

TATA MOTORS LTD/FI
Form 6-K
November 17, 2014
[Table of Contents](#)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the Month of November 2014

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant's name into English)

BOMBAY HOUSE

24, HOMI MODY STREET,

MUMBAI 400 001, MAHARASHTRA, INDIA

Telephone # 91 22 6665 8282 Fax # 91 22 6665 7799

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

Table of Contents

TABLE OF CONTENTS

Item 1: Form 6-K dated November 17, 2014 along with the Press Release.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

Tata Motors Limited

By: /s/ Hoshang K Sethna

Name: Hoshang K Sethna

Title: Company Secretary

Dated: November 17, 2014

Table of Contents

Table of Contents**Contents**

<u>Management's discussion and analysis of financial condition and results of operations</u>	2
<u>General trends in performance (including results of operations)</u>	3
<u>Performance in key geographical markets on retail basis</u>	4
<u>Business risks and mitigating factors</u>	5
<u>Employees</u>	5
<u>Cash flow</u>	5
<u>Liquidity and capital resources</u>	5
<u>Subsequent events</u>	5
<u>Borrowings</u>	6
<u>Acquisitions and disposals</u>	6
<u>Off-balance sheet financial arrangements</u>	6
<u>Board of Directors</u>	6
Condensed consolidated financial statements	
<u>Consolidated Income Statement</u>	7
<u>Consolidated Statement of Comprehensive Income</u>	7
<u>Consolidated Balance Sheet</u>	8
<u>Consolidated Statement of Changes in Equity</u>	9
<u>Consolidated Cash Flow Statement</u>	10
<u>Notes</u>	11

This report uses:

Group, Company, Jaguar Land Rover and JLR to refer to Jaguar Land Rover Automotive plc and its subsidiaries.

EBITDA measured as earnings before tax and adding back depreciation, amortisation, finance income, finance expense, foreign exchange gains/(losses) on financing and unrealised derivatives, unrealised commodity gains/(losses) and share of gains/(losses) from joint ventures.

PBT profit before tax.

Net cash measured as cash and cash equivalents and short term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases).

Free cash flow measured as the net change in cash and cash equivalents, less net cash in financing activities, less movement in short term deposits.

Product and other investment measured as cash outflows relating to tangible assets (net of proceeds from disposals of tangible assets), intangible assets, expensed R&D and investment in joint ventures.

FY15 Year ending 31 March 2015

FY14 Year ended 31 March 2014

H1 6 months ended 30 September

Q2 3 months ended 30 September

Q1 3 months ended 30 June

Table of Contents

Management's discussion and analysis of financial condition and results of operations

Q2 FY15 was another solid quarter for Jaguar Land Rover:

Retail volumes of 110,781 units, up 8% from Q2 FY14 with Land Rover up 10% and Jaguar down 2%

Revenue £4.8 billion, up £0.2 billion

EBITDA £933 million, up £124 million with EBITDA margin of 19.4%, up 1.9 ppt

PBT £609 million, down £59 million

Free cash flow of £497 million after total investment of £763 million, before financing costs

Cash and financial deposits £3.8 billion and undrawn long-term committed bank lines £1.3 billion
The increase in sales reflects the continued success of Range Rover, Range Rover Sport and the Jaguar F-Type.

Strong sales growth has been evident across the majority of markets, most notably in the UK and China (our largest market) and other parts of Asia.

The quarter was supported by more favourable macroeconomic conditions, in general, evidenced by the robust growth in the US and UK with continued growth in China. Economic conditions have been flatter in Europe and more challenging in other markets such as Russia and Brazil.

Although the US Dollar and Chinese Renminbi have recently strengthened against the Pound, the same exchange rates were generally less favourable during Q2 FY15 compared to the same period last year. The Russian Rouble and other emerging market currencies were also weaker given economic and geo-political events. Prices for base and precious metals have generally softened over the quarter.

In the six months to 30 September, revenue has grown 17% and PBT has grown by 42% over the equivalent period a year ago.

The continued success of both brands, most notably Range Rover, Range Rover Sport and F-Type models coupled with a favourable market mix, increased the EBITDA margin for the quarter to 19.4%, up 1.9 ppt compared to the same quarter in the prior year. The EBITDA margin for the 6 months to 30 September was 19.9%, up 3.2 ppt compared to the same period last year.

