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The following table sets forth information with respect to the exchange rate between the rupee and the dollar (in rupees per US dollar) for the previous six months as published by Bloomberg L.P.

Month	Period End	Period Average	High	Low
January 2012	49.46	51.26	53.31	49.32
February 2012	49.02	49.19	49.51	48.70
March 2012	50.88	50.35	51.40	49.22
April 2012	52.74	51.86	52.74	50.72
May 2012	56.11	54.48	56.23	52.92
June 2012	55.64	56.02	57.16	54.95

Source: Bloomberg L.P

As of July 27, 2012, the value of the rupee against the US dollar was Rs.55.3413 per US\$1.00, as published by Bloomberg L.P.

### **B. Capitalization and Indebtedness.**

Not applicable.

### **C. Reasons for the Offer and Use of Proceeds.**

Not applicable.

### **D. Risk Factors.**

This section describes the risks that we currently believe may materially affect our business. The factors below should be considered in connection with any forward-looking statements in this annual report and the cautionary statements on page i. The risks below are not the only ones we face – some risks may be unknown to us, and some risks that we do not currently believe to be material could later turn out to be material. Although we will be making all reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially impact our business, revenues, sales, and net assets, results of operations, liquidity and capital resources.

#### **Risk associated with Our Business and the Automotive Industry.**

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

The impact of the global financial crisis and European sovereign debt crisis continues to be a cause of concern despite concerted efforts to contain the adverse effect of these events on global recovery.

In addition to India, we have automotive operations in the UK, South Africa, South Korea, Spain and Thailand, and have established a presence in Indonesia. The Indian automotive industry is affected substantially by the general economic conditions in India and around the world. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, easy availability of credit, and increase in disposable income among Indian consumers, interest rates, freight rates and fuel prices. During the global financial crisis, the Reserve Bank of India (RBI) had eased its monetary policy stance to stimulate economic activity. Subsequently, as the Indian economy started recovering from the downturn, inflation pressures increased substantially followed by several interest rate hikes by RBI in 2011. With inflation moderating in 2012, RBI reduced the repo rate and reverse repo rate by 50 basis points in April 2012, however, muted industrial growth along with higher inflation and higher interest rates still continue to pose downside risks to overall growth. The automotive industry in general is cyclical and economic slowdowns in the past have affected the manufacturing sector including the automotive and related industries. Deterioration in key economic factors such as growth rate, interest rates and inflation as well as reduced availability of financing for vehicles at competitive rates may adversely affect our automotive sales in India and results of operations.

Our Jaguar Land Rover operations have significant presence in the UK, North America, Continental Europe and China, as well as sales operations in many major countries across the globe. The global economic downturn significantly impacted the global automotive markets, particularly in the United States and Europe, including the UK, where our Jaguar Land Rover operations have significant sales exposure. Our strategy with respect to our Jaguar Land Rover operations, which includes new product launches and expansion into growing markets such as China, Russia and Brazil, may not be sufficient to mitigate the decrease in demand for our products in established markets and this could have a significant adverse impact on our financial performance. In response to the recent economic slowdown, we further intensified efforts to review and realign our cost structure such as reducing manpower costs and other fixed costs. Further, our Jaguar Land Rover business is exploring opportunities to reduce cost base through increased sourcing of materials from low cost countries, reduction in number of suppliers, reduction in number of platforms, reduction in engineering change costs, increased use of off-shoring and several other initiatives. While markets in the United States in 2012 have begun to show signs of recovery and stability, UK and Europe continue to struggle. If industry demand softens because of the impact of the debt crisis, or lower or negative economic growth in key markets, including China or other factors, our results of operations and financial condition could be substantially and adversely affected.

***Restrictive covenants in our financing agreements may limit our operations and financial flexibility and adversely impact our future results and financial condition.***

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

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

***Because of the acquisition of Jaguar Land Rover, our historical financial statements may not be comparable.***

On June 2, 2008, we completed the acquisition of Jaguar Land Rover from the Ford Motor Company, or Ford. Therefore, our financial statements for the Fiscal years ended March 31, 2009, 2010, 2011 and 2012 include the results of Jaguar Land Rover for the period commencing from June 2, 2008 to March 31, 2009, for the Fiscal year ended March 31, 2010, for the Fiscal year ended March 31, 2011 and for the Fiscal year ended March 31, 2012, respectively. Our historical consolidated financial statements for the Fiscal years ended on and before March 31, 2008 do not include the results of Jaguar Land Rover, and neither pro forma nor historical consolidated financial statements showing our combined results of operations and financial condition, including Jaguar Land Rover, have been prepared or are being provided in this annual report.

