's financial condition, results of operations and prospects.

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

In the event Company breaches 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 Company's financing agreements could have a material adverse effect on Company's financial condition and results of operations.

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

Company provides post-retirement and pension benefits to Company's employees, including defined benefit plans. Company's 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 Company's 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 Company's 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 £554 million was disclosed and Jaguar Land Rover 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 £60 million each year until Fiscal 2024 followed by £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.

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

Although Company has 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, Company 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 Company's reputation, business, financial condition, results of operations and cash flows.

Company's 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 Company's business. Company's success largely depends on the ability of Company's 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 management. If faced with actions by activist Shareholders, Company may not be able to respond effectively to such actions, which could be disruptive to Company's business.

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

Company's rights to its trade names and trademarks are a crucial factor in marketing Company's products. Establishment of the "TATA" word mark and logo mark in and outside India is material to Company's operations. Company has licensed the use of the "TATA" brand from Company's 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, Company's reputation could suffer damage, which, in turn, could have a material adverse effect on Company's business, financial condition and results of operations.

The Company is subject to risks associated with the automobile financing business.

The sale of Company's Commercial Vehicles and Passenger Vehicles is heavily dependent on funding availability for Company's 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 Company's business, financial condition and results of operations.

Default by Company's customers or inability to repay installments as due could materially and adversely affect Company's business, financial condition, results of operations and cash flows. In addition, any downgrade in Company's credit ratings may increase Company's borrowing costs and restrict Company's 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, Company may need to reduce the amount of financing receivables it originates, which could severely disrupt Company's ability to support the sale of its vehicles.

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 its 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 Company's vehicles less affordable to retail consumers or steer consumers to less expensive vehicles that tend to be less profitable for the Company, adversely affecting Company's 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 Company's vehicles. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for Company to the extent Company 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, 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, Jaguar Land Rover may be adversely affected by movements in used car valuations in these markets.

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

The Company owns or otherwise has rights in respect of a number of patents and trademarks relating to the products Company manufactures, 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, Company seeks to regularly develop new technical designs for use in its vehicles. Company also uses 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 Company's business and may continue to be of value in the future. Although Company does not regard any of its 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 Company's intellectual property rights, may have a materially adverse effect on Company's operations, business and/or financial condition. Company may also be affected by restrictions on the use of intellectual property rights held by third parties, and Company may be held legally liable for the infringement of the intellectual property rights of others in its products. Moreover, intellectual property laws of some foreign countries may not protect Company's intellectual property rights to the same extent as U.S. or UK laws.

The Company 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 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 the Company and limit Company's rights to process personal data, lead to cost intensive administration processes, oblige Company to provide the personal data that Company records to customers in a form that would require additional administrative processes or require substantial changes in Company's 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. Company's failure to implement and comply with the GDPR could significantly affect Company's reputation and relationships with the customers and suppliers, and civil and criminal liabilities for the infringement of data protection rules could have a significant negative effect on Company's financial position.

Some of the Company's 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 Company uses, and will use, in its 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 Company has 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 Company's vehicles will not occur, which could subject Company 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 the Company's vehicles, could seriously harm the Company's business.

In June 2019, Jaguar Land Rover announced plans to manufacture a range of new electrified vehicles at its manufacturing plant in Castle Bromwich, United Kingdom, and Jaguar Land Rover expects to open a new battery assembly centre in Hams Hall (North Warwickshire, United Kingdom) in 2020, with an installed capacity of 150,000 units. In addition, Jaguar Land Rover stores a significant number of lithium ion cells at various warehouses and at some of the manufacturing facilities. Any mishandling of or accidents involving battery cells may cause disruption to the operation of the facilities. While Jaguar Land Rover has 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 its 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 the Company and Company's products, which could harm Company's business, prospects, financial condition and operating results.

