Risk Factors

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Risks associated with the Company's Business and the Automotive Industry.

The United Kingdom's contemplated exit from the European Union may adversely impact Jaguar Land Rover business, results of operations and financial condition.

In a non-binding referendum on the United Kingdom's membership in the European Union in June 2016, a majority of the electorate voted for the United Kingdom's withdrawal from the European Union. Pursuant to its invocation of Article 50 of the Lisbon Treaty, the United Kingdom is currently negotiating its exit from the European Union. Substantial uncertainty remains regarding the outcome of the negotiations, the United Kingdom's future relationship with the European Union, the legal structure applicable to companies doing business in the United Kingdom as well as the scope and duration of a transitionary period, if any, following the expiration of the Article 50 period in December 2020. This uncertainty, along with any real or perceived impact of Brexit, could have a material adverse effect on the JLR's business, results of operations and financial condition.

Depending on the outcome of the negotiations, including if the United Kingdom exits the European Union without a formal agreement, the United Kingdom could lose its present rights or terms of access to the single European Union market and European Union customs area and to the global trade deals negotiated by the European Union on behalf of its members. New or modified trading arrangements between the United Kingdom and other countries may have a material adverse effect on the JLR's business. A decline in trade could also affect the attractiveness of the United Kingdom as a global investment center and, as a result, could have a detrimental impact on the level of investment in United Kingdom companies, including the extended value chain of Jaguar Land Rover. The uncertainty concerning the terms of Brexit could also have a negative impact on the growth of the United Kingdom economy, which may cause Jaguar Land Rover's customers to re-evaluate when and to what extent they are willing to spend on JLR's products and services. This could also result in greater volatility in the British pound against foreign currencies in which Jaguar Land Rover conducts business, particularly the U.S. dollar, the Euro and the Chinese yuan.

The Brexit vote and the perceptions as to the 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. This uncertainty may adversely affect business activity and economic conditions in the United Kingdom and the Eurozone. In particular, changes in taxes, tariffs and other fiscal policies could have a significant impact on Jaguar Land Rover business; 22% of its retail sales volume in FY 2018-19 were to customers based in the European Union (excluding the United Kingdom) and a substantial portion of its suppliers are situated there. 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. Changes to the United Kingdom's border and immigration policy could likewise occur as a result of Brexit, affecting JLR'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 we cannot predict may have a material adverse effect on JLR's business, results of operations and financial condition.

If the Company is unable to effectively implement or manage its growth strategy, the 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 the Company's businesses into new geographical markets. 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 following: the potential disruption of the Company's business; the uncertainty that new product lines will generate anticipated sales; 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 diversion of resources and management's time; the Company's cost reduction efforts, which may not be successful; the difficulty of managing the operations of a larger company; and the difficulty of competing for growth opportunities with companies having greater financial resources than the Company have.

More specifically, the Company's international businesses face a range of risks and challenges, including, but not limited to : language barriers, cultural differences, difficulties in staffing and managing overseas operations, 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 affecting the Company's ability to enter new markets through joint ventures with local entities, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries), foreign investment restrictions, foreign exchange controls and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide

variety of foreign laws and regulations. Furthermore, as part of the Company's global activities, it may engage with third-party dealers and distributors, which it do not control but which, nevertheless, take actions that could have a material adverse impact on the Company's reputation and business; the Company cannot assure that it will not be held responsible for any activities undertaken by such dealers and distributors. If the Company is unable to manage risks related to its expansion and growth in other parts of the world and therefore fail to establish a strong presence in those higher growth markets, the Company's business, results of operations and financial condition could be adversely affected or its investments could be lost.

Furthermore, the Company is subject to risks associated with growing its business through mergers and acquisitions. The Company believe that its acquisitions provide opportunities to grow significantly in the global automobile markets by offering premium brands and products. The Company's acquisitions have provided it with access to technology and additional capabilities while also offering potential synergies. However, the scale, scope and nature of the integration required in connection with the Company's acquisitions present significant challenges, and it may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within the Company's expected schedule. An acquisition may not meet the 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 the Company's control.

For example, the Company acquired the Jaguar Land Rover business from Ford in June 2008, and since then Jaguar Land Rover has become a significant part of the Company's business, accounting for approximately 74% of the Company's total revenues in FY 2018-19. As a result of the acquisition, the Company are responsible for, among other things, the obligations and liabilities associated with the legacy business of Jaguar Land Rover. There can be no assurances that any legacy issues at Jaguar Land Rover or any other acquisition the Company have undertaken in the past or will undertake in the future would not have a material adverse effect on its business, financial condition and results of operations, as well as the Company's reputation and prospects.

The Company will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. Growth through mergers and acquisitions involves business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the merger or acquisition is completed. The key success factors are seamless integration, effective management of the merged and/or acquired entity, retention of key personnel, cash flow generation from synergies in engineering and sourcing, joint sales and marketing efforts, and management of a larger business. If any of these factors fails to materialize or if the Company are unable to manage any of the associated risks successfully, the Company's business, financial condition and results of operations could be materially and adversely affected.

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

The automotive industry could be affected materially by the general economic conditions in India and around the world. The automotive industry, in general, is cyclical, and economic slowdowns in the recent past have affected the manufacturing sector in India, including the automotive and related industries. Deterioration of key economic metrics, such as the growth rate, interest rates and inflation, reduced availability of financing for vehicles at competitive rates, implementation of burdensome environmental and tax policies and increase in freight rates and fuel prices could materially and adversely affect its automotive sales and results of operations.