This may make it difficult to compare our past performance and financial condition or to estimate our consolidated performance in the future. Moreover, the global disruption of the automotive industry during the financial crisis in 2009, including in Jaguar Land Rover's markets, makes past performance of the business not necessarily indicative of future demand, trends or results.

***Exchange rate and interest rate fluctuations could adversely affect our results of operations.***

Our operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which we operate. These risks primarily stem from the relative movements of the GBP, the US dollar, the Euro, the Chinese Renminbi, the Japanese Yen and the Indian Rupee.

We import capital equipment, raw materials and components from, and also sell our vehicles in various countries. These transactions are denominated primarily in US dollars and Euros. Moreover, we have outstanding foreign currency denominated debt and are sensitive to fluctuations in foreign currency exchange rates. We have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations. Our Jaguar Land Rover operations have significant exposure considering our vehicle sales in the US, Europe and China. In addition, Jaguar Land Rover sources a significant portion of input material from European suppliers. As compared to the previous year, the GBP has, on average, strengthened against the US dollar resulting in a negative impact on our revenues, while the Euro and GBP exchange rate has, on average, remained stable. The depreciation of the Indian Rupee against the US dollar adversely impacted our borrowing cost and consequently, our results of operations. Our Jaguar Land Rover operations have outstanding foreign currency denominated debt in US dollar and are sensitive to fluctuations in foreign currency exchange rates.

Our Jaguar Land Rover business is exposed to exchange rate risk considering its substantial exports out of the UK, though the risk may be mitigated to a certain extent by resorting to currency hedging.

Although we engage in currency hedging in order to decrease our foreign exchange exposure, a weakening of the Indian Rupee against the US dollar or other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase our financing costs, which could have a significant adverse impact on our results of operations.

We also have interest-bearing assets (including cash balances) and interest-bearing liabilities, which earn interest at variable rates. We are therefore exposed to changes in interest rates in the various markets in which we borrow.

***Financial instability in other countries could disrupt our business and cause the trading price of our Shares and ADSs to decrease.***

The Indian automotive market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In the event the recovery of global economy is slower than expected, or if there is any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations, financial condition and the trading price of our shares and ADSs.

***Intensifying competition could materially and adversely affect our sales and results of operations.***

The global automotive industry is highly competitive and competition is likely to further intensify in view of the continuing globalization and consolidation 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 developing a presence in emerging markets, such as China. The factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry in the future.

We also face strong competition in the Indian market from domestic as well as foreign automobile manufacturers. Improving infrastructure and robust growth prospects compared to other mature markets, are attracting 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 we will be able to implement our future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

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

Our competitors can gain significant advantages if they are able to offer products satisfying customer needs earlier than we are able to and this could adversely impact our sales and results of operations. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could adversely impact our results of operations.

Customer preferences especially in many of the developed markets seem to be moving in favor of more fuel efficient vehicles. Further, in many countries there has been significant pressure on the automotive industry to reduce carbon dioxide emissions. In many markets these preferences are driven by increased government regulation and rising fuel prices. Our operations may be significantly impacted if there is a delay in developing fuel efficient products that reflect changing customer preferences, especially in the premium automotive category. There can be no assurance that the market acceptance of our future products will meet our expectations, in which case we may be unable to realize the intended economic benefits of our investments and our results of operations may be adversely affected.

***We are subject to risks associated with product liability, warranty and recall.***

We are subject to risks and costs associated with product liability, warranties and recalls, should we supply defective products, parts, or related after-sales services, including by generating negative publicity, which may adversely affect our business, results of operations and financial condition. Such events could also require us to expend considerable resources in correcting these problems and could adversely affect demand for our products. We may also be subject to class actions or other large scale product liability or other lawsuits in various jurisdictions where we have a significant presence.

***We are subject to risk associated with our automobile financing business in India.***

We are subject to risks associated with our automobile financing business. Any defaults by our customers or inability to repay installments as due, could adversely affect our business, results of operations and cash flows. In addition, any downgrades in our credit ratings may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating downgrades, market volatility, market disruption, regulatory changes or otherwise, we may need to reduce the amount of financing receivables we originate, which could adversely affect our ability to support the sale of our vehicles.

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

Our products are sold and serviced through a network of authorized dealers and service centers across our domestic market, and a network of distributors and local dealers in international markets. We monitor the performance of our dealers and distributors and provide them with support to enable them to perform to our expectations. There can be no assurance, however, that our expectations will be met. Any under-performance by our dealers or distributors could adversely affect our sales and results of operations. We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. Furthermore, for some of these parts and components, we are dependent on a single source. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could affect our results of operations in an adverse manner.

