

TATA MOTORS LTD/FI  
Form 6-K  
November 12, 2013  
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## **FORM 6-K**

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Issuer**

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

**For the Month of November 2013**

**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

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Item 1: Form 6-K dated November 12, 2013 along with the Press Release.

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**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 12, 2013

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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 add back depreciation, amortisation, finance income, finance expense and foreign exchange gains/losses.

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.

FY14 Year ended 31 March 2014

FY13 Year ended 31 March 2013

H1 6 months ended 30 September

Q3 3 months ended 31 December

Q2 3 months ended 30 September

Q1 3 months ended 30 June

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### **Management s discussion and analysis of financial condition and results of operations**

The Company has continued to increase sales in the quarter, with revenue for the 3 months of £4,612 million, up 40% from £3,288 million in Q2 FY13. With an EBITDA margin of 17.8%, up 3 ppt from Q2 FY13, PBT also increased to £668 million, up 55% from £431 million in Q2 FY13.

In the six months to 30 September 2013, revenue has grown 26% over the equivalent prior period, whilst PBT has grown 42%, due to higher margins on higher volumes.

The continued success of the new Range Rover and Jaguar F-TYPE, increased sales of Range Rover Evoque and increased sales of the Jaguar XF, have helped increase volumes in all regions compared to Q2 FY13 and H1 FY13.

Jaguar XF sales have been supported by the new Jaguar XF Sportbrake and all-wheel drive (AWD) derivatives which began sales in the latter part of Q3 FY13.

Strong growth has continued in China and this, alongside difficult markets in Europe, has combined to maintain China as our largest retail and wholesale market for the 3 and 6 months ended 30 September 2013.

Throughout the quarter, the world economy has been solid. China growth has remained robust whilst the USA, and particularly the UK, continued to show renewed growth. Europe, whilst not showing many signs of recovery appears to have levelled out. The competition continue to react with aggressive measures using all the tools available, both with classic marketing actions as well as financing offers.

Strong product and market mix, supported by new models as well as £79m of local incentives recognised in the quarter have helped increase our EBITDA margins for the quarter to 17.8%, up 3 ppt from the same quarter in the prior year.

The USD has strengthened against sterling in the last 12 months, with the Euro:GBP rate remaining broadly similar. This benign foreign exchange environment has supported our EBITDA margin.

The company has also benefitted from continued weak commodity prices. However, since Q1 FY14, prices are showing signs of hardening as growth picks up in China and economic recovery continues in the US.

The Company continues to invest significantly in capital spending and R&D, spending £657m in Q2 FY14, up £162m compared to Q2 FY13. The company expects capital spending, including R&D, to be in the region of £2.75 billion in FY14.

Free cash flow was £430m in the quarter, compared to £116m in the same quarter of the prior year. This was driven by increased cash from operating activities and favourable working capital movements, partially offset by increased investment spending.

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### **General trends in performance (including results of operations)**

#### ***Overall strong volume growth***

Total retail volumes were 102,644 units for the quarter, an increase of 21% compared to Q2 FY13. Retail volumes for Q2 FY14 were 20,024 units for Jaguar and 82,620 for Land Rover, up 56% and 15% respectively compared to the equivalent quarter in the prior year.

The increase in Jaguar volumes was driven by the Jaguar XF, reflecting new derivatives (including Sportbrake, AWD and smaller engine options) and the newly launched F-TYPE.

The increase in Land Rover volumes primarily reflects higher volumes for the new Range Rover and Evoque. The new Range Rover Sport was offered for retail sale in the quarter.

Wholesale volumes for Q2 FY14 were 101,931 units, an increase of 32% on the equivalent quarter in the prior year. At a brand level, wholesale volumes were 18,834 units for Jaguar and 83,097 units for Land Rover.

#### ***Revenue and earnings***

The Company generated revenue of £4,612 million in Q2 FY14, an increase of 40% over the £3,288 million in Q2 FY13.

EBITDA for the Company was higher by £337 million for the quarter to £823 million compared to £486 million for Q2 FY13, driven by higher revenue and higher margins compared to the prior year.

The EBITDA margin has improved by 3 ppt compared to Q2 FY13, at 17.8%. This is primarily driven by favourable product mix, i.e. new Range Rover and Jaguar F-TYPE and a favourable market mix.

PBT has increased by £237 million, from £431 million to £668 million in the quarter. This primarily reflects the increase in EBITDA, partially offset by £97 million of additional depreciation and amortisation, reflecting the new vehicles launched since Q2 FY13.