In addition, investors' reactions to economic developments or a loss of investor confidence in the financial systems of other countries may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability, including 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 ("NAFTA"). USMCA has been signed but not ratified by the legislature of each of the United States, Canada and Mexico. It remains unclear what the U.S., Canadian, or Mexican governments will or will not do with respect to NAFTA, USMCA or other international trade agreements and policies. This uncertainty and potential governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for the Company's products, costs, customers, suppliers and/or the North American economy or world economy or certain sectors thereof and, thus, to adversely impact the 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 were more challenging in FY 2018-19, notably in China where industry volumes were down 8.3% year-on-year amid increasing trade tensions with the United States. Industry volumes were also lower in the United Kingdom (-3.7%), including a 25.9% decline in diesel vehicle sales, down slightly in the United States (-0.5%), and in Europe (-3.8%). Conditions remained challenging in other markets, with only modest growth in industry volumes. Jaguar Land Rover's growth plans may not materialize as expected, which could have a significant adverse impact on the company's financial performance. 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 could seek to introduce 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.

Deterioration in key economic factors, such as those mentioned above, in countries where Jaguar Land Rover has sales operations may result in a decrease in demand for Jaguar Land Rover automobiles. A decrease in demand would, in turn, cause automobile prices and manufacturing capacity utilization rates to fall. Such circumstances have in the past materially affected, and could in the future materially affect, the company's business, results of operations and financial condition.

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

The Company rely on the United Kingdom, Chinese, North American, Indian and continental European markets from which the company derive the substantial majority of the company's revenues. Although demand remains relatively solid, a decline in demand for the company's vehicles in these major markets may in the future significantly impair its 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 its sales of diesel vehicles in the future. Additionally, in China, the economy is experiencing a moderation of industry growth and increased pricing pressures due to macroeconomic volatility, softening consumer demand and increasing competition. Softening of the Chinese economy would be expected to impact the company's growth opportunities in that country, which is an important market for the company. In addition, 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 company's financial performance.

The electric vehicle market may not evolve as anticipated.

Sales of electric vehicles are hard to predict as consumer demand may fail to shift in favour 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. Jaguar Land Rover launched the all electric Jaguar I-PACE in FY 2018-19 and retail sales of this model totaled 11,336 vehicles in the twelve months to 31 March 2019. If the value proposition of electric vehicles fails to fully materialize, this could have a material adverse effect on the company's financial condition or results of operations including compliance to CAFÉ norms.

Impairment of tangible and intangible assets may have a material adverse effect on the Company's results of operations.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in intangible assets such as research and development, product design and engineering technology. The Company review the value of its intangible assets to assess on an annual basis whether the carrying amount matches the recoverable amount for the asset concerned based on underlying cash-generating units The Company has had to take a £3.1b impairment charge during FY 2018-19 due to the adverse market conditions particularly in China, rising interest rates and consistent failure to meet internal business plans. While the company has put in place comprehensive plans to turnaround the business, it is not possible to predict the headwinds the company may face and hence it may have to take further impairment losses in the future if the carrying amount exceeds the recoverable amount, which could have a material adverse effect on the Company's financial condition and the results of operations.

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

The Company have made and may continue to make capital commitments to its subsidiaries, joint ventures and affiliates, and if the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of the Company's investments may decline substantially. Operating a business as a joint venture often requires additional organizational formalities and a requirement of information sharing. The Company is also subject to risks associated with joint ventures and affiliates wherein the Company retain only partial or joint control. The Company's partners may be unable, or unwilling, to fulfill their obligations, or the strategies of the Company's joint ventures or affiliates may not be implemented successfully, any of which may significantly reduce the value of the Company's investments or relationship with the co-owner may be deteriorated, and, which could, in turn, have a material adverse effect on the Company's reputation, business, financial position or results of operations.

The company have pursued and may continue to pursue significant investments in certain strategic development projects with third parties. In particular, JLR have entered into a joint venture with Chery in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own branded vehicle in China. Additionally, in March 2018, JLR announced its strategic partnership with Waymo to develop the world's first premium self driving electric vehicle. Joint venture and strategic partnership projects, like JLR's joint venture in China and partnership with Waymo, may be developed pursuant to agreements over which the Company only have partial or joint control. Investments in projects over which the Company have partial or joint control are subject to the risk that the other shareholders of the joint venture, who may have different business or investment strategies than the Company

does or with whom the 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 the company's investment in the project, or otherwise implement initiatives which may be contrary to the company's interests. Moreover, the Company's partners may be unable, or unwilling, to fulfil their obligations under the relevant joint venture agreements and shareholder agreements or may experience financial or other difficulties that may adversely impact the company's investment in a particular joint venture.

Operating a business as a joint venture often requires additional organisational formalities as well as time consuming procedures for sharing information and making decisions. In joint ventures, the company is required to foster its relationships with its co owners as well as to promote the overall success of the joint venture, and if there is a significant change in the relationship (for example, if a co owner changes or relationships deteriorate), the Company's success in the joint venture may be materially adversely affected.

Intensifying competition could materially and adversely affect the Company's sales, financial condition and results of operations.

The global automotive industry is highly competitive and competition is likely to further intensify from new industry entrants, in the worldwide automotive industry. 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 expanding in emerging markets such as China, India, Russia, Brazil and parts of Asia. Factors affecting competition include product quality and features, innovation and the development time for introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. 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 can be no assurance that the Company will be able to compete successfully in the global automotive industry in the future.

The Company also face strong competition in the Indian market from domestic, as well as foreign automobile manufacturers. Improving infrastructure and growth prospects, compared to those of other mature markets, has 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 can be no assurance that the Company will be able to implement its future strategies in a way that will mitigate the effects of increased competition on the Indian automotive industry.

Designing, manufacturing and selling vehicles is capital-intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. If the Company's competitors consolidate or enter into other strategic partnerships or ventures, they may be able to take better advantage of economies of scale. The Company believe that competitors may be able to benefit from the cost savings offered by consolidation or strategic partnerships, which could adversely affect the Company's competitiveness. Competitors could use consolidation or strategic partnerships as a means of enhancing their competitiveness (including through the acquisition of technology), which could also materially adversely affect the Company's business. Further, the Company's growth strategy relies on the expansion of its operations in less mature markets abroad, where it may face significant competition and higher than expected costs to enter and establish ourselves.