Natural disasters and man-made accidents, adverse economic conditions, decline in automobile demand, lack of access to sufficient financing arrangements, could have a negative financial impact on our suppliers and distributors in turn impairing timely availability of components to us or increasing the costs of such components. Similarly, impairments to the financial condition of our distributors may impact our performance in some markets. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would have an adverse effect on the supply chains and may further affect our results of operations in an adverse manner.

In respect of our Jaguar Land Rover operations, as part of a separation agreement from Ford, we have entered into supply agreements with Ford and certain other third parties for critical components. Any disruption of such services could have a material adverse effect on our operations and financial condition.

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

In Fiscal 2012 and 2011, consumption of raw materials, components and aggregates and purchase of products for sale constituted approximately 66.1% and 64.6% respectively, of total revenues. Prices of commodity items used in manufacturing automobiles, including steel, aluminium, copper, zinc, rubber, platinum, palladium and rhodium have become increasingly volatile over the past two years. Further price movements would closely depend on the evolving economic scenarios across the globe. While we continue to pursue cost reduction initiatives, an increase in price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on the demand. In addition, because of intense price competition and our high level of fixed costs, we may not be able to adequately address changes in commodity prices even if they are foreseeable. Increases in fuel costs also pose a significant challenge to automobile manufacturers worldwide, including us, especially in the commercial and premium vehicle segments where increased fuel prices have an impact on demand.

***The performance of our subsidiaries and affiliates may adversely affect our results of operations.***

We have made and may continue to make capital commitments to our subsidiaries and affiliates, and if the business or operations of these subsidiaries and affiliates deteriorates, the value of our investments may be adversely affected.

***The significant reliance of Jaguar Land Rover on key mature markets increases the risk of negative impact of adverse change in customer demand in those countries***

Jaguar Land Rover, which contributes approximately 63% of our revenues, has a significant presence in the United Kingdom, North American and continental European markets. The global economic downturn significantly impacted the automotive industry in these markets in Fiscal 2009. Even though sales of passenger cars were aided by government-sponsored car-scrap incentives, these incentives primarily benefited the compact and micro-compact car segments and had virtually no slowing effect on the sales declines in the premium car or all-terrain vehicle segments in which we operate. Although demand in these markets has recovered, any decline in demand for our vehicles in these major markets may in the future significantly impair our business, financial position and results of operations. In addition, our strategy, which includes new product launches and expansion into growing markets, such as China, India, Russia and Brazil, may not be sufficient to mitigate a decrease in demand for our products in mature markets in the future, which could have a significant adverse effect on our financial performance.

***We are subject to risks associated with growing our business through mergers and acquisitions.***

We believe that our acquisitions provide us opportunities to grow significantly in the global automobile markets by offering premium brands and products. Our acquisitions have provided us 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 our acquisitions present significant challenges, and we may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within our expected schedule. An acquisition may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control.

We 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 will be seamless integration and effective management of the merged/acquired entity, retention of key personnel, and generating cash flow 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 we are unable to manage any of the associated risks successfully, our results of operations could be adversely affected.

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

The sales volumes and prices for our vehicles are influenced by the cyclicality and seasonality of demand for these products. In the Indian market, demand for our vehicles generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian fiscal budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December due to year-end. The automotive industry has been cyclical in the past and we expect this cyclicality to continue.

Our Jaguar Land Rover business is impacted by the bi-annual registration of vehicles in the United Kingdom where the vehicle registration number changes every six months, which 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 driven by introduction of new model year products which typically occurs in the autumn of each year. Furthermore, western European markets tend to be impacted by the summer and winter holidays. Markets in China tend to show higher demand for vehicles around the Chinese New Year. The resulting sales profile influences operating results on a quarter-to-quarter basis.

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

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

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

With respect to our Jaguar Land Rover business, we own or otherwise have rights in respect of a number of patents relating to the products we manufacture, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new technical designs for use in our vehicles. We also use technical designs 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 our business and may continue to be of value in the future. Although we do not regard any of our businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have a materially adverse effect on our operations, business and / or financial condition. We may also be affected by restrictions on the use of intellectual property rights held by third parties and we may be held legally liable for the infringement of the intellectual property rights of others in our products.

***We may be adversely affected by labor unrest.***

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

In general, we consider our labor relations with all of our employees to be good. However, in the future we may be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition and results of operations may be adversely affected.

***Any inability to manage our growing international business may adversely affect our results of operations.***

Our growth strategy relies on the expansion of our operations by introducing certain automotive products in other parts of the world, including Europe, China, Russia, Brazil, US, Africa, and other parts of Asia. The costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations.

If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, results of operations and financial condition could be adversely affected.

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

We provide post retirement and pension benefits to our employees some of which are defined benefit plans.

Our pension liabilities are generally funded and the pension plan assets are particularly significant in respect of the Jaguar and Land Rover pension plans. All new employees in our Jaguar Land Rover operations from April 19, 2010, have joined in a new defined contribution pension plan.