#### ***Net Income***

Net Income for the quarter was £507 million (Q2 FY13: £305 million), with income tax expense for the quarter of £161 million, up from £126 million in Q2 FY13.

The effective tax rate has fallen to 24% this Quarter, from 29% in Q2 FY13. The decrease is a one-off benefit recognising a 3% reduction in future UK corporation tax rates in the quarter. This benefit is partially offset by the impact of the UK new R&D tax regime. The new R&D credit regime provides a pre-tax benefit to the business rather than a reduction in corporation tax.



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

	<b>Q2 FY14</b>	<b>Q2 FY13</b>	<b>Change (%)</b>
UK	20,201	18,115	12%
North America	18,617	14,820	26%
Europe	16,426	16,025	3%
China	24,351	17,152	42%
Asia Pacific	5,495	4,059	35%
All other markets	17,554	14,578	20%
<b>Total JLR</b>	<b>102,644</b>	<b>84,749</b>	<b>21%</b>

The global economy has seen a bumpy ride over the last half year, with the continued recovery from the global financial crisis leaving economies split into three groups, with some economies showing signs of stronger growth, some growing but more slowly and some regions still struggling. Jaguar Land Rover has matched or outperformed the passenger car market in all three groups.

In the first group are the economies of the United States and United Kingdom, where the recovery has been firmly underway and gained momentum between April and September. Economic growth in these markets has picked up speed, as labour market conditions have improved and consumer spending accelerated. Similarly in China, growth has remained robust, supported in part by government initiatives.

The passenger car markets in the US, UK and China have expanded by 11.3%\*, 12.6% and 12.4% respectively between April and September compared to the same period the year before. (\*April to August in the US.) JLR has gained market share in all three markets.

Among the slower growing economies are many of the emerging markets that comprise our Asia Pacific and Overseas regions. Although the reasons for these economies slowing are largely country-specific, economic performance has been negatively affected by the fallout from the US Federal Reserve's announcement in May that it would likely reduce the size of its asset purchasing program later in the year. Emerging market exchange rates depreciated sharply between May and September and their stock markets plunged. Many central banks increased interest rates to stem capital outflows, in the process increasing the cost of credit and of servicing large consumer debts. The net effect was a reduction in demand and a slowdown in the pace of economic growth in these economies.

Auto markets were not immune. Compared to a year earlier, between April and September passenger car sales dropped by (4.7%) in Brazil, (5.3%) in India and (9.3%) in Russia. In South Africa sales growth slowed to 4.3% from 6.6% in the preceding six months. However, for our Overseas region which includes these four markets, JLR vehicle sales increased 20% YoY.

Performance in the Asia Pacific market is dominated by Japan, where passenger car sales are more than twice the combined total for South Korea and Australia. Total passenger car sales in Japan slipped 2.8% YoY between April and September, due largely to the positive effects of the eco-car subsidy on vehicle sales in 2012. Australia saw total passenger car sales growth slow to 3.4% YoY as the mining boom started to fade and economic growth softened. JLR performance across the region was again much stronger than the market: sales increased by 35% compared to 2012.

Meanwhile, the European economy continues to struggle overall. Germany has been the strongest performer in the Euro Area with GDP growth bouncing back, but France has struggled to recover, while much of the periphery, and the Netherlands, has remained mired in recession. That said, the recession has started to bottom out and conditions in many countries have stopped deteriorating although the debt crisis remains unresolved and could re-emerge.

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In the big four European countries the passenger car market saw the rate of decline soften to just (3.3%) YoY for the six months to September, the slowest pace of contraction in two years. Only in Spain did total car sales actually increase and this was the result of a government scrappage incentive scheme. Despite this difficult backdrop, JLR retails sales grew 3% YoY in Europe, driven by strong from both brands.

Overall, an improving economic backdrop in three of our main regions supported the continued growth of the business.

### **Business risks and mitigating factors**

As discussed on pages 94-102, and elsewhere, of the Annual Report 2012-13 of the Company, Jaguar Land Rover is exposed to various business risks including the uncertainty of global economic conditions, fluctuations of currency exchange rates and raw material prices.

### **Employees**

At the end of Q2 FY14, Jaguar Land Rover employed 27,948 people worldwide including agency personnel (Q2 FY13: 23,879). Approximately 1,000 of the people employed are in overseas markets.

### **Cash flow**

Net cash provided by operating activities was £1,111 million in the 6 months compared to £1,010 million during H1 FY13.