The Company is subject to risks associated with product liability, warranty and recall.

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 company's vehicles. From time to time the company may be subject to investigations by governmental authorities relating to safety related and other compliance issues with the company's vehicles. For example, there are ongoing investigations with governmental agencies in China, South Korea and the United Kingdom relating to the quality of TDV6 diesel engines installed in some of the vehicles which are in service. In particular, as vehicles become more technologically advanced, the company is subject to risks related to their software and operation, including as part of company's JLR Advanced Driver Assistance Systems automation. The Company expend considerable resources in connection with product recalls and these resources typically include the cost of the part being replaced and the labour 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 and harm company's reputation. Any harm to the reputation of any one of company's models can result in a substantial loss of customers. For example, in May 2015, an industry wide passenger airbag safety recall was announced in the United States by the National Highway Traffic System Administration ("NHTSA"), in respect of frontal airbags which use ammonium nitrate propellant without any desiccant from Takata Corporation ("Takata"), a supplier of airbags. Certain airbags supplied by Takata were installed in company's JLR vehicles. JLR considered the cost associated with the recall to be an adjusting post balance sheet event and recognised a provision of £67.4 million for the estimated cost of repairs in its income statement for FY 2015-16. The provision held at the end of FY 2018-19 is £58 million and will be utilized as the mandated repairing is fulfilled over the next one to two years. Additionally, in December 2016, NHTSA announced that it was conducting an investigation into reports of rollaways of parked vehicles in certain of JLR's models. Further, in July 2018, NHTSA announced that it is seeking to conduct an investigation into reports of doors inadvertently opening in certain of our vehicles whilst the vehicle is in motion, following a recall remedy to rectify this risk.

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

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 such products' competitiveness and quality.

Customer preferences, especially in many of the more mature markets, have trended towards smaller and more fuel-efficient and environmental-friendly vehicles. Climate change concerns, increases in fuel prices, certain government regulations (such as CO2 emissions limits and higher taxes on SUVs) and the promotion of new technologies encourage customers to look beyond standard purchasing factors (such as price, design, performance, brand image and features). As a result, customers may look to the differentiation of the technology used in the vehicle or the manufacturer or provider of this technology. 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 targeted volume levels, and could have a material adverse effect on the Company's general business activity, net assets, financial position and results of operations. 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 targeted volume levels, and could have a material adverse effect on the Company's general business activity, net assets, financial position and results of operations.

The Company's operations may be significantly impacted if it fail to develop, or experience delays in developing, fuel-efficient vehicles that reflect changing customer preferences and meet the specific requirements of government regulations. The Company's competitors can gain significant advantages if they are able to offer vehicles that satisfy customer preference and government regulations earlier than the Company are. Potential delays in bringing new high-quality vehicles to market would adversely affect the Company's business, financial condition, results of operations and cash flows and cashflows.

As a result of the public discourse on climate change and volatile fuel prices, the company faces more stringent government regulations, including imposition of speed limits and higher taxes on sports utility vehicles or premium automobiles. The company endeavor to take account of these factors, and it is focused on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. The company is also investing in development programs to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improving aerodynamics. Coupled with consumer preferences, a failure to achieve its planned objectives or delays in developing fuel efficient products could materially affect the 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 the company's general business activity, net assets, financial position and results of operations. In addition, deterioration in the quality of the company's vehicles could force the company to incur substantial costs and damage its reputation. There is a risk 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. It is possible that the company could then be compelled to make new investments in researching and developing other technologies to maintain its existing market share or to win back the market share lost to competitors. Finally, the 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 manufacture and distribution of company's products and the cost and availability of raw materials and components.

In contrast to other mature markets, consumer preferences in the United States have shifted towards increased demand for the Company's 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 operation.

Private and commercial users of transportation increasingly use modes of transportation other than the automobile, especially in connection with increasing urbanisation. The reasons for this include the rising costs related to automotive transport of people and goods, increasing traffic density in major cities and environmental awareness. In addition, the increased use of car sharing concepts (e.g. Zipcar and DriveNow) and other innovative mobility initiatives facilitates access to other methods 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

To stimulate demand, competitors in the automotive industry have offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the industry. As a provider of numerous high-

volume models, the Company's profitability and cash flows are significantly affected by the risk of rising competitive price pressures. 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 could have a negative impact on the profitability of the used car business in the Company's dealer organization.

There can be no assurance that the Company's new models will meet its sales expectations, in which case it may be unable to realize the intended economic benefits of its investments, which would in turn materially affect the Company's business, results of operations and financial condition. In addition, there is a risk that its quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. For the Company's customers, one of the determining factors in purchasing its vehicles is the high quality of the products. A decrease in the quality of the Company's vehicles (or if the public were to have the impression that such a decrease in quality had occurred) could damage its image and reputation as a premium automobile manufacturer and in turn materially affect the Company's business, results of operations and financial condition.

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 its production capacity. Additionally, the Company's high proportion of fixed costs, due to its significant investment in property, plant and equipment, further exacerbates the risks associated with incorrectly assessing demand for the Company's vehicles.

The Company is exposed to the risks of new drive and other technologies being developed and the resulting effects on the automobile market.

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. This is related, in particular, to the public debate on global warming and climate protection. Jaguar Land Rover endeavours to take account of climate protection and the ever more-stringent laws and regulations that have been and are likely to be adopted. Jaguar Land Rover is focusing on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. Jaguar Land Rover is also investing in development programmes to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improvements in aerodynamics (e.g. through our premium transverse architecture). Recently, several jurisdictions, such as Norway, Germany, the United Kingdom, France, the Netherlands, India and China, have announced the intention to eliminate the sale of conventionally fueled vehicles in their markets in the coming decades.

