

TATA MOTORS LTD/FI
Form 6-K
November 01, 2018
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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 October 2018

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant's name into English)

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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: 2018FY Q2 Interim Financial Statements

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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: October 31, 2018

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Group, Company, Jaguar Land Rover, JLR plc and JLR refers to Jaguar Land Rover Automotive plc and its subsidiaries. Note 3 on page 15 defines a series of alternative performance measures

EBITDA margin	measured as EBITDA as a percentage of revenue.
EBIT margin	measured as EBIT as a percentage of revenue.
	<i>In this Interim Report underlying EBITDA and EBIT excludes the one-off credit relating to changes made to the Company's pension plans in Q1 FY18 and recoveries in Q1 FY18 relating to the Tianjin port explosion.</i>
PBT	profit before tax.
PAT	profit after tax.
Net debt/cash	defined by the Company as cash and cash equivalents plus short-term deposits and other investments less total balance sheet borrowings (as disclosed in note 18 to the condensed consolidated financial statements).
Q2 FY19	3 months ending 30 September 2018.
Q2 FY18	3 months ended 30 September 2017.
H2 FY19	6 months ending 30 September 2018.
H2 FY18	6 months ended 30 September 2017.
China JV	Chery Jaguar Land Rover Automotive Co., Ltd.

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

Q2 FY19 was a disappointing quarter with revenue of £5.6n billion, down 11% year on year and a loss before tax of £90 million. The results primarily reflect lower than expected sales (retails 129.9k down 13%) mainly due to more difficult market conditions experienced in China and continuing diesel weakness in Europe and the UK.

Key metrics for Q2 FY19 results, compared to Q2 FY18, are as follows:

Retail sales of 129.9k units (including the China JV), down 13.2%

Wholesales of 130.7k units (including the China JV), down 14.7%

Revenue of £5.6 billion, down from £6.3 billion

Loss before tax £90 million, compared to £382 million PBT

Loss after tax £101 million, compared to PAT of £306 million

EBITDA margin was 9.1% and EBIT margin was (0.7)%

Free cash flow was negative £624 million after total product and other investment spending of £1 billion and £114 million of working capital outflows

Market environment

China has seen relatively slow GDP growth of 6.5% in Q2 (lowest since financial crisis) and the auto market has deteriorated with industry sales down 7.7% (12% in Sept) primarily due to general uncertainty created by tariff changes and increasing trade tensions

The US continues to show strong GDP growth of over 3%, driven by positive consumer and business confidence, however, rising interest rates and cyclicalities are weighing on the auto market which was down 3% with continuing high incentives and there remains a risk of increased tariffs on European imports

UK GDP remains weaker (1.4%) with low consumer confidence and inflation above target from the weak pound relating to Brexit and the auto market was down 10.2%, exacerbated by continuing weak diesel demand and the new emissions testing certification requirements (WLTP)

Europe continues to see solid GDP growth and the auto market was up 4.3% although diesel sales are down and WLTP weighed on the market in September in particular

Total automotive industry car volumes (units)

	Q2 FY19	Q2 FY18	Change (%)
China	5,439,900	5,896,200	(7.7)%
Europe (excluding UK)	2,360,349	2,262,707	4.3%
UK	596,826	664,600	(10.2)%
US	4,266,075	4,399,610	(3.0)%
Other markets (excl. South Korea)	3,252,242	3,201,287	1.6%

The total industry car volume data above has been compiled using relevant data available at the time of publishing this Interim Report, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe, according to their segment definitions, which may differ from those used by JLR.

Jaguar Land Rover Q2 FY19 sales volumes year-on-year performance

Total retail sales were 129,887 units, down 13.2%, primarily as a result of more challenging market conditions in China where retails were down 43.8% year on year. Retail sales were also down in Europe (11.9%) and in North America (4.6%). Retails were down slightly 0.6% in the UK, and up 8.2% in Overseas markets, outperforming industry volumes in each market. Sales of new models including the Velar (up 6.5k units), E-PACE (10.3k units) and I-PACE (1.1k units) were more than offset by lower sales of models later in their life cycle including Discovery Sport and Evoque (down 11.1k units and 9.9k units respectively).

Wholesales (including the China JV) totalled 130,652 units, down 14.7%. By region, wholesales were down in China (39.4%), Europe (12.6%), the UK (8.7%), North America (1.1%) and Overseas (0.8%).