Net cash used in investing activities was £917 million in the 6 months (H1 FY13: £1,164 million). Purchase of property, plant and equipment and expenditure on intangible assets (product development projects) totalled £1,103 million, compared to £821 million in H1 FY13. The capital expenditure on tangible and intangible assets was offset partially by £105 million reduction in bank deposits with a maturity of over 3 months which are classified as investments, compared to a £375 million increase in such deposits in H1 FY13. The Company's capital expenditure on tangible assets relates mostly to capacity expansion of its production facilities, quality and reliability improvement projects, and the introduction of new products.

Cash used in financing activities was £237 million in the 6 months compared to cash used of £475 million in H1 FY13. Cash used in financing activities includes a dividend paid to Tata Motors of £150 million in both the current and prior period.

### **Liquidity and capital resources**

As at 30 September 2013, the Company had cash and cash equivalents of £2,029 million and bank deposits with a greater than 3 month maturity of £670 million. The total amount of cash and cash equivalents includes an amount of £701 million in subsidiaries of Jaguar Land Rover outside the United Kingdom. A portion of this amount is subject to constraints in certain countries which restrict or impede the ability of the Company's subsidiaries in those countries to transfer cash across the group other than through annual dividends.

In addition, the Company had a £1,250 million undrawn committed credit facility with £938 million maturing in July 2018 and the balance maturing in July 2016 as well as £83m of undrawn shorter-term committed credit facilities.

**Table of Contents****Borrowings**

The following table shows details of the Company's financing arrangements as at 30 September 2013.

Facility	Facility amount £ in millions	Maturity	Outstanding as at 30 September 2013 £ in millions	Undrawn as at 30 September 2013 £ in millions
<i>Committed</i>				
£500m Senior Notes 8.125%	500	2018	500	
£500m Senior Notes 8.25%	500	2020	500	
\$410m Senior Notes 7.75%	254	2018	254	
\$410m Senior Notes 8.125%	254	2021	254	
\$500m Senior Notes 5.625%	310	2023	310	
Revolving 3 & 5 year credit facilities	1,250	2016-18		1,250
Other financing loans	62	2014	62	
Receivables factoring facilities	277	2013-14	194	83
Subtotal	3,407		2,074	1,333
<i>Uncommitted</i>				
Receivables factoring facilities	124			124
Other facilities	71		71	
Subtotal	195		71	124
Capitalized costs			(28)	
Total	3,602		2,117	1,457

**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 interim 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
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 months ended 30 September 2013 (unaudited)*

	Note	Three months ended 30 September 2013 (unaudited)			Three months ended 30 September 2012 (unaudited)		
		Trading result £m	Non-operating result £m	Total £m	Trading result £m	Non-operating result £m	Total £m
<b>Revenue</b>		<b>4,612</b>		<b>4,612</b>	<b>3,288</b>		<b>3,288</b>
Material and other cost of sales		(2,827)		(2,827)	(2,072)		(2,072)
Employee cost		(390)		(390)	(314)		(314)
Other expenses		(937)		(937)	(692)		(692)
Net impact of commodity derivatives			10	10		7	7
Development costs capitalised	2	259		259	218		218
Other income		96		96	51		51
Depreciation and amortisation		(216)		(216)	(119)		(119)
Foreign exchange loss	3	47		47	4		4
MTM on derivatives not hedge accounted	3		26	26		63	63
Finance income	4	9		9	8		8
Finance expense (net)	4	(13)		(13)	(11)		(11)
Share of loss from joint venture		(8)		(8)			
<b>Net income before tax</b>		<b>632</b>	<b>36</b>	<b>668</b>	<b>361</b>	<b>70</b>	<b>431</b>
Income tax expense		(156)	(5)	(161)	(109)	(17)	(126)
<b>Net income attributable to shareholders</b>		<b>476</b>	<b>31</b>	<b>507</b>	<b>252</b>	<b>53</b>	<b>305</b>