The Company continues to invest significantly in R&D and capital expenditure (e.g. new assembly hall at Solihull, new engine manufacturing plant at Wolverhampton and investment in new China manufacturing JV), spending £763 million in Q2 FY15, up £106 million compared to Q2 FY14. Investment in R&D and capital expenditure for the 6 months ended 30 September 2014 totalled £1.4 billion compared to £1.2 billion over the same period last year. The

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Company has indicated that total investment will be in the region of £3.5 - £3.7 billion in FY15.

Free cash flow improved during Q1 FY15 to £497 million versus £430 million in Q2 FY14 as cash from operations more than funded investment in the period. Free cash flow for the 6 months to 30 September was £502 million, compared to £89 million for the same period a year ago.

Table of Contents**General trends in performance (including results of operations)*****Overall strong volume growth***

Total retail volumes were 110,781 units for the quarter, an increase of 8% compared to Q2 FY14. Retail volumes were 91,134 units for Land Rover up 10% and 19,647 units for Jaguar down 2% compared to the equivalent quarter in the prior year.

The increase in Land Rover retail volumes was driven by higher sales of Range Rover and Range Rover Sport.

The decrease in Jaguar retail volumes reflects lower Jaguar XF and XJ sales volumes in the period, partially offset by continuing strong sales of F-Type.

Wholesale volumes for Q2 FY15 were 103,975 units, an increase of 2% on the equivalent quarter in the prior year. At a brand level, wholesale volumes were 86,194 units for Land Rover and 17,781 units for Jaguar.

Revenue and profits

The Company generated revenue of £4,808 million in Q2 FY15, an increase of 4% over the £4,612 million in Q2 FY14.

The EBITDA margin has improved by 1.9 ppt to 19.4%, compared to Q2 FY14. This is primarily driven by favourable product mix as Range Rover, Range Rover Sport and Jaguar F-Type continue to perform well, and a favourable market mix lead by growth in China and Asia Pacific regions.

PBT for the quarter was £609 million, down £59 million from £668 million in Q2 FY14. The decrease in PBT is more than explained by: (i) unfavourable revaluation of foreign currency debt and unrealised hedges in Q2 FY15 (£85 million), compared to positive revaluation in Q2 FY14 (£87 million) and (ii) higher depreciation and amortisation (£28 million increase).

Profit after tax for the quarter was £450 million with a 26% effective tax rate, compared to £507 million with a 24% effective tax rate for Q2 FY14, due to the booking of a one off tax credit.

EBITDA reconciliation

Three months ended 30 September (£ millions)	2014	2013
EBITDA margin	19.4%	17.5%
EBITDA	933	809
Adjustments:		
Depreciation and amortisation	(244)	(216)
Foreign exchange gains/(losses) - financing	(53)	47
Foreign exchange gains/(losses) - unrealised derivatives	(24)	26
Unrealised commodity gains/(losses)	(8)	14
Finance income	12	9
Finance expense (net)	(1)	(13)
Share of loss from joint ventures	(4)	(8)

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Other	(2)	
Profit before tax	609	668
Income tax expense	(159)	(161)
Profit after tax	450	507

Table of Contents**Performance in key geographical markets on retail basis**

Three months ended 30 September (Units)	2014	2013	Change (%)
China	29,786	24,351	22.3%
Europe (excluding UK)	17,227	16,426	4.9%
UK	22,151	20,201	9.7%
North America	17,616	18,617	(5.4)%
Asia Pacific (excluding China)	6,702	5,495	22.0%
All other markets	17,299	17,554	(1.5)%
Total JLR	110,781	102,644	7.9%

Global economic performance was mixed over the quarter. Robust employment and GDP growth coupled with buoyant consumer spending is driving improved economic conditions in the US and UK whilst China maintains growth above 7%. Growth and economic performance is more variable in the Eurozone and some emerging markets.

Economic conditions remain positive in the United Kingdom as unemployment continues to fall and healthy retail spending continues. The Scottish vote against independence caused some volatility in the Pound Sterling, and lower inflation has pushed back the expectation of interest rate rises to mid-2015 leaving the Pound Sterling weaker over the quarter. New passenger car sales in the UK were up 6.3% over the quarter compared to the same period last year and JLR continue to outperform the market with retail volumes up 9.7%.

Growth in the United States is continuing as GDP rises and unemployment falls (now below 6% for the first time since 2008). Sustained consumer confidence and an improvement in employment helped new passenger car sales grow by 6.8% over the quarter compared to the same period last year. JLR sales in the US fell by 7.5% compared to Q2 last year due partly to production scheduling.

