

RISKS

The table below enumerates the key risks, their impact on our capitals and the mitigation measures that we have adopted. For details of all risks, please refer to the Risk Factors in the Management Discussion & Analysis section.



Business Strategy and Operating Efficiencies



Volatile Global Economic and Geopolitical Environment



Environmental Regulations and Compliances

<p>CONTEXT</p>	<p>The Company (including JLR) has initiated several programmes to optimise its operating efficiencies and implements its strategic roadmap.</p> <p>These programmes may not deliver projected efficiencies and anticipated benefits may not accrue as expected.</p>	<p>JLR's expanding global presence increases its exposure to multiple geopolitical challenges which may impact its business.</p> <p>India's automotive industry may be affected by the general economic conditions nationally and internationally.</p>	<p>The Company (including JLR) is subject to a rapidly evolving regulatory landscape around environmental issues such as, CO₂ emissions and fuel economy. These developments impact all our products as well as the manufacturing facilities.</p> <p>The Company has to migrate to BS VI in India from April 1, 2020. This entails challenges in the adaptation of technologies, innovations relating to manufacturing, testing and validation to the new standards.</p>	
<p>CAPITALS IMPACTED</p>				
<p>MITIGATION</p>	<p>The Company (including JLR) has launched certain initiatives to reduce product and business complexity and to benefit from economies of scale. Its robust project management processes ensure set targets are met.</p>	<p>JLR continues to expand its international footprint and maintains a balanced retail sales profile across key sales regions.</p> <p>The Company (including JLR) continues to closely monitor global geopolitical and macroeconomic developments.</p>	<p>JLR has invested substantially in the development of lightweight architecture, its in-house four-cylinder engines and electrification technologies, including mild and plug-in hybrid as well as battery electric vehicles.</p> <p>The Company is making technological and other investments along with its partners such as Cummins to get itself ready with appropriate BS VI solutions across its products.</p>	



Intensifying Competition and Brand Positioning

The global automotive industry (including India) is highly competitive and competition is likely to further intensify following the continuing globalisation and consolidation.

Brand positioning is becoming increasingly challenging as the dynamics of the automotive market (i.e. automated driving, electrification, digital connectivity) and the competitive pressures from existing automotive manufacturers and new disruptive entrants evolve.



Recent successful model launches at JLR has broadened its product range to existing and new customers in established and emerging segments.

The Company has also laid down a clear strategic roadmap for its future product and business strategy in India to mitigate the effect of increased competition.

Besides, the Company (including JLR) regularly monitors the perception of its brands to quickly identify and address emerging risks and opportunities.



Technological Disruption

The fast pace of technological development together with scarcity of specialist resources could result in a significant change in the automotive industry and increase the risk of delivering superior products demanded by current and future customers.



The Company (including JLR) continues to invest substantially in R&D and also continues its strategic focus on key technology areas including autonomy, connectivity and electrification to outsmart competition.



Information and Cyber Security

New and emerging technologies bring unprecedented threats to internet connected devices including vehicles and recent global hacking incidents impacting the geopolitical environment indicate an increase in the motivation to instigate cyber attacks.



The Company (including JLR) strives to implement consistent security policies and procedures as well as educating staff, vendors and suppliers to embed best practices by implementing internal tools to detect and mitigate the current and emerging cyber security threats.





Exchange Rate Volatility



Product Liability, Warranties and Recalls



Unethical and Prohibited Business Practices

CONTEXT

The Company's operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which it operates. The Company imports capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore, its revenues and costs have significant exposure to the relative movements of currencies of those countries.

Also, the Company has an outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates.

The Company (including JLR) is subjected to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting the Company's products which may, in turn, cause the Company's customers to question the safety or reliability of its vehicles and thus result in a materially adverse effect on its business.

International expansion exposes the Company and its subsidiaries to increased diversity and complexity of legal and other frameworks in a variety of jurisdictions. Therefore, the Company and its subsidiaries become subject to maintaining legal and ethical standards globally.

CAPITALS IMPACTED



MITIGATION

Currency transaction risk is managed with financial derivatives in line with the hedging policy approved by the Company's and its respective subsidiaries' Board.

Also, JLR aims to align its sourcing base with its global sales profile and the revaluation of some of its US Dollar debt provides a natural offset to its US Dollar receivables.

Further, the Company hedges its foreign currency debt as per its hedging policy.

The Company (including JLR) regularly monitor the service data of its vehicles to proactively manage recalls and minimise warranty claims. Jaguar Land Rover also issues technical updates to its dealer network to manage identified faults and defects.

The Company's code of conduct sets out the behaviours that the Company expects of its staff, including conforming to the highest moral and ethical standards and complying with applicable laws, including anti-bribery, corruption and competition laws, sanctions and export controls.



Inability to Protect or Preserve the Company's Patents and Intellectual Property (IP)

The Company's and its subsidiaries' substantial R&D investment generates IP and the protection of this IP is necessary to prevent its unauthorised third-party use.

Conversely, the Company and its subsidiaries need to ensure that it does not infringe the IP of third parties.



TML and its subsidiaries have in-house specialists, who manage matters relating to IP and ensure that robust processes are followed by means of patents, registered designs, trademarks and copyrights.

OPPORTUNITIES

TML



Expansion in the Commercial Vehicles space

Huge opportunities lie in front of us to significantly expand our commercial vehicles market share by leveraging our leadership position in CVs, addressing the product gaps in white spaces, further strengthening our dealership and distribution network and expanding our international footprint with the new-generation products in commercial vehicles.



Defence Solutions

With the Government's push for 'Make in India' initiative, TAFP (Technology Acquisition Fund Programme), enhanced focus on import substitution for Defence equipment and the opening of



Expansion of the volumes and market share in the Passenger Vehicle segment

Considering the strong outlook for the Indian economy and resulting increase in the private consumption and per capita income, with the low penetration levels (~30 Cars per 1000 people), Indian passenger vehicle industry has a potential to show

Regulations on Bus Body code, focus on fully built vehicles, government thrust on road infrastructure, 'Swachh Bharat' campaign and the big advantage through improved logistics/supply chain efficiencies under the new GST regime are some of the enablers to new opportunities. The Concept of 'Smart Cities' and programmes like NEMMP will ease the implementation of AMP vision and support mass electrification of public transport.

the defence sector for private sector participation, there is a huge opportunity to tap in the Defence sector. The Company aims to establish itself as a full range Defence solutions provider.

a significant jump in volumes in the medium to long-term. Given this background, there is a huge opportunity to increase market share on the back of new product launches and meeting regulations at par with global standards. Moreover, a large customer base will become addressable due to the changing trends and segmental shifts.

JLR



Technological Disruptions

Substantial market changes (e.g. automation, connectivity and electrification) enable us to focus on launching industry-leading products ahead of competition. We are also strengthening partnerships with global technological organisations and leading academic research teams.



Brand Positioning

We strengthen our brands by creating greater brand association through innovation and technological advancement into our expanding product portfolio and services.



Growth Avenues

Global economic growth in developed and emerging markets present opportunities to extend sales. Opportunities both in new and existing geographical markets as well as in new and existing segments.