**Table of Contents****Condensed Consolidated Income Statement***For the six months ended 30 September 2013 (unaudited)*

	Note	Six months ended 30 September 2013 (unaudited)			Six months ended 30 September 2012 (unaudited)		
		Trading result £m	Non- operating result £m	Total £m	Trading result £m	Non- operating result £m	Total £m
<b>Revenue</b>		<b>8,709</b>		<b>8,709</b>	<b>6,927</b>		<b>6,927</b>
Material and other cost of sales		(5,317)		(5,317)	(4,425)		(4,425)
Employee cost		(751)		(751)	(615)		(615)
Other expenses		(1,744)		(1,744)	(1,367)		(1,367)
Net impact of commodity derivatives			(9)	(9)			
Development costs capitalised	2	501		501	433		433
Other income		109		109	60		60
Depreciation and amortisation		(418)		(418)	(240)		(240)
Foreign exchange loss	3	5		5	(9)		(9)
MTM on derivatives not hedge accounted	3		38	38		8	8
Finance income	4	18		18	16		16
Finance expense (net)	4	(46)		(46)	(25)		(25)
Share of loss from joint venture		(12)		(12)			
<b>Net income before tax</b>		<b>1,054</b>	<b>29</b>	<b>1,083</b>	<b>755</b>	<b>8</b>	<b>763</b>
Income tax expense		(265)	(7)	(272)	(220)	(2)	(222)
<b>Net income attributable to shareholders</b>		<b>789</b>	<b>22</b>	<b>811</b>	<b>535</b>	<b>6</b>	<b>541</b>

**Table of Contents****Condensed Consolidated Statement of Comprehensive Income**

	<b>Three months ended 30 September 2013 (unaudited) £m</b>	<b>Three months ended 30 September 2012 (unaudited) £m</b>	<b>Six months ended 30 September 2013 (unaudited) £m</b>	<b>Six months ended 30 September 2012 (unaudited) £m</b>
<b>Net income</b>	<b>507</b>	<b>305</b>	<b>811</b>	<b>541</b>
Other comprehensive income:				
Cash flow hedges: effective portion of change in fair value of derivative instruments	657	353	817	277
Cash flow hedges: recognised in foreign exchange in the consolidated statement of comprehensive income	(1)	(27)	(47)	(48)
Actuarial losses	(160)	(16)	(278)	(24)
<b>Total comprehensive income before tax impact</b>	<b>1,003</b>	<b>615</b>	<b>1,303</b>	<b>746</b>
Taxation impact	(138)	(79)	(137)	(54)
<b>Total comprehensive income for the period attributable to shareholders</b>	<b>865</b>	<b>536</b>	<b>1,166</b>	<b>692</b>

**Table of Contents****Condensed Consolidated Balance Sheet**

	<i>Note</i>	<b>30 September 2013 £m (unaudited)</b>	<b>31 March 2013 £m (audited)</b>
<b>Non-current assets</b>			
Equity accounted investees		48	60
Other financial assets		468	195
Property, plant and equipment		2,708	2,335
Intangible assets		3,854	3,522
Other assets		10	8
Deferred income taxes		279	508
<b>Total non-current assets</b>		<b>7,367</b>	<b>6,628</b>
<b>Current assets</b>			
Cash and cash equivalents		2,029	2,072
Short term deposits		670	775
Trade receivables		817	927
Other financial assets	6	346	176
Inventories	7	2,084	1,794
Other current assets	8	123	435
Current income tax assets		26	30
<b>Total current assets</b>		<b>6,095</b>	<b>6,209</b>
<b>Total assets</b>		<b>13,462</b>	<b>12,837</b>
<b>Current liabilities</b>			
Accounts payable		4,088	4,227
Short term borrowings	14	327	328
Other financial liabilities	11	273	433
Provisions	12	370	335
Other current liabilities	13	328	482
Current income tax liabilities		74	192
<b>Total current liabilities</b>		<b>5,460</b>	<b>5,997</b>
<b>Non-current liabilities</b>			
Long term debt	14	1,790	1,839
Other financial liabilities	11	72	227
Deferred tax		106	86
Other liabilities		52	24
Provisions	12	1,427	1,125
<b>Total non-current liabilities</b>		<b>3,447</b>	<b>3,301</b>
<b>Total liabilities</b>		<b>8,907</b>	<b>9,298</b>



**Table of Contents****Condensed Consolidated Balance Sheet (continued)**

	<i>Note</i>	<b>30 September 2013</b> £m (unaudited)	<b>31 March 2013</b> £m (audited)
<b>Equity attributable to shareholders</b>			
Ordinary shares		1,501	1,501
Capital redemption reserve		167	167
Reserves	<i>15</i>	2,887	1,871
<b>Equity attributable to shareholders</b>		<b>4,555</b>	<b>3,539</b>
<b>Total liabilities and equity</b>		<b>13,462</b>	<b>12,837</b>