Growth in Europe remains sluggish as Italy's economy returned to recession and the slowdown in Germany and France impacts the fragile economic recovery. The ECB have dropped interest rates further and consumer confidence is softening. Despite the weaker economic environment, there was a modest rise in new passenger car sales of 1.7% and 4.1% in France and Germany respectively and sales growth in Spain was particularly strong at 16.2%. Against this backdrop, JLR managed to maintain robust sales growth in Europe up 4.9% over the quarter compared to the same period last year.

Despite fears of a slowing Chinese economy, growth remains above 7% supported by fiscal stimulus from the government to maintain their GDP growth target of 7.5%. New vehicle sales remain buoyant with growth of 8.1% compared to the same period last year and JLR sales outpaced the market once more with retail sales growth of 22.4%.

Challenging economic and political conditions continue in some of the other emerging markets. In Brazil, falling production, retail spending, consumer confidence and the uncertainty surrounding the run up to the recent presidential elections contributed to a 14.3% drop in new vehicle sales compared to the same period last year resulting in a fall in JLR retail sales of 11.2% over the same period. Tightening economic conditions in Russia and the present conflict with the Ukraine continues to impact the Russian economy. Despite a drop in new vehicle sales of 22.9% in Russia JLR sales were only modestly impacted, down by 2.7% over the quarter.

Table of Contents

Business risks and mitigating factors

As discussed on pages 83-89, and elsewhere, of the Annual Report 2013-14 of the Company, Jaguar Land Rover is exposed to various business risks including but not limited to the uncertainty of global economic conditions, fluctuations of currency exchange rates and raw material prices.

Employees

At the end of Q2 FY15, Jaguar Land Rover employed 31,826 people worldwide including agency personnel (Q2 FY14: 27,948). Approximately 1,300 of the people employed are in overseas markets.

Cash flow

Free cash flow was £497 million in the quarter up £67 million from £430m in Q2 FY14. The increase reflects higher cash generated by operating activities (up £194m), offset partially by higher net cash used in investing activities excluding changes in bank deposits longer than 3 months.

Cash generated by operating activities was £1,189 million in the quarter compared to £995 million during Q2 FY14, primarily reflecting higher EBITDA and favourable working capital changes.

Investment in tangible assets (property, plant and equipment), expenditure on intangible assets (product development programs) and investment in joint ventures totalled £701 million in the quarter, compared to £595 million in Q2 FY14. The Company's capital expenditure on tangible assets primarily relates to the introduction of new products, capacity expansion of its production facilities and continuing quality and reliability improvement projects.

Reported net cash used in investing activities of £740 million in the quarter (Q2 FY14: £425 million) includes a £48 million increase in bank deposits with a maturity of over 3 months (Q2 FY14: decrease of £140 million) which are classified as investments.

Cash used in financing activities was £54 million in the quarter, primarily reflecting £41 million of interest and fees paid relating to outstanding debt. In Q2 FY14, cash received from financing activities was £54 million, reflecting higher utilisation of short-term financing facilities.

Liquidity and capital resources

As at 30 September 2014, the Company had £2,263 million of cash and cash equivalents and a further £1,490 million of bank deposits with maturities greater than 3 months. The total amount of cash and cash equivalents includes an amount of £572 million in subsidiaries of Jaguar Land Rover outside the United Kingdom.

The cash in some of these jurisdictions is subject to restriction on remitting cash to the UK through inter-company cash pooling loans or interim dividends although annual dividends are generally permitted.

In addition, the Company had a £1,325 million undrawn committed credit facility with £994 million maturing in July 2018 and the balance maturing in July 2016. The Company also had £51 million of undrawn shorter-term committed credit facilities.

Subsequent events

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On 31 October 2014, the Company issued USD 500 million (approximately £300 million) 4.250% Senior Notes due 2019. The Company intends to use the net proceeds from the issue and sale of the Senior Notes for general corporate purposes, including support for the on-going growth and capital spending plan.

Table of Contents**Borrowings**

The following table shows details of the Company's financing arrangements as at 30 September 2014.