Diesel technologies have also become the focus of legislators in the United States and European Union as a result of emissions levels. This has led various carmakers to announce programs to retrofit diesel vehicles with software that will allow them to reduce emissions which may require us to undertake increased R&D spending. There is a risk that these R&D 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. This could lead to increased demand for the products of such competitors and result in a loss of market share for the Company. 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 because competitors have developed better or less expensive products. It is possible that Jaguar Land Rover could then be compelled to make new investments in researching and developing other technologies to maintain its existing market share or to win back the market share lost to competitors.

In addition, climate change concerns and the promotion of new technologies encourages customers to look beyond standard factors (such as price, design, performance, brand image or comfort/features) to differentiation of the technology used in the vehicle or the manufacturer or provider of this technology. This could lead to shifts in demand and the value-added parameters in the automotive industry at the expense of the Company's products.

Underperformance of the Company's distribution channels could have a material adverse effect on the 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. The Company monitor the performance of its dealers and distributors and provide them with support to enable them to perform to its expectations. There can be no assurance, however, that the Company's expectations will be met. 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.

If dealers or importers encounter financial difficulties and the Company's products and services cannot be sold or can be sold only in limited numbers, this would have a direct effect on the sales of such dealers and importers. Additionally, if the 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 the Company's vehicle deliveries.

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

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

The Company rely on third parties for sourcing raw materials, parts and components used in the manufacture of the Company's products. At the local level, the Company are exposed to reliance on smaller enterprises where the risk of insolvency is greater. Furthermore, for some parts and components, the Company is dependent on a single source. The 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 its control. For instance, the outcome of the Brexit negotiations could lead to reduced access to the European Union single market and to the global trade deals negotiated by the European Union on behalf of its members, which could affect the imports of raw materials, parts and components and disrupt Jaguar Land Rover supplies. Furthermore, there is the risk that manufacturing capacity does not meet, or exceeds, sales demand thereby compromising business performance and without any near term remedy given the time frames and investments required for any change. While the Comapany manage its supply chain as part of its supplier management process, any significant problems with its supply chain or shortages of essential raw materials in the future could affect the Company's results of operations in an adverse manner.

Adverse economic conditions and falling vehicle sales have had a significant financial impact on the company's suppliers in the past. 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 us. 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 the Company's results of operations. The company is also exposed to supply chain risks relating to lithium ion cells, which are critical for the Company's electric vehicle production. Any disruption in the supply of battery cells from such suppliers could disrupt production of the company's vehicles. The severity of this risk is likely to increase as the company and other manufacturers expands the production of electric vehicles and the demand for such vehicles increases.

The Company have also entered into supply agreements with Ford and certain other third parties for critical components and remain reliant upon Ford and the Ford PSA joint venture for a portion of its engines. However, following the launch of the EMC in Wolverhampton, and the subsequent engine plant opened by its China Joint Venture, the Company now also manufacture its own "in house" engines. The 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 us by Ford or the Ford PSA joint venture and such disruption could have a material adverse impact on our 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 the Company's financial condition or results of operations. The Company have entered into a number of long-term supply contracts that require Jaguar Land Rover to purchase a fixed quantity of parts to be used in the production of Jaguar Land Rover vehicles (e.g., ''take-or-pay'' contracts). If the need for any of these parts were to lessen, 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 its financial condition or results of operations.

The Company is more vulnerable to reduced demand for premium performance cars and all-terrain vehicles than automobile manufacturers with a more diversified product range.

The 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 the Company's competitors. Accordingly, its performance is linked to market conditions and consumer demand in those market segments in which it operates. Furthermore, some other premium performance vehicle manufacturers operate in a relatively broader spectrum of market segments, which makes them comparatively less vulnerable to reduced demand for any specific segment. 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 the Company's results of operations.

In FY 2018-19 and 2017-18, the consumption of raw materials, components aggregates and purchase of products for sale (including changes in inventory) constituted 65.5% and 64.4%, respectively, of the 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. Furthermore, prices of commodity items such as steel, non ferrous metals, precious metals, rubber and petroleum products may rise significantly. Most of these inputs are priced in US dollars on international markets. While the Company continue to pursue cost reduction initiatives, an increase in price of input materials could severely impact the Company's profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on demand. In addition, because of intense price competition and fixed costs base, the company may not be able to adequately address changes in commodity prices even if they are foreseeable.

In addition, the 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 the 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, the company's vehicle production, business and results from operations could be affected.

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

Any inability to implement the Company's growth strategy by entering new markets may adversely affect its results of operations.

The Company's growth strategy relies on the expansion of its operations in emerging markets and other parts of the world which feature higher growth potential than many of the more mature automotive markets in developed countries. The costs associated with entering and establishing the Company in new markets, and expanding such operations may, however, be higher than expected, it may face significant competition in those regions. In addition, the Company's international business faces a range of risks and challenges, including language barriers, cultural differences, difficulties in staffing and managing overseas operations, 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 affecting the Company's ability to enter new markets through joint ventures with local entities, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries), foreign investment restrictions (including restrictions on incentives offered by foreign governments for investment in their jurisdictions), foreign exchange controls and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations. If the Company is unable to manage risks related to its expansion and growth in other parts of the world and therefore fail to establish a strong presence in those higher growth markets, its business, results of operations and financial condition could be adversely affected or the Company's investments could be lost.

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

The Company's Jaguar Land Rover 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, the 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. The United Kingdom's exit from the European Union could also have a negative impact on the growth of the United Kingdom economy. A significant proportion of the company's input materials and components and capital equipment are sourced overseas, in particular from Europe, and therefore the company have costs in, and significant exposure to the movement of, the euro (specifically a strengthening of the euro) and certain other currencies relative to the British pound (JLR's reporting currency) which may result in decreased profits to the extent these are not fully mitigated by non British pound sales. The majority of the company's product development and manufacturing operations, as well as its global headquarters, are based in the United Kingdom, but the company also have national sales companies which operate in the major markets in which the company sell vehicles. As a result, the company have exposure to movements of the US dollar, Euro, Chinese yuan, Russian rouble and other currencies relative to the British pound and foreign exchange volatility may affect company's results of operations, profitability and financial position.