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**

	Ordinary shares £m	Capital redemption reserve £m	Reserves £m	Total Equity £m
<b>Balance at 31 March 2013 (audited)</b>	<b>1,501</b>	<b>167</b>	<b>1,871</b>	<b>3,539</b>
Income for the period			811	811
Other comprehensive income for the period			355	355
<b>Total comprehensive income</b>			<b>1,166</b>	<b>1,166</b>
Dividend paid			(150)	(150)
<b>Balance at 30 September 2013 (unaudited)</b>	<b>1,501</b>	<b>167</b>	<b>2,887</b>	<b>4,555</b>

	Ordinary shares £m	Capital redemption reserve £m	Reserves £m	Total Equity £m
<b>Balance at 31 March 2012 (audited)</b>	<b>1,501</b>	<b>167</b>	<b>1,257</b>	<b>2,925</b>
Income for the period			541	541
Other comprehensive income for the period			151	151
<b>Total comprehensive income</b>			<b>692</b>	<b>692</b>
Dividend paid			(150)	(150)
<b>Balance at 30 September 2012 (unaudited)</b>	<b>1,501</b>	<b>167</b>	<b>1,799</b>	<b>3,467</b>

**Table of Contents****Condensed Consolidated Cash Flow Statement**

	Six months ended 30 September 2013 (unaudited) £m	Six months ended 30 September 2012 (unaudited) £m
<b>Cash flows from operating activities</b>		
<b>Net income attributable to shareholders</b>	<b>811</b>	<b>541</b>
Adjustments for:		
Depreciation and amortisation	418	240
Loss on sale of assets		1
Foreign exchange (gain)/loss on loans	(52)	(8)
Income tax expense	272	222
Gain on embedded derivative	3	
Finance expense (net of capitalised interest)	43	25
Finance income	(18)	(16)
Foreign exchange (gain)/loss on derivatives	(38)	(8)
Loss received from associates	12	
<b>Cash flows from operating activities before changes in assets and liabilities</b>	<b>1,451</b>	<b>997</b>
Trade receivables	110	116
Other financial assets	283	(26)
Other current assets	312	150
Inventories	(290)	(157)
Other non-current assets	(4)	(2)
Accounts payable	(132)	(18)
Other current liabilities	(153)	(20)
Other financial liabilities	(285)	8
Other non-current liabilities	41	5
Provisions	44	114
<b>Cash generated from operations</b>	<b>1,377</b>	<b>1,167</b>
Income tax paid	(266)	(157)
<b>Net cash from operating activities</b>	<b>1,111</b>	<b>1,010</b>
<b>Cash flows used in investing activities</b>		
Investment in associate		(1)
Movements in other restricted deposits	61	19
Investment in short term deposits	105	(375)
Purchases of property, plant and equipment	(570)	(350)
Cash paid for intangible assets	(533)	(471)
Finance income received	20	14
<b>Net cash used in investing activities</b>	<b>(917)</b>	<b>(1,164)</b>

**Table of Contents****Condensed Consolidated Cash Flow Statement (continued)**

	<b>Six months ended 30 September 2013 (unaudited) £m</b>	<b>Six months ended 30 September 2012 (unaudited) £m</b>
<b>Cash flows from financing activities</b>		
Finance expenses and fees paid	(84)	(92)
Proceeds from issuance of short term debt	101	4
Repayment of short term debt	(101)	(235)
Payments of lease liabilities	(3)	(2)
Dividends paid	(150)	(150)
<b>Net cash used in financing activities</b>	<b>(237)</b>	<b>(475)</b>
<b>Net change in cash and cash equivalents</b>	<b>(43)</b>	<b>(629)</b>
Cash and cash equivalents at beginning of period	2,072	2,430
<b>Cash and cash equivalents at end of period</b>	<b>2,029</b>	<b>1,801</b>

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**Notes (forming part of the condensed interim financial statements)**

**1 Accounting policies**

**Basis of preparation**

The information for the six months ended 30 September 2013 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 as IFRS as adopted by the European Union ( EU ). There were no difference between these accounts and the accounts for the group prepared under IFRS as adopted by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared on historical cost basis except for certain financial instruments held at fair value.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2013, which were prepared in accordance with IFRS as adopted by the EU. There were no difference between those accounts and the accounts 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 responsibility section of the group s annual report for the year ended 31 March 2013.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2013, as described in those financial statements.

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## Notes (continued)

**2 Research and development**

	Three months ended 30 September 2013 (unaudited) £m	Three months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2013 (unaudited) £m	Six months ended 30 September 2012 (unaudited) £m
Total R&D costs	321	269	613	531
R&D expensed	(62)	(51)	(112)	(98)
<b>Development costs capitalised</b>	<b>259</b>	<b>218</b>	<b>501</b>	<b>433</b>
Interest capitalised	22	32	47	60
R&D tax credit	(23)		(23)	
<b>Total internally developed intangible additions</b>	<b>258</b>	<b>250</b>	<b>525</b>	<b>493</b>

**3 Foreign exchange**

	Three months ended 30 September 2013 (unaudited) £m	Three months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2013 (unaudited) £m	Six months ended 30 September 2012 (unaudited) £m
Trading foreign exchange loss	(2)	(17)	(47)	(16)
Foreign exchange gain on foreign currency denominated borrowings	49	21	52	7
<b>Foreign exchange before mark to market</b>	<b>47</b>	<b>4</b>	<b>5</b>	<b>(9)</b>
Gain on mark to market of foreign exchange derivative instruments not designated in hedge relationship	26	63	38	8
<b>Total foreign exchange gain / (loss)</b>	<b>73</b>	<b>67</b>	<b>43</b>	<b>(1)</b>

Mark to market on foreign exchange derivative instruments represents economic hedges. These instruments, however do not meet the criteria for hedge accounting under IFRS.

**Table of Contents****Notes (continued)****4 Finance income and expense  
Recognised in net income**

	Three months ended 30 September 2013 (unaudited) £m	Three months ended 30 September 2012 (unaudited) £m	Six months ended 30 September 2013 (unaudited) £m	Six months ended 30 September 2012 (unaudited) £m
Finance income	9	8	18	16
<b>Total finance income</b>	<b>9</b>	<b>8</b>	<b>18</b>	<b>16</b>
Total interest expense on financial liabilities measured at amortised cost	(53)	(43)	(99)	(84)
Unwind of discount on provisions	4		4	(1)
Interest capitalised	27	32	52	60
<b>Finance expense</b>	<b>(22)</b>	<b>(11)</b>	<b>(43)</b>	<b>(25)</b>
Embedded derivative value movement	9		(3)	
<b>Total finance expense (net)</b>	<b>(13)</b>	<b>(11)</b>	<b>(46)</b>	<b>(25)</b>

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.5% (six months to 30 September 2012: 8.1%)

**5 Allowances for trade and other receivables**

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

	30 September 2013 (unaudited) £m	31 March 2013 (audited) £m
At beginning of period	10	13
Allowance made during the period		(1)
Written off		(2)
<b>At end of period</b>	<b>10</b>	<b>10</b>

**Table of Contents****Notes (continued)****6 Other financial assets – current**

	30 September 2013 (unaudited) £m	31 March 2013 (audited) £m
Advances and other receivables recoverable in cash	9	24
Derivative financial instruments	252	31
Restricted cash	68	110
Other	17	11
	<b>346</b>	<b>176</b>

**7 Inventories**

	30 September 2013 (unaudited) £m	31 March 2013 (audited) £m
Raw materials and consumables	68	51
Work in progress	229	197
Finished goods	1,787	1,546
	<b>2,084</b>	<b>1,794</b>

**8 Other current assets**

	30 September 2013 (unaudited) £m	31 March 2013 (audited) £m
Recoverable VAT	64	378
Prepaid expenses	59	57
	<b>123</b>	<b>435</b>

**9 Taxation****Recognised in the income statement**

The income tax for the 3 and 6 month periods are charged at the best estimate of the effective annual rate expected to apply for the full year at each subsidiary undertaking.



**Table of Contents****Notes (continued)****10 Capital expenditure**

Capital expenditure in the period was £558 million (6 month period to 30 September 2012: £570 million) on fixed assets and £588 million (6 month period to 30 September 2012: £531 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.