(£ millions)	Facility amount	Outstanding	Undrawn	First call date
Committed				
£500m 8.25% Senior Notes due 2020*	500	500		Mar-2016
£400m 5% Senior Notes due 2022**	400	400		n/a
\$410m 8.125% Senior Notes due 2021*	252	252		May-2016
\$500m 5.625% Senior Notes due 2023*	308	308		Feb-2018
\$700m 4.125% Senior Notes due 2018**	430	430		n/a
Revolving 3 and 5 year credit facilities	1,325		1,325	
Receivable factoring facilities	215	164	51	
Subtotal	3,430	2,054	1,376	
Prepaid costs		(22)		
Total	3,430	2,032	1,376	

* The Notes are guaranteed on a senior unsecured basis by the guarantors Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Land Rover Exports Limited, JLR Nominee Company Limited and Jaguar Land Rover North America LLC.

** The Notes are guaranteed on a senior unsecured basis by the guarantors Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.

Acquisitions and disposals

There were no material acquisitions or disposals in the period.

Off-balance sheet financial arrangements

The Company has no off-balance sheet financial arrangements other than commitments disclosed in the condensed consolidated financial statements.

Board of Directors

The following table provides information with respect to members of the Board of Directors of Jaguar Land Rover:

Name	Position	Year appointed as Director, Chief Executive Officer
------	----------	--

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Cyrus P Mistry	Chairman and Director	2012
Andrew M. Robb	Director	2009
Dr. Ralf D. Speth	Chief Executive Officer and Director	2010
Nasser Mukhtar Munjee	Director	2012
Chandrasekaran Ramakrishnan	Director	2012

Table of Contents**Condensed Consolidated Income Statement***For the three and six months ended 30 September 2014 (unaudited)*

(£ millions)	Note	Three months ended		Six months ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue		4,808	4,612	10,161	8,709
Material and other cost of sales		(2,904)	(2,827)	(6,203)	(5,317)
Employee cost		(463)	(390)	(892)	(751)
Other expenses		(939)	(937)	(1,866)	(1,744)
Net impact of commodity derivatives		(7)	10	8	(9)
Development costs capitalised	2	274	259	547	501
Other income		32	96	56	109
Depreciation and amortisation		(244)	(216)	(478)	(418)
Foreign exchange gain		45	73	192	43
Finance income	3	12	9	23	18
Finance expense (net)	3	(1)	(13)	(5)	(46)
Share of loss from joint ventures		(4)	(8)	(10)	(12)
Profit before tax		609	668	1,533	1,083
Income tax expense		(159)	(161)	(390)	(272)
Profit for the period		450	507	1,143	811

Condensed Consolidated Statement of Comprehensive Income*For the three and six months ended 30 September 2014 (unaudited)*

(£ millions)	Three months ended		Six months ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period	450	507	1,143	811
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(80)	(160)	(194)	(278)
Income tax related to items that will not be reclassified	16	(3)	39	24
	(64)	(163)	(155)	(254)

Items that may be reclassified subsequently to profit or loss:

Gain on effective cash flow hedges	(475)	657	(412)	817
Cash flow hedges reclassified to foreign exchange gain in profit or loss	(69)	(1)	(158)	(47)
Currency translation differences	11			
Income tax related to items that may be reclassified	109	(135)	114	(161)
	(424)	521	(456)	609
Other comprehensive expense net of tax	(488)	358	(611)	355
Total comprehensive income attributable to shareholders	(38)	865	532	1,166

Table of Contents**Condensed Consolidated Balance Sheet**

As at (£ millions)	Note	30 September 2014 (unaudited)	31 March 2014 (audited)
Non-current assets			
Equity accounted investees		207	145
Other financial assets		270	473
Property, plant and equipment		3,725	3,184
Intangible assets		4,589	4,240
Other assets		59	33
Deferred income taxes		373	284
Total non-current assets		9,223	8,359
Current assets			
Cash and cash equivalents		2,263	2,260
Short term deposits		1,490	1,199
Trade receivables		748	831
Other financial assets	5	268	392
Inventories	6	2,276	2,174
Other current assets	7	237	355
Current tax assets		16	19
Total current assets		7,298	7,230
Total assets		16,521	15,589
Current liabilities			
Accounts payable		4,609	4,787
Short term borrowings	13	165	167
Other financial liabilities	10	407	277
Provisions	11	418	395
Other current liabilities	12	426	395
Current tax liabilities		109	113
Total current liabilities		6,134	6,134
Non-current liabilities			
Long term debt	13	1,867	1,843
Other financial liabilities	10	164	69
Provisions	11	591	582
Retirement benefit obligation	16	935	674
Other non-current liabilities		91	77
Deferred tax liabilities		493	346
Total non-current liabilities		4,141	3,591

Total liabilities		10,275	9,725
Equity attributable to shareholders			
Ordinary shares		1,501	1,501
Capital redemption reserve		167	167
Reserves	14	4,578	4,196
Equity attributable to shareholders		6,246	5,864
Total liabilities and equity		16,521	15,589

These condensed consolidated interim financial statements were approved by the board of directors.