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

Upon an evaluation of the effectiveness of the design and operation of Company's internal controls, the Company concluded that there was a material weakness such that its internal controls over financial reporting were not effective as of March 31, 2019. Although the Company has instituted remedial measures to address the material weakness identified and continually review and evaluate its internal control systems to allow management to report on the sufficiency of its internal controls, the Company cannot assure you that it will not discover additional weaknesses in the internal controls over financial reporting. Further, 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 Company's financial condition or results of operations and/or Company's ability to accurately report Company's financial condition and results of operations in a timely and reliable manner.

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

While Company believes that the insurance coverage Company maintains is reasonably adequate to cover all normal risks associated with the operation of Company's business. There can be no assurance that any claim under Company's insurance policies will be honored fully or timely, Company's insurance coverage will be sufficient in any respect or Company's insurance premiums will not change substantially. Accordingly, to the extent that Company suffers loss or damage that is not covered by insurance or that exceeds Company's insurance coverage, or are required to pay higher insurance premiums, Company's business, financial condition and results of operations could be materially and adversely affected.

Political and Regulatory Risks

India's obligations under the World Trade Organisation Agreement could materially affect Company's business.

India's obligations under its World Trade Organisation 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 Company's sales, business, 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 Company's business.

As an automobile Company, the Company is subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by Company's production facilities. Company expects the number and extent of legal and regulatory requirements and Company's 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 the industry, particularly with respect to vehicle emission regulations, is leading to heightened regulatory scrutiny and more investigations into vehicle manufacturers, including randomised testing. Company is subject to randomised 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 optimise vehicles in line with these governmental actions could significantly affect Company's 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 Company sells and where it sells them, which may affect Company's revenue.

To comply with current and future environmental norms, Company 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 Company's cost of production. If Company is unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, Company 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. 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, Company has purchased approximately US$71 million in credits from third party original equipment manufacturers ('OEMs') to offset Company's National Highway Traffic System Administration ('NHTSA'), EPA and California Air Resources Board ('CARB') penalties. Additionally, Company expects to buy approximately US$12 million in credits in Fiscal 2020 from third party OEMs to offset its expected NHTSA and EPA penalties for model year 2019 vehicles. Company 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 Company's costs. While Company is pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which Company sells its vehicles, the costs for compliance with these required standards could be significant to the operations and may materially and adversely affect the business, 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 Company's costs. While Company is pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which Company sells its vehicles, the costs for compliance with these required standards could be significant to Company's operations and may materially and adversely affect Company's business, 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, the Company is 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 its business or financial condition.

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 Company's vehicles and Company's 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 Company operates (such as the United States and China), including regional or global demand for automobiles and automobile-components as well as the customers' ability to purchase Company's 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 Jaguar Land Rover's vehicles in the United States (as Jaguar Land Rover has no manufacturing operations in the United States), which is likely to have a material adverse effect on Jaguar Land Rover's sales in the United States and the 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 Company 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 Company's provision and accruals for Company's taxes requires significant judgment. As Company conducts its business, the final tax determination may be uncertain. Company operates in multiple geographical markets and Company's operations in each market are susceptible to additional tax assessments and audits. Company's collaborations with business partners are similarly susceptible to such tax assessments.

Authorities may engage in additional reviews, inquiries and audits that disrupt Company's operations or challenge Company's conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty or additional fee for failing to make the initial payment. Company's 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 Company considers its practices to be in compliance with tax laws and regulations. Should Company challenge such taxes or believe them to be without merit, Company may nonetheless be required to pay them. These amounts may be materially different from Company's 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.

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

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

Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect Company's 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. Company cannot predict with certainty the impact of the provisions of the Competition Act on Company's 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 the Company and other car manufacturers, collectively referred to hereinafter as original equipment manufacturers (the "OEMs'), 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 Company is 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 Company's business, financial condition and results of operations.

Compliance with new or changing corporate governance and public disclosure requirements adds uncertainty to the Company's compliance policies and increases Company' costs of compliance.