Moreover, the Company has outstanding foreign currency-denominated debt and are sensitive to fluctuations in foreign currency exchange rates. The Company has experienced and could in the future experience foreign exchange losses on obligations denominated in foreign currencies in respect of its borrowings and foreign currency assets and liabilities due to currency fluctuations.

The Company is exposed to changes in interest rates, as it has both interest-bearing assets (including cash balances) and interest-

bearing liabilities, which bear interest at variable rates. Although the 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 the Company's cost of borrowing, which could have a material adverse effect on its financial condition, results of operations and liquidity.

Appropriate hedging lines for the type of risk exposures the Company are subject to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. While hedging instruments may mitigate the Company's exposure to fluctuations in currency exchange rates to a certain extent, it 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 (ISDA) agreements in place with each of the Company's hedging counterparties), there are currency fluctuations, the arrangement is imperfect or ineffective, or the Company's internal hedging policies and procedures are not followed or do not work as planned. In addition, because the Company's potential obligations under the financial hedging instruments are marked to market, the Company may experience quarterly and annual volatility in its operating results and cash flows attributable to its financial hedging activities.

The Company is exposed to liquidity risks.

The 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, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for the Company's business and operations. If the global economy goes back into recession and consumer demand for the Company's vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, the Company may again face significant liquidity risks.

The Company is also subject to various types of restrictions or impediments on the ability of the companies in certain countries to transfer cash across the companies through loans or interim 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 the Company operate. The cash in some of these jurisdictions is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends.

Any adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for company's business and operations. If the global economy goes into recession and consumer demand for company's vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, the company may face significant liquidity risks

A decline in retail customers' purchasing power or consumer confidence or in corporate customers' financial condition and willingness to invest could materially and adversely affect the 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 or their financial flexibility or an increase in the cost of financing will generally have a negative impact on demand for the 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 a new vehicle, 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 leads 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. As a provider of numerous high-volume models, the Company's profitability and cash flows are significantly affected by the risk of rising competitive and price pressures.

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 the Company's dealer organization.

The Company may be adversely affected by labor unrest.

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

In January 2019, JLR announced reduction of the size of its global workforce by around 4,500 people to deliver cost reductions and

cashflow improvements as well as long-term strategic operating efficiencies.In general, the Company consider its labour relations with all its employees to be good. However, in the future the Company may be subject to labor unrest, which may delay or disrupt its operations in the affected regions, including 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 the Company's facilities or at the facilities of its major vendors occur or continue for a long period of time, the Company's business, financial condition and results of operations may be materially and adversely affected. During FY 2016-17, the Company faced two standalone incidents of labor unrest in India, one at the Company's Dharwad plant in Karnataka and the other at the Company's Sanand plant in Gujarat. Although these particular issues were amicably resolved, there is no assurance that additional labour issues could not occur, or that any future labour issues will be amicably resolved.

In addition, JLR is engaged in bi annual negotiations in relation to wage agreements, covering approximately 20,000 of its unionised employees, the most recent of which resulted in a two year wage agreement concluded in November 2016. The current wage agreement expires in October 2018 and is being renegotiated, with negotiations scheduled to conclude in November 2018. 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.

The Company is exposed to operational risks, including cybersecurity risks in connection with the Company's 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 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). The Company is generally exposed to risks in the field of information technology, since unauthorized access to or misuse of data processed on the Company's IT systems, human errors associated therewith or technological failures of any kind could disrupt the Company's operations, including the manufacturing, design and engineering processes. In particular, as vehicles become more technologically advanced and connected to the internet, the Company's vehicles may become more susceptible to unauthorized access to their systems. Like any other business with complex manufacturing, research, procurement, sales and marketing and financing operations, the Company is exposed to a variety of operational risks and, if the protection measures put in place prove insufficient, the Company's results of operations and financial condition can be materially adversely affected. In addition, the Company would likely experience negative press and reputational impacts.The potential risk of cybersecurity incidents could lead to loss of business hours, loss of reputation, and finally in extreme case financial loss due to business disruptions.

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

The 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 the Company's personnel could impair its ability to implement the Company's business strategy. In view of intense competition, any inability to continue to attract, retain and motivate its workforce could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

The Company may be adversely impacted by political instability, wars, terrorism, multinational conflicts, and 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 it plans to further expand the international operations in the future. Consequently, the Company's operations in markets abroad may be subject to political instability, wars, terrorism, regional or multinational conflicts, natural disasters and extreme weather, fuel shortages, epidemics and labor strikes. Any disruption of the operations of the Company's manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect its business, financial condition and results of operations.For example, the current U.S. presidential administration could seek to introduce 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 the Company's sales in the United States. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures

If any of these events were to occur, there can be no assurance that 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. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws, applicability of retrospective taxes, sanctions programs, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. 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 the Company's operations related to these risks could materially and adversely affect its business, financial condition and results of operations.

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

The Company are vulnerable to supply chain disruptions resulting from natural disasters or man-made accidents. For example, on August 12, 2015, there was an explosion in the city port of Tianjin, one of three major ports in China through which the Company import its vehicles. Approximately 5,800 of the Company's vehicles were stored at various locations in Tianjin at the time of the explosion, and, as a result, the Company recognized an exceptional charge of GBP245 million in September 2015. Subsequently, GBP275 million of net insurance proceeds and other recoveries have been received till March 31, 2018, including GBP35 million related to other costs associated with Tianjin including lost and discounted vehicle revenue. 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 the Company's ability to maintain its current and expected levels of production, and therefore negatively affect its revenues and increase the Company's operating expenses.

The Company is a global organization, and is therefore vulnerable to shifts in global trade and economic policies and outlook. Policies that result in countries withdrawing from trade pacts, increasing protectionism and undermining free trade could substantially affect the Company's ability to operate as a global business. Additionally, negative sentiments towards foreign companies among the Company's overseas customers and employees could adversely affect its sales as well as its 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 the Company's business, results of operations and financial condition.