Company registered number: 6477691

Table of Contents**Condensed Consolidated Statement of Changes in Equity**

(£ millions)	Ordinary shares	Capital redemption reserve	Other reserves	Total Equity
Balance at 31 March 2014 (audited)	1,501	167	4,196	5,864
Profit for the period			1,143	1,143
Other comprehensive expense for the period			(611)	(611)
Total comprehensive income			532	532
Dividend paid			(150)	(150)
Balance at 30 September 2014 (unaudited)	1,501	167	4,578	6,246

(£ millions)	Ordinary shares	Capital redemption reserve	Other reserves	Total Equity
Balance at 31 March 2013 (audited)	1,501	167	1,871	3,539
Profit for the period			811	811
Other comprehensive expense for the period			355	355
Total comprehensive income			1,166	1,166
Dividend paid			(150)	(150)
Balance at 30 September 2013 (unaudited)	1,501	167	2,887	4,555

Table of Contents**Condensed Consolidated Cash Flow Statement***For the three and six months ended 30 September 2014 (unaudited)*

(£ millions)	Three months ended		Six months ended	
	30 September 2014 (unaudited)	30 September 2013 (unaudited)	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Cash flows from operating activities				
Profit for the period	450	507	1,143	811
Adjustments for:				
Depreciation and amortisation	244	216	478	418
Loss on sale of assets			1	
Foreign exchange loss/(gain) on loans	53	(47)	26	(52)
Income tax expense	159	161	390	272
(Gain)/loss on embedded derivative		(9)		3
Finance expense (net)	1	22	5	43
Finance income	(12)	(9)	(23)	(18)
Foreign exchange loss/(gain) on derivatives	24	(26)		(38)
Foreign exchange gain on short term deposits	(11)		(20)	
Share of loss from joint ventures	4	8	10	12
Cash flows from operating activities before changes in assets and liabilities	912	823	2,010	1,451
Trade receivables	61	(54)	84	110
Other financial assets		228	(12)	283
Other current assets	153	161	119	312
Inventories	(148)	29	(102)	(290)
Other non-current assets	(9)	(4)	(9)	(4)
Accounts payable	160	18	(254)	(132)
Other current liabilities	98	48	31	(153)
Other financial liabilities	7	(246)	(4)	(285)
Other non-current liabilities and retirement benefit obligations	34	10	80	41
Provisions	(8)	51	38	44
Cash generated from operations	1,260	1,064	1,981	1,377
Income tax paid	(71)	(69)	(172)	(266)
Net cash generated from operating activities	1,189	995	1,809	1,111
Cash flows used in investing activities				
Investment in joint ventures			(72)	
Movements in other restricted deposits	(1)	20	1	61

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Investment in short term deposits	(48)	140	(273)	105
Purchases of property, plant and equipment	(367)	(321)	(655)	(570)
Proceeds from sale of property, plant and equipment	1		1	
Cash paid for intangible assets	(335)	(274)	(604)	(533)
Finance income received	10	10	22	20
Net cash used in investing activities	(740)	(425)	(1,580)	(917)
Cash flows from financing activities				
Finance expenses and fees paid	(41)	(38)	(67)	(84)
Proceeds from issuance of short term debt		100		101
Repayment of short term debt	(11)	(6)	(6)	(101)
Payments of lease obligations	(2)	(2)	(3)	(3)
Dividends paid			(150)	(150)
Net cash used in financing activities	(54)	54	(226)	(237)
Net change in cash and cash equivalents	395	624	3	(43)
Cash and cash equivalents at beginning of period	1,868	1,405	2,260	2,072
Cash and cash equivalents at end of period	2,263	2,029	2,263	2,029

Table of Contents**Notes (forming part of the condensed consolidated financial statements)****1 Accounting policies Basis of preparation**

The information for the three months ended 30 September 2014 is unaudited and does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The condensed consolidated interim financial statements of Jaguar Land Rover Automotive plc have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting under IFRS as adopted by the European Union (EU).