**11 Other financial liabilities**

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
<b>Current</b>		
Finance lease obligations	5	5
Interest accrued	40	39
Financial instruments	48	206
Liability for vehicles sold under a repurchase arrangement	180	183
	<b>273</b>	<b>433</b>
<b>Non-current</b>		
Finance lease obligations	16	18
Other payables		1
Long term derivatives	56	208
	<b>72</b>	<b>227</b>

**12 Provisions**

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
<b>Current</b>		
Product warranty	352	317
Product liability	16	16
Provisions for residual risk	2	2
Other employee benefits obligations		
<b>Total current</b>	<b>370</b>	<b>335</b>
<b>Non-current</b>		
Defined benefit obligations	946	658
Other employee benefits obligations	6	7
Product warranty	439	425
Provision for residual risk	14	13

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Provision for environmental liability	22	22
<b>Total non-current</b>	<b>1,427</b>	<b>1,125</b>

**Table of Contents****Notes (continued)****12 Provisions (continued)***Product warranty*

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
Opening balance	742	569
Provision made during the period	242	462
Provision used during the period	(189)	(287)
Impact of discounting	(4)	(2)
<b>Closing balance</b>	<b>791</b>	<b>742</b>

*Product liability*

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
Opening balance	16	16
Provision made during the period	1	6
Provision used during the period	(1)	(6)
<b>Closing balance</b>	<b>16</b>	<b>16</b>

*Residual risk*

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
Opening balance	15	16
Provision made during the period	3	
Provision used during the period	(2)	(1)
<b>Closing balance</b>	<b>16</b>	<b>15</b>

*Environmental liability*

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	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
Opening balance	22	20
Provision made during the period	1	3
Provision used during the period	(1)	(1)
<b>Closing balance</b>	<b>22</b>	<b>22</b>

**Table of Contents****Notes (continued)****12 Provisions (continued)***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.

*Product liability provision*

A product liability provision is maintained in respect of known litigation which the group is party to. In the main these claims pertain to motor accident claims and consumer complaints.

*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.

**13 Other current liabilities**

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
<b>Current</b>		
Liabilities for advances received	244	185
VAT	57	261
Others	27	36
	<b>328</b>	<b>482</b>

**Table of Contents**

Notes (continued)

**14 Interest bearing loans and borrowings**

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
EURO MTF listed bond	1,790	1,839
Loans from banks	327	328
Finance lease liabilities	21	23
	<b>2,138</b>	<b>2,190</b>
<b>Less:</b>		
Current bank loan	(327)	(328)
<b>Total short term borrowings</b>	<b>(327)</b>	<b>(328)</b>
Current portion of finance lease liabilities	(5)	(5)
<b>Long term debt</b>	<b>1,806</b>	<b>1,857</b>
Presented as long term debt	1,790	1,839
Presented as long term finance leases in non-current other financial liabilities	16	18

**Table of Contents****Notes (continued)****15 Other reserves**

The movement of reserves and accumulated deficit is as follows:

	Translation reserve	Hedging reserve	Pension reserve	Profit & loss reserve	Total reserves
	£m	£m	£m	£m	£m
Balance at 1 April 2013	(383)	(197)	(800)	3,251	1,871
Net profit for the period				811	811
Foreign currency translation					
Movements in employee benefit plan			(278)		(278)
Cash flow hedges booked in equity		817			817
Cash flow hedges moved from equity and recognised in the income statement		(47)			(47)
Tax recorded in other comprehensive income		(171)	24		(147)
Tax impact of items reclassified from other comprehensive income		10			10
Dividend paid				(150)	(150)
<b>Balance at 30 September 2013</b>	<b>(383)</b>	<b>412</b>	<b>(1,054)</b>	<b>3,912</b>	<b>2,887</b>

**Table of Contents****Notes (continued)****15 Other reserves (continued)**

	Translation reserve	Hedging reserve	Pension reserve	Profit & loss reserve	Total reserves
	£m	£m	£m	£m	£m
Balance at 1 April 2012	(383)	(20)	(526)	2,186	1,257
Net profit for the year				236	236
Movements in employee benefit plan			(7)		(7)
Cash flow hedges booked in equity		(118)			(118)
Cash flow hedges moved from equity and recognised in the income statement		21			21
Tax recorded in other comprehensive income		28			28
Tax impact of items reclassified from other comprehensive income		(5)	2		(3)
Dividend paid					
<b>Balance at 31 March 2013</b>	<b>(383)</b>	<b>(94)</b>	<b>(531)</b>	<b>2,422</b>	<b>1,414</b>

**16 Dividends**

During the quarter ended 30 September 2013 no ordinary share dividend was proposed and paid (quarter ended 30 September 2012: £150 million).

During the six months ended 30 September 2013 an ordinary share dividend of £150 million was proposed and paid (six months ended 30 September 2012: £150 million).



**Table of Contents****Notes (continued)****17 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.

**Change in net pension liability**

	Six months ended 30 September 2013 (unaudited)	Year ended 31 March 2013 (audited)
	£m	£m
Net pension liability at beginning of the period	(658)	(325)
Service cost	(88)	(118)
Interest cost	(131)	(253)
Actuarial loss	(276)	(462)
Expected return on assets	119	223
Employer contributions and other changes	90	168
Prior service costs		(6)
Change in restriction on asset and onerous obligation	(2)	115
<b>Defined benefit obligation, at end of period</b>	<b>(946)</b>	<b>(658)</b>

Amount recognised in the balance sheet consists of

	30 September 2013 (unaudited)	31 March 2013 (audited)
	£m	£m
Present value of defined benefit obligations	(5,969)	(6,022)
Fair value of plan assets	5,026	5,365
Restriction on asset and onerous obligation	(3)	(1)
<b>Net liability</b>	<b>(946)</b>	<b>(658)</b>

**Non-current assets**

Non-current liabilities	(946)	(658)
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The range of assumptions used in accounting for the pension plans in both periods is set out below:

30 September 2013	31 March 2013 %
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	%	
Discount rate	5.0	4.4
Rate of increase in compensation level of covered employees	4.0	3.9
Inflation increase	3.0	3.4
Expected rate of return on plan assets	5.0	4.7

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### **Notes (continued)**

#### **17 Employee benefits (Continued)**

For the valuation at 30 September 2013 and 31 March 2013, 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 90% for males and 115% for females for Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2012) projections and an allowance for long term improvements of 1.25% per annum.

IAS 19 (revised 2011) have impacted the accounting for the Group's defined benefit schemes, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit liability. The impact of retrospectively applying the accounting changes is not considered to have a material impact on the Group's Financial Statements and so the prior year results have not been restated. If the changes were applied retrospectively as at 31 March 2013, the Group's profit before tax would have decreased by £1 million.

#### **18 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 £22 million (31 March 2013: £16 million) against the company 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**

The Group had no significant tax matters in dispute as at 30 September 2013 or 31 March 2013.

##### ***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 £455 million (31 March 2013: £288 million) and £Nil (31 March 2013: £Nil) relating to the acquisition of intangible assets.

The group has entered into various contracts with vendors and contractors which include obligations aggregating £824 million (31 March 2013: £887 million) to purchase minimum or fixed quantities of material.

Inventory of £Nil (31 March 2013: £Nil) and trade receivables with a carrying amount of £211 million (31 March 2013: £242 million) and property, plant and equipment with a carrying amount of £Nil (31 March 2013: £Nil) and restricted cash with a carrying amount of £68 million (31 March 2013: £110 million) are pledged as collateral/security against the borrowings and commitments.

There are guarantees provided in the ordinary course of business of £1 million (31 March 2013: £Nil).



**Table of Contents****Notes (continued)****19 Capital management**

The Company's objectives for managing capital are to create value for shareholders, to safeguard business continuity and support the growth of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term/short-term borrowings. The Company's policy is aimed at a combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Total debt includes all long and short-term debts as disclosed in note 14 to the financial statements. Equity comprises all reserves.

The following table summarises the capital of the Company:

	30 September 2013 (unaudited)	31 March 2013 (unaudited)
	£m	£m
Equity	4,555	3,539
Short term debt	332	333
Long term debt	1,806	1,857
<b>Total debt</b>	<b>2,138</b>	<b>2,190</b>
<b>Total capital (debt and equity)</b>	<b>6,693</b>	<b>5,729</b>

**20 Related party transactions**

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

The following table summarises related party transactions and balances included in the consolidated condensed interim financial statements.

**Table of Contents****Notes (continued)****20 Related party transactions (continued)**

	Six months ended 30 September 2013		Six months ended 30 September 2012	
	With associates and joint ventures (unaudited) £m	With immediate or ultimate parent (unaudited) £m	With associates and joint ventures (unaudited) £m	With immediate or ultimate parent (unaudited) £m
Sale of products		24	31	
Services received	54	1	43	
Services rendered	3			

	30 September 2013		30 September 2012	
	With associates and joint ventures (unaudited) £m	With immediate or ultimate parent (unaudited) £m	With associates and joint ventures (unaudited) £m	With immediate or ultimate parent (unaudited) £m
Trade and other receivables	17	2	1	
Accounts payable	20		14	
Dividend paid		150		150

## Compensation of key management personnel

	Six months ended 30 September 2013	Six months ended 30 September 2012
	(unaudited) £m	(unaudited) £m
Key management personnel remuneration	7	5

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