Company is 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. Company is committed to maintaining high standards of corporate governance and public disclosure. However, Company's 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 Company 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 the Company to higher compliance requirements, increase Company's compliance costs and divert management's attention. The Company is also required to spend, in each financial year, at least 2% of its 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 Company's interpretation of the Companies Act differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government of India in the future, Company 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 behaviour, actual or suspected fraud or violation of the Company's code of conduct (the "Tata Code of Conduct') or ethics policy under Company's whistleblower policy (the "Whistleblower Policy'), to implement increased disclosure requirements for price sensitive information, to conduct detailed Director familiarization prog 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, financial condition and results of operations.

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

The Company is 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 the Company. In such cases, the Company may incur costs and any mitigating measures (including provisions taken on 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 Company's 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 Company's competitors. The NDRC has reportedly imposed fines on certain of Company's international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, JLR established a process to review its 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 its spare parts. Imposition of price reductions and other actions taken in the future in relation to Company's products may significantly reduce the revenue and profits generated by operations in China and have a material adverse effect on Company's financial condition and results of operations. As a result, Company's 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 Company's business and have a material adverse effect on Company's results of operations and financial condition.

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

Evaluating and estimating Company's provision and accruals for taxes requires significant judgement. As the Company conducts its business, the final tax determination may be uncertain. Company operates in multiple geographical markets and Company's operations in each market are susceptible to additional tax assessments and audits. Company's collaborations with business partners are similarly susceptible to such tax assessments. Authorities may engage in additional reviews, inquiries and audits that disrupt Company's operations or challenge Company's 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.

Company's 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 Company consider s its practices to be in compliance with tax laws and regulations. Should the Company challenge such taxes or believe them to be without merit, Company may nonetheless be required to pay them. These amounts may be materially different from Company's 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.

The Company 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 the Company 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 Company's automotive business, Company supplies, and has 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 Company believes that it is an automobile Company by virtue of the significance of its automobile operations, in the event that foreign investment regulations applicable to the defense sector (including under the Consolidated FDI Policy) are made applicable to the Company, the Company may face more stringent foreign investment restrictions and other compliance requirements compared to those applicable to the Company presently, which, in turn, could materially affect Company's business, financial condition and results of operations.

Company requires 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 Company's operations.

The Company requires certain statutory and regulatory permits, licenses and approvals to carry out business operations and applications for their renewal need to be made within certain time frames. For some of the approvals that may have expired, Company has either made, or is in the process of making, an application for obtaining the approval or its renewal. While Company has applied for renewal for such approvals, registrations and permits, Company cannot assure you that it will receive them in a timely manner, or at all. The Company can make no assurances that the approvals, licenses, registrations and permits issued to it 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 Company is unable to renew or obtain necessary permits, licenses and approvals on acceptable terms in a timely manner, or at all, Company's business, financial condition and results of operations could be materially and adversely affected.

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 Company's business, in particular.

Company's 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 Company expects 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. Company's 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 Company's business and operations, as a substantial portion of Company's assets are located in India. This could have a material adverse effect on Company's financial condition and results of operations.

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

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies could adversely impact Company's 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 Company's financial results, business prospects, ability to obtain financing for capital expenditures and the price of the Company's Shares and ADSs.

The Company 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 Reserve Bank of India (the "RBI'). The Company 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, Company's 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 Company's sales and consequently Company's Revenue, any of which could have a material adverse effect on Company's financial condition and results of operations.

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 Company or Company's 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.

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 Company's 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 Company's 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 the Company, 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.

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 the Company. 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 the 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.

There are restrictions on daily movements in the price of the Shares, which may constrain a shareholder's ability to sell, or the price at which a shareholder can sell, Shares at a particular point in time.

The Shares are subject to a daily circuit breaker imposed by stock exchanges in India on publicly listed companies, including the Company, which does not allow transactions causing volatility in the price of the Shares above a certain threshold. This circuit breaker operates independently from the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the stock exchanges in India based on the historical volatility in the price and trading volume of the Company's Shares. The stock exchanges in India are not required to inform the Company of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker effectively acts to limit the upward and downward movements in the price of the Company's Shares. As a result of this circuit breaker, the Company cannot make any assurance regarding the ability of the Shareholders of the Company to sell their Shares or the price at which such Shareholders may be able to sell their Shares.