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments held at fair value. These financial instrument valuations are classified as level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices which are observable. There have been no changes in the valuation techniques used or transfers between fair value levels from those set out in the annual consolidated financial statements for the year ended 31 March 2014.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2014, which were prepared in accordance with IFRS as adopted by the EU. There were no difference between those financial statements and the financial statements for the group prepared under IFRS as adopted by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared on the going concern basis as set out within the directors' statement of responsibilities section of the group's annual report for the year ended 31 March 2014.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2014, as described in those financial statements.

2 Research and development

(£ millions)	Three months ended		Six months ended	
	30 September 2014 (unaudited)	30 September 2013 (unaudited)	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Total R&D costs	336	321	662	613
R&D expensed	(62)	(62)	(115)	(112)
Development costs capitalised	274	259	547	501
Interest capitalised	29	22	59	47
R&D tax credit	(13)	(23)	(26)	(23)
Total internally developed intangible additions	290	258	580	525

3 Finance income and expense
Recognised in net income

(£ millions)	Three months ended		Six months ended	
	30 September 2014 (unaudited)	30 September 2013 (unaudited)	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Finance income	12	9	23	18
Total finance income	12	9	23	18
Total interest expense on financial liabilities measured at amortised cost	(33)	(53)	(71)	(99)
Unwind of discount on provisions	2	4	6	4
Interest capitalised	30	27	60	52
Finance expense	(1)	(22)	(5)	(43)
Embedded derivative value movement		9		(3)
Total finance expense (net)	(1)	(13)	(5)	(46)

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 6.0% (six months to 30 September 2013: 7.5%).

Table of Contents**Notes (continued)****4 Allowances for trade and other receivables**

Changes in the allowances for trade and other receivables are as follows:

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
At beginning of period	8	10
Change in allowance during the period	3	(1)
Written off		(1)
At end of period	11	8

5 Other financial assets - current

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Advances and other receivables recoverable in cash	22	22
Derivative financial instruments	231	361
Other	15	9
Total current other financial assets	268	392

6 Inventories

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Raw materials and consumables	87	75
Work in progress	250	211
Finished goods	1,939	1,888
Total inventories	2,276	2,174

7 Other current assets

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Recoverable VAT	95	237
Prepaid expenses	94	70
Other	48	48
Total current other assets	237	355

8 Taxation

Recognised in the income statement

The income tax for the 3 month and 6 month periods ended 30 September 2014 and 30 September 2013 is charged at the estimated effective tax rate expected to apply for the applicable financial year ends.

9 Capital expenditure

Capital expenditure in the period was £755 million (3 month period to 30 September 2013: £558 million) on fixed assets and £641 million (3 month period to 30 September 2013: £588 million) was capitalised as intangible engineering assets (excluding the R&D tax credit). There were no impairments, material disposals or changes in use of assets.

Table of Contents**Notes (continued)****10 Other financial liabilities**

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Current		
Finance lease obligations	5	5
Interest accrued	22	24
Derivative financial instruments	196	65
Liability for vehicles sold under a repurchase arrangement	184	183
	407	277
Non-current		
Finance lease obligations	11	13
Derivative financial instruments	152	55
Other payables	1	1
	164	69

11 Provisions

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Current		
Product warranty	362	343
Legal and product liability	53	49
Provisions for residual risk	2	2
Other employee benefits obligations	1	1
Total current provisions	418	395
Non-current		
Other employee benefits obligations	7	10
Product warranty	553	538
Provision for residual risk	10	13
Provision for environmental liability	21	21
Total non-current provisions	591	582

(£ millions)	Six months ended 30 September 2014 (unaudited)	Year ended 31 March 2014 (audited)
Product warranty		
Opening balance	881	743
Provision made during the period	226	541
Provision used during the period	(178)	(397)
Impact of discounting	(6)	(6)
Foreign currency translation	(8)	
Closing balance	915	881
Legal and product liability		
Opening balance	49	16
Provision made during the period	7	41
Provision used during the period	(3)	(5)
Foreign currency translation		(3)
Closing balance	53	49

Table of Contents**Notes (continued)****11 Provisions (continued)**

(£ millions)	Six months ended 30 September 2014 (unaudited)	Year ended 31 March 2014 (audited)
Residual risk		
Opening balance	15	15
Provision made during the period		2
Provision used during the period		
Unused amount released in the period	(3)	
Foreign currency translation		(2)
Closing balance	12	15
Environmental liability		
Opening balance	21	22
Provision made during the period		
Provision used during the period		(1)
Closing balance	21	21

Product warranty provision

The group offers warranty cover in respect of manufacturing defects, which become apparent within a year and up to five years after purchase, dependent on the market in which the purchase occurred.