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 the pension liabilities and consequently increase funding requirements, which will adversely affect our financial condition and results of operations.

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

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under our insurance policies will be honored fully or timely. Also, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our financial condition may be affected.

**Political and Regulatory Risks.**

***India's obligations under the World Trade Organization Agreement.***

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 adversely affect our sales 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 may have significant impact on our business.***

As an automobile company, we are subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and compliance costs may significantly impact our future results of operations. In particular, the U.S. and Europe have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While we are pursuing various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for our products and our results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by the various governments could also adversely affect our results of operations. For example, we are availing excise duty exemptions for manufacturing facilities in the State of Uttarakhand and other incentives in certain states of India either through subsidies or loans from such states where we have manufacturing operations. The Government of India had proposed a comprehensive national goods and services tax, or GST, regime that will combine taxes and levies by the central and state governments into one unified rate structure. The same was to be effective from April 1, 2012, but its implementation has been deferred. While both the Government of India and other state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure might be affected by any disagreement between certain state governments, which could create uncertainty.

The Direct Tax Code Bill 2010, or DTC, proposes to replace the existing Income Tax Act, 1961 and other direct tax laws, with a view to simplify and rationalize the tax provisions into one unified code. The DTC bill is currently proposed to come into effect from April 1, 2013. The various proposals included in DTC bill are subject to review by Indian parliament and as such impact if any, is not quantifiable at this stage.

Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including our Shares and ADSs. In this regard it is important to note that DTC bill would likely have a significant impact on the current tax regime, including in respect of our Shares and ADSs. For more information, see Item 4.B "– Business Overview – Government Regulations – Indian Taxes – Goods and Services Tax" of this annual report.

***We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labor strikes.***

Our products are exported to a number of geographical markets and we plan to expand our international operations further in the future. Consequently, we are subject to various risks associated with conducting our business outside our domestic markets and our operations may be subject to political instability in those markets, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes. Any significant or prolonged disruptions or delays in our operations related to these risks could adversely impact our results of operations.

***Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.***

We are subject to a complex and changing regime of laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission, or SEC, regulations, SEBI regulations, New York Stock Exchange, or NYSE, listing rules and Indian stock market listing regulations. New or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

In addition, new laws, regulations and standards regarding corporate governance may make it more difficult for us to obtain director and officer liability insurance. Further, our board members, executive directors and our chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may face difficulties attracting and retaining qualified board members and senior management, which could harm our business. If we fail to comply with new or changed laws, regulations or differing standards, our business and reputation may be harmed.

***Risks associated with Investments in an Indian Company.***

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

Our business could be significantly influenced by economic policies adopted by the Indian Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms.

The Indian Government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. While we expect any new government to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued.

The Indian Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our 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 Indian Government's policies in the future could adversely affect business and economic conditions in India and could also adversely affect our financial condition and results of operations. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of our Company, as a substantial portion of our assets are located in India.

***Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.***

India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and 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 market for securities of Indian companies, including our ADSs and Shares, and on the market for our vehicles.

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

Our Articles of Association, which include regulations applicable to our Board of Directors, and Indian law, govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions, including the United States. You may also have more difficulty in asserting your rights as a shareholder of our Company than you would as a shareholder of a corporation organized in another jurisdiction.



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

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges, including the Bombay Stock Exchange Limited, or BSE, have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Shares. These problems in the past included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges 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. The Securities and Exchange Board of India, or SEBI, received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

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

We are a limited liability company incorporated under the laws of India. 11 out of 13 Directors and executive officers named in this annual report are residents of India and a substantial portion of our assets and the assets of these directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, (iii) enforce, in an Indian court, court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided under Section 13 of the Code of Civil Procedure, or the Civil Procedure Code.

Section 13 and Section 44A of the Civil Procedure Code provide that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where Indian law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government of India to be a reciprocating territory for the purpose of Section 44A of the Civil Procedure Code. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment and not by proceedings in execution. 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. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI, the central bank of India, to execute such a judgment or to repatriate outside India any amount recovered.

***Risks associated with our Shares and ADSs.***

***Fluctuations in the exchange rate between the rupee and the US dollar may have a material adverse effect on the market value of our ADSs and Shares, independent of our operating results.***

Fluctuations in the exchange rate between the rupee and the US dollar will affect, among others things, the US dollar equivalents of the price of the Shares in rupees as quoted on the Indian stock exchanges and, as a result, may affect the market price of the ADSs. Such fluctuations will also affect the US dollar equivalent of any cash dividends in rupees received on the Shares represented by the ADSs and the dollar equivalent of the proceeds in rupees of a sale of Shares in India.