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

The sales volumes and prices for the 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 the Company expect this cyclicality to continue.

In the Indian market, demand for the 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 due to year-end as customers defer purchases to the new year.

The Company's Jaguar Land Rover business is impacted by the bi-annual 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, has an impact on 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 holiday and the Golden Week holiday in October. In addition, demand in Western European automotive markets tends to be softer during the summer and winter holidays. Jaguar Land Rover's cash flows are impacted by the temporary shutdown of four of their manufacturing plants in the United Kingdom (including the Engine Manufacturing Centre at Wolverhampton) during the summer and winter holidays. Sales in the automotive industry have been cyclical in the past and the Company expects this cyclicality to continue.

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

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

In the event the Company breach these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately and/or result in increased costs. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in

the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of the Company's financing agreements could have a material adverse effect on its financial condition and results of operations.

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

The Company provide post-retirement and pension benefits to its employees, including defined benefit plans. The 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 its pension liabilities or assets and consequently increase funding requirements, which could materially decrease the 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. Its pension liabilities are generally funded and its pension plan assets are particularly significant. As part of Jaguar Land Rover's Strategic Business Review process, the Company closed the Jaguar Land Rover defined benefit pension plan to new joiners as at 19 April 2010. All new employees in the Company's operations from 19 April 2010 have joined 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. The most recent valuation, as at April 2018, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date of £554 million (compared to £789 million as at April 2015). The 2018 valuation was completed in December 2018. Following the 2018 actuarial valuation the company contributions for benefits accruing in the defined benefit plan reduces to c.22% (previously c.31%) reflecting the benefit restructure implemented as at April 5, 2017. As at March 31, 2019, Jaguar Land Rover's UK defined benefit pension accounted deficit had increased to £667 million, as compared to £438 million as at March 31, 2018. This increase was primarily due to reductions in bond yields as well as increased inflation expectations. The increase also reflects the cost of GMP equalisation and pension benefits for employees leaving under the FY 2018-19 restructuring programmes (together equal to £42 million).

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates and adverse changes in other critical actuarial assumptions, may impact its pension liabilities or assets and consequently increase funding requirements, which will adversely affect the Company's financial condition and results of operations. The accounted deficit is assessed and reported on a quarterly basis, it is driven by a number of factors including asset movements, movements in the discount rate (reflecting UK high quality corporate debt yields), mortality rates, inflation etc as well as one-off events such as redundancy programs. As a result, the level of the pension deficit may vary substantially between periods.

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

Although the Company has implemented policies and procedures to protect confidential information, such as key contractual provisions, future projects, and customer records, such information may be divulged, including as a result of hacking or other threats from cyberspace. If this occurs, the Company could be subject to claims by affected parties, negative publicity and loss of proprietary information, all of which could have an adverse and material impact on the Company's reputation, business, financial condition, results of operations and cash flows.

The Company's business could be negatively affected by the actions of activist shareholders.

Certain of the Company's shareholders may from time to time advance shareholder proposals or otherwise attempt to effect changes at the Company, influence elections of directors or acquire control over its business. The Company's success largely depends on the ability of its 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 and management of the company. If faced with actions by activist shareholders, the Company may not be able to respond effectively to such actions, which could be disruptive to the Company's business.

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

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

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

The sale of the Company's commercial and passenger vehicles is heavily dependent on funding availability for its 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 the Company's business, financial condition and results of operations.

Default by the Company's customers or inability to repay installments as due could materially and adversely affect its business, financial condition, results of operations and cash flows.

In addition, any downgrade in the Company's credit ratings may increase its borrowing costs and restrict its 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, the Company may need to reduce the amount of financing receivables originated, which could severely disrupt the Company's ability to support the sale of its vehicles.

The Company's Jaguar Land Rover has consumer finance arrangements in place with Lloyds Black Horse in the United Kingdom, FCA Bank S.p.A. in European markets and Chase Auto Finance in North America and has similar arrangements with local providers in a number of other key markets. Any reduction in the supply of available consumer financing for the purchase of new vehicles or an increase in the cost thereof would make it more difficult for some of its customers to purchase its vehicles, which could put 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 the Company's 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. An increase in interest rates due to tightening monetary policy or for any other reason would result in increased costs for consumers.

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, the Company may be adversely affected by movements in used car valuations in these markets.

Changes in the Company's credit rating could adversely affect the value of the Company's debt securities, finance costs and its ability to obtain future financing.

Any credit ratings assigned to the Company or its debt securities may not reflect the potential impact of all risks related to structure, market, additional risk factors discussed and other factors that may affect the value of its debt securities. A credit rating is not a recommendation to buy, sell or hold 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 the Company's operations and capital needs, which may affect the Company's liquidity. It may also increase the Company's financing costs by increasing the interest rates of the Company's outstanding debt or the interest rates at which the Company is able to refinance existing debt or incur additional debt.

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

The Company own or otherwise have rights in respect of a number of patents relating to the products it manufacture. In connection with the design and engineering of new vehicles and the enhancement of existing models, the Company seek to regularly develop new intellectual property. The Company also use technical designs, which are the intellectual property of third parties with such third parties' consent. These patents and trademarks have been of value in the growth of the Company's business and may continue to be of value in the future. Although the Company do 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 the Company's intellectual property rights, would have a materially adverse effect on its business, financial condition and results of operations. The Company may also be affected by restrictions on the use of intellectual property rights held by third parties and the Company may be held legally liable for the infringement of the intellectual property rights of others in the Company's products.