Legal and product liability provision

A legal and product liability provision is maintained in respect of known litigation which impacts the group. In the main the provision relates to motor accident claims, consumer complaints, dealer terminations, employment cases and personal injury claims.

Residual risk provision

In certain markets, the group is responsible for the residual risk arising on vehicles sold by dealers on leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements being typically up to three years.

Environmental risk provision

This provision relates to various environmental remediation costs such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

12 Other current liabilities

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
Liabilities for advances received	313	253
Deferred revenue	23	19
VAT	59	85
Others	31	38
Total current other liabilities	426	395

Table of Contents**Notes (continued)****13 Interest bearing loans and borrowings**

As at (£ millions)	30 September 2014 (unaudited)	31 March 2014 (audited)
EURO MTF listed debt	1,867	1,843
Loans from banks	165	167
Finance lease liabilities	16	18
Total borrowings	2,048	2,028
Less:		
Current bank loan	(165)	(167)
Total short term borrowings	(165)	(167)
Current portion of finance lease obligations	(5)	(5)
Long term debt	1,878	1,856
Held as long term debt	1,867	1,843
Held as long term finance lease obligations	11	13

14 Other reserves

The movement of reserves and accumulated deficit is as follows:

(£ millions)	Translation reserve	Hedging reserve	Profit & loss reserve	Total reserves
Balance at 1 April 2014	(383)	539	4,040	4,196
Profit for the period			1,143	1,143
Remeasurement of defined benefit obligation			(194)	(194)
Gain on effective cash flow hedges		(412)		(412)
Currency translation differences				
Income tax related to items recognised in other comprehensive income		81	39	120
Cash flow hedges reclassified to foreign exchange in profit or loss		(158)		(158)
Income tax related to items reclassified to profit or loss		33		33
Dividend paid			(150)	(150)

Balance at 30 September 2014	(383)	83	4,878	4,578
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(£ millions)	Translation reserve	Hedging reserve	Profit & loss reserve	Total reserves
Balance at 1 April 2013	(383)	(196)	2,450	1,871
Profit for the year			1,879	1,879
Remeasurement of defined benefit obligation			(135)	(135)
Gain on effective cash flow hedges		1,041		1,041
Income tax related to items recognised in other comprehensive income		(220)	(4)	(224)
Cash flow hedges reclassified to foreign exchange in profit or loss		(112)		(112)
Income tax related to items reclassified to profit or loss		26		26
Dividend paid			(150)	(150)
Balance at 31 March 2014	(383)	539	4,040	4,196

Table of Contents**Notes (continued)****15 Dividends**

During the three months ended 30 September 2014, no ordinary share dividend was proposed and paid (three months to 30 September 2013: £nil).

During the six months ended 30 September 2014, an ordinary share dividend of £150 million was proposed and paid (six months to 30 September 2013: £150 million).

16 Employee benefits

Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (previously Land Rover), have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund. The following table sets out the disclosure pertaining to employee benefits of Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, UK and overseas subsidiaries which operate defined benefit pension plans.

(£ millions)	Six months ended 30 September 2014 (unaudited)	Year ended 31 March 2014 (audited)
Change in defined benefit obligation		
Defined benefit obligation, beginning of the period	6,053	6,021
Service cost	84	176
Interest cost	137	262
Actuarial losses / (gains) arising from:		
- Changes in demographic assumptions	90	(39)
- Changes in financial assumptions	467	(243)
- Experience adjustments		8
Prior service costs	1	6
Foreign currency translation		(2)
Member contributions	1	1
Benefits paid	(66)	(137)
Defined benefit obligation, at end of period	6,767	6,053
Change in plan assets		
Fair value of plan assets at beginning of the period	5,382	5,365
Interest income	123	237
Remeasurement gain / (loss) on the return of plan assets, excluding amounts included in interest income	363	(407)