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Jaguar Land Rover's Q2 FY19 retail sales (including the China JV) by key region and model is detailed in the following table:

	Q2 FY19	Q2 FY18	Change (%)
UK	29,679	29,860	(0.6%)
North America	30,293	31,765	(4.6%)
Europe	25,485	28,928	(11.9%)
China ¹	21,096	37,564	(43.8%)
Overseas	23,334	21,573	8.2%
Total JLR	129,887	149,690	(13.2%)
F-PACE	12,490	18,252	(31.6%)
I-PACE	1,073		n/a
E-PACE ¹	10,322		n/a
F-TYPE	2,038	2,396	(14.9%)
XE ¹	7,683	8,831	(13.0%)
XF ¹	7,419	10,256	(27.7%)
XJ	915	2,525	(63.8%)
Jaguar¹	41,940	42,260	(0.8%)
Discovery Sport ¹	19,294	30,357	(36.4%)
Discovery	10,934	12,336	(11.4%)
Range Rover Evoque ¹	14,495	24,424	(40.7%)
Range Rover Velar	15,255	8,709	75.2%
Range Rover Sport	16,098	18,590	(13.4%)
Range Rover	11,871	13,013	(8.8%)
Discontinued Models		1	n/a
Land Rover¹	87,947	107,430	(18.1%)
Total JLR	129,887	149,690	(13.2%)

¹ China JV retail volume in Q2 FY19 was 12,531 units (5,310 units of Discovery Sport, 1,587 units of Evoque, 2,668 units of Jaguar XFL, 2,607 units of Jaguar XEL and 359 units of Jaguar E-PACE). China JV retail volume in Q2 FY18 was 21,728 units (11,274 units of Discovery Sport, 4,856 units of Evoque, 5,598 units of Jaguar XFL)

Q2 FY19 revenue and profits

For the quarter ended 30 September 2018, revenue was £5.6 billion, down £687 million year on year, primarily reflecting the challenging market conditions, particularly in China.

The loss before tax was £90 million, down from PBT of £382 million in Q2 FY18, reflecting:

22.6k units of lower wholesales (-£324 million), primarily in China

Warranty provision actions (-£39 million)

Higher material and new plant costs (-£102 million)

Higher depreciation and amortisation (-£74 million)

Reductions in other costs (including marketing) (£93 million)

Other (including incentives, FX and commodities) (-£26 million)

EBITDA was £511 million (9.1% margin) and the loss before interest and tax was £(38) million (-0.7% margin) in Q2 FY19, compared to EBITDA of £746 million (11.8% margin) and EBIT of £329 million (5.2% margin) in Q2 FY18. The loss after tax was £101 million in Q2 FY19, compared to the PAT of £306 million in Q2 FY18.

Revenue was £10.9 billion in H1 FY19 compared to £11.9 billion for the same period last year, generating a loss before tax of £354 million compared to PBT of £953 million in H1 FY18 (which included a £437 million one-off pension credit). EBITDA in H1 FY19 was £836 million (7.7% margin) compared to £1.2 billion (10.0% margin) in H1 FY18 and the loss before interest and tax in H1 FY19 was £232 million (-2.1% margin) compared to EBIT of £398 million (3.3% margin) in H1 FY18. The loss after tax in H1 FY19 was £311 million compared to PAT of £758 million (including the £437 million one-off pre-tax pension credit) in H1 FY18.

Table of Contents**Cash flow, liquidity and capital resources**

Free cash flow was negative £624 million after £1 billion of total product and other investment spending and £114 million of working capital outflows in Q2 FY19. In the quarter, £882 million of investment spending was capitalised and £113 million was expensed through the income statement.

Cash and financial deposits at 30 September 2018 stood at £2.6 billion (comprising £1.8 billion of cash and cash equivalents and £0.8 billion of short term deposits and other investments) after the negative free cash flow and proceeds from a 500 million 4.5% bond issued in September 2018. The cash and financial deposits include an amount of £373 million held in subsidiaries of Jaguar Land Rover outside of the United Kingdom. The cash in some of these jurisdictions is subject to impediments to remitting cash to the UK other than through annual dividends. As at 30 September 2018, the Company also had an undrawn revolving credit facility totalling £1.9 billion, maturing in July 2022, and £31 million equivalent for an unutilised short-term uncommitted receivable factoring facility.

Debt

The following table shows details of the Company's financing arrangements as at 30 September 2018:

(£ millions)	Facility amount	Amount outstanding