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 introduction of the GDPR strengthens individuals' rights and imposes stricter requirements on companies processing personal data. The new regime may impose a substantially higher compliance burden on the Company and limit its rights to process personal data, lead to cost intensive administration processes, oblige us to provide the personal data that the Company record to customers in a form that would require additional administrative processes or require substantial changes in its 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. For example, criminal sanctions for compliance failures have increased from its previous level in the United Kingdom of £500,000 to up to €20,000,000 or 4% of annual worldwide turnover (whichever is higher). The Company's failure to implement and comply with the GDPR could significantly affect its reputation and relationships with its customers and suppliers, and civil and criminal liabilities for the infringement of data protection rules could have a significant negative effect on its 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 batteries used in automotive applications.

The battery packs that the Company 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 the Company have designed the battery pack to passively contain any single cell's release of energy without spreading to neighboring cells, there can be no assurance that a field or testing failure of the Company's vehicles will not occur, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time consuming and expensive. Negative public perceptions regarding the suitability of lithium-ion cells for automotive applications, or any future incident involving lithium-ion cells such as a vehicle fire, even if such incident does not involve the Company's vehicles, could seriously harm its business.

In addition, the Company will store a significant number of lithium-ion cells at its manufacturing facilities. Any mishandling of battery cells may cause disruption to the operation of its facilities. While the Company 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 the Company's operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle may cause indirect adverse publicity for us and the Company's products. Such adverse publicity could harm the Company's business, prospects, financial condition and operating results.

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

Upon evaluation of the effectiveness of the design and operation of the 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 at March 31, 2019. Although the Company have 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 that it will not discover additional weaknesses in its 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 the Company's financial condition or results of operations.

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

While the Company believe that the insurance coverage that it maintain is reasonably adequate to cover all normal risks associated with the operation of the Company's business, there can be no assurance that the Company's insurance coverage will be sufficient, that any claim under the Company's insurance policies will be honored fully or in a timely manner, or that the Company's insurance premiums will not increase substantially. There can be no assurance that any claim under the Company's insurance policies will be honoured fully or timely, its insurance coverage will be sufficient in any respect or the insurance premiums will not change substantially. Accordingly, to the extent that the Company suffer loss or damage that is not covered by insurance or that exceeds its insurance coverage, or are required to pay higher insurance premiums, the 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 Organization Agreement could materially affect the Company's business.

India's obligations under its World Trade Organization agreement could reduce the present level of tariffs on imports of components and vehicles. Reductions of import tariffs could result in increased competition, which in turn could materially and adversely affect the 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 significant impact on the 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 its production facilities. In particular, the United States and Europe have stringent regulations relating to vehicle emissions. The contemplated tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While the Company is pursuing various technologies in order to meet the required standards in the various countries in which the Company sell its vehicles, these regulations are likely to become more stringent and the resulting higher compliance costs may be significant to the Company's operations and may adversely impact its business, financial condition and results of operations. They may also limit the type of vehicles the Company sell and where it sell them, which could affect the Company's revenues.

Recently, several jurisdictions, such as Norway, Germany, the United Kingdom, France, the Netherlands and China have announced the intention to eliminate the sale of conventionally fueled vehicles in their markets in the coming decades. Diesel technologies have also become the focus of legislators in the United States and European Union as a result of emission levels. This has led to various carmakers to announce programs to retrofit diesel vehicles with software that will allow them to reduce emissions. To maintain the Company's competitiveness and compliance with applicable laws and regulations, the Company may be required to undertake increased R&D spending as well as other capital expenses.

There is a risk that these R&D activities may not achieve their planned objectives or the Company's competitors will develop better solutions and will be able to manufacture the resulting products more rapidly. This could result in loss of market share for the Company.

There is also a risk that investments in research and development of new technologies, including autonomous, connected and electrification technologies, and solutions to address future travel and transport challenges, may fail to generate sufficient returns because the technology developed or the products derived therefrom are unsuccessful in the marked and/or because the Company's competitors have developed better and/or less expensive products.

Additionally, In order to comply with current and future safety and environmental norms, the Company may have to incur additional capital expenditure and R&D expenditure to (i) operate and maintain the Company's production facilities, (ii) install new emissions controls or reduction technologies, (iii) purchase or otherwise obtain allowances to emit greenhouse gases, (iv) administer and manage the Company's greenhouse gas emissions program, and (v) invest in research and development to upgrade products and manufacturing facilities. If the Company are unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, the Company could face significant civil penalties or be forced to restrict product offerings significantly. For example, in the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal Corporate Average Fuel Economy, or 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. As with many European manufacturers, since 2010, Jaguar Land Rover has paid total penalties of US$46 million for its failure to meet CAFE standards.

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

The Motor Vehicles (Amendment) Bill, 2017 was passed in the Lok Sabha on April 10, 2017, and is currently being debated in the Rajya Sabha. This Bill addresses vehicle recalls, road safety, traffic management and accident insurance, among other matters. In its current draft, the Bill imposes civil and criminal liability on manufacturers selling vehicles in contravention of the standards specified in the Bill, or required by the government to recall their vehicles. The Bill 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, or GST, regime to combine taxes and levies by the central and state governments into one unified rate structure. Based on the application of the tax, GST will be classified as either Central GST (CGST), in instances where the central government levies the tax; State/Union Territory GST (SGST/UTGST), in instances where the state or union territory governments levy the tax; and Integrated GST (IGST), in instances where the GST is levied on the inter-state supply of goods and services.

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 its vehicles and its results of operations. For instance, Brexit may result in material changes to the UK'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 (e.g. a tariff was imposed on European aluminium and steel imports in June 2018). The administration has also specifically warned of its intention to impose a 20% tariff on European made vehicles imported into the United States, a levy that, if imposed, would increase the cost of JLR's vehicles in the United States (as JLR has no manufacturing operations in the United States), which is likely to have a material adverse effect on JLR's sales in the United States and its results of operation. Furthermore, in recent years, the Brazilian government has implemented increased import duty on foreign vehicles, along with related exemptions provided certain criteria are met. The Company continue the Company's discussions with the Brazilian government to manage the impact on the Company's business and are seeking to reduce the impact of increased tariffs. Finally, the European Commission opened an investigation into whether certain tax and other incentives granted by the government of Slovakia in connection with the construction of the Company's Slovakian manufacturing facility complied with European Union rules on state aid. Such government actions may be unpredictable and beyond the Company's control, and any adverse changes in government policy could have a material adverse effect on its business prospects, results of operations and financial condition.

Evaluating and estimating the Company's provision and accruals for its taxes requires significant judgment. As the Company conduct its business, the final tax determination may be uncertain. The Company operate in multiple geographical markets and its operations in each market are susceptible to additional tax assessments and audits. The Company's collaborations with business partners are similarly susceptible to such tax assessments.

Authorities may engage in additional reviews, inquiries and audits that disrupt the Company's operations or challenge its conclusions regarding tax matters. Any resulting tax assessment

may be accompanied by a penalty or additional fee for failing to make the initial payment. The 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 levied even where the Company consider its practices to be in compliance with tax laws and regulations. Should the Company challenge such taxes or believe them to be without merit, it may nonetheless be required to pay them. These amounts may be materially different from the 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 could be impacted by change of emission norms in India from BS IV to BS VI , effective April 1, 2020 as BS IV vehicles will not be allowed to be registered effective April 1, 2020 and it will increase the cost of the BS VI vehicles. Any future potential or real unexpected change in law could have could have a material adverse effect on the Company's business prospects, results of operations and financial condition.

On March 29, 2017, the Supreme Court of India prohibited the sale and registration of Bharat Stage III vehicles from April 1, 2017. Bharat Stage emission standards are emission standards instituted by the Government of India to regulate the output of air pollutants from internal combustion engines and Spark-ignition engines equipment, including motor vehicles. These regulations are similar to European emission standards, and seeks to curb emission levels from motor vehicles. Bharat Stage III similar to European standards (Euro III) which were in place between 2000 and 2005 in most western nations. The Supreme Court's judgment overturned a government regulation, and was unexpected. The Petroleum Ministry of India in consultation with Public Oil Marketing Companies brought forward the date of Bharat Stage-VI grade auto fuels in NCT of Delhi with effect from April 1, 2018 instead of April 1, 2020. The Government of India has announced its intention to leapfrog to Bharat Stage-VI from April 1, 2020. Any future potential or real unexpected change in law could have could have a material adverse effect on our business prospects, results of operations and financial condition.

The Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect the Company's business.

The Indian Competition Act oversees practices having an appreciable adverse effect on competition, or 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. The Company cannot predict with certainty the impact of the provisions of the Competition Act on the 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, or CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011 (as amended), which sets out the mechanism for the implementation of the merger control regime in India.

Furthermore, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The CCI has initiated an inquiry against us and other car manufacturers, collectively referred to hereinafter as 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 the Company are adversely affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could adversely affect the 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 the Company's costs of compliance.

The 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, or SEC, regulations, Securities and Exchange Board of India, or SEBI, regulations, New York Stock Exchange, or 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. The Company is committed to maintaining high standards of corporate governance and public disclosure. However, the 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.

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 norms, 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 its 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 the 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, the 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, or 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 or ethics policy under the Company's whistleblower policy, to implement increased disclosure requirements for price sensitive information, to conduct elaborate directors familiarization programs and comprehensive disclosures thereof, in accordance with the Listing Regulations. The Company may face difficulties in complying with any such overlapping requirements. Furthermore, the Company cannot currently determine the impact of certain provisions of the Companies Act and the revised SEBI corporate governance norms. 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 are and may be involved from time to time in civil, labour, 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 the Company's 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 the Company's reputation and brands.

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

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

The 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 the Company consider its practices to be in compliance with tax laws and regulations. Should the Company challenge such taxes or believe them to be without merit, it may nonetheless be required to pay them. These amounts may be materially different from the 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 is 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 FDI (Foreign Direct Investment) Policy. Under the

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

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

The Company require certain statutory and regulatory permits, licenses and approvals to carry out its business operations and applications for their renewal need to be made within certain time frames. For some of the approvals which may have expired, the Company have either made, or are in the process of making, an application for obtaining the approval or its renewal. While the Company have applied for renewal for such approvals, registrations and permits, it cannot assure that the Company 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 us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Furthermore, if the Company are unable to renew or obtain necessary permits, licenses and approvals on acceptable terms in a timely manner, or at all, the 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 the Company's business, in particular.

The 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 the 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. The Company's business and the market price and liquidity of the Company's ADSs and Shares 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 the Company's business and operations, as a substantial portion of the Company's assets are located in India. This could have a material adverse effect on the Company's financial condition and results of operations.

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

Any adverse revisions to Company's credit ratings for domestic and international debt by domestic or international rating agencies could adversely impact the 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 the 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, or 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, the 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 the Company's sales and consequently the Company's revenue, any of which could have a material adverse effect on the 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 Company's 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. Investors may also have more difficulty in asserting their rights as a shareholder of the company than they would as a shareholder of a corporation organized in another jurisdiction.

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

Stock exchanges in India, including BSE Limited, or 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 its 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 the Company or its 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 investors to effect service of process within the United States upon those persons or the Company. In addition, investors 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, or 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, or 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 the 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, or 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 the 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 Company's 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 the capacity as an ADS holder, the holder 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 do 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 are 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 Company's shareholders present and voting at a general meeting. ADS holders may be unable to exercise preemptive rights for subscribing to these new Shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. The Company's decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and we do not commit that we would file such a registration statement. If any issue of securities is made to the Company's shareholders in the future, such securities may also be issued to the depository, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the depository would receive upon the sale of such rights or securities. To the extent that ADS holders are unable to exercise preemptive rights, their proportionate ownership interest in our company would be reduced.

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

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

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 us of the percentage limit of the circuit breaker from time to time, and may change it without 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 Company's shareholders to sell their Shares or the price at which such shareholders may be able to sell their Shares.