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Administrative expenses	(4)	(8)
Foreign currency translation		(2)
Employer s contributions	36	333
Members contributions	1	1
Benefits paid	(66)	(137)
Fair value of plan assets at end of period	5,835	5,382
Amount recognised in the balance sheet consist of		
Present value of defined benefit obligations	(6,767)	(6,053)
Fair value of plan assets	5,835	5,382
Restriction on asset and onerous obligation	(3)	(3)
Net liability	(935)	(674)
Non-current assets		
Non-current liabilities	(935)	(674)

Table of Contents**Notes (continued)****16 Employee benefits (Continued)**

The range of assumptions used in accounting for the pension plans in both periods is set out below:

(£ millions)	Six months ended 30 September 2014 (unaudited)	Year ended 31 March 2014 (audited)
Discount rate	4.1	4.6
Expected rate of increase in compensation level of covered employees	3.8	3.9
Inflation increase	3.3	3.4

For the valuation at 30 September 2014 and 31 March 2014, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme, and 105% for males and 90% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2013) projections and an allowance for long term improvements of 1.25% per annum.

17 Commitments and contingencies

In the normal course of business, the group faces claims and assertions by various parties. The group assesses such claims and assertions and monitors the legal environment on an on-going basis, with the assistance of external legal counsel wherever necessary. The group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the group provides a disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. Management believe that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the group's financial condition, results of operations, or cash flows.

Litigation

The group is involved in legal proceedings, both as plaintiff and as defendant and there are claims of £28 million (31 March 2014: £27 million) against the group which management have not recognised as they are not considered probable. The majority of these claims pertain to motor accident claims and consumer complaints. Some of the cases also relate to replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

Other claims

From time to time, in the normal course of business, the group may face tax claims in various jurisdictions. The group has assessed there are no contingent liabilities arising from such claims as at 30 September 2014 and 31 March 2014 as the likelihood that these will give rise to any material settlement is considered remote.

Commitments

The group has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature aggregating £1,290 million (31 March 2014: £940 million) and £Nil (31 March 2014: £Nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £693 million (31 March 2014: £717 million) to purchase minimum or fixed quantities of material.

Inventory of £Nil (31 March 2014: £Nil) and trade receivables with a carrying amount of £164 million (31 March 2014: £167 million) and property, plant and equipment with a carrying amount of £Nil (31 March 2014: £Nil) and restricted cash with a carrying amount of £Nil (31 March 2014: £Nil) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £Nil (31 March 2014: £1 million).

Table of Contents**Notes (continued)****18 Capital Management**

The group's objectives when managing capital are to ensure the going concern operation of its entities and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The group's policy is to borrow primarily through capital market issues to meet anticipated funding requirements and maintain sufficient liquidity. The group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

The capital structure is governed according to group policies approved by the Board and is monitored by various metrics such as debt to EBITDA and EBITDA to interest ratios, as per the debt covenants and rating agency guidance. Funding requirements are reviewed periodically with any debt issuances and capital distributions approved by the Board.

The following table summarises the capital of the group:

As at (£ millions)	30 September 2014	31 March 2014
	(unaudited)	(unaudited)
Short term debt	170	172
Long term debt	1,878	1,856
Total debt*	2,048	2,028
Equity	6,246	5,864
Total capital (debt and equity)	8,294	7,892

* Total debt includes finance lease obligations of £16 million (31 March 2014: £18 million).

19 Related party transactions

The group's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Ltd. (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Ltd. The group routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures. Transactions and balances with the group's own subsidiaries are eliminated on consolidation.

The following table summarises related party transactions and balances not eliminated in the consolidated condensed interim financial statements.

Six months ended 30 September (£ millions)	2014 (unaudited)		2013 (unaudited)	
	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent	With fellow subsidiaries, associates and joint ventures	With immediate or ultimate parent
Sale of products	7	35		24
Services received	75	6	54	1
Services rendered	8		3	
Trade and other receivables	31	19	17	2
Accounts payable	40	3	20	
Dividend paid		150		150
Compensation of key management personnel				

Six months ended 30 September (£ millions)	2014 (unaudited)	2013 (unaudited)
Key management personnel remuneration	13	7

20 Subsequent Events

On 31 October 2014, the Company issued USD 500 million (approximately £300 million) 4.25% Senior Notes due 2019. The Company intends to use net proceeds from the issue and sale of the Senior Notes for general corporate purposes, including support for the on-going growth and capital spending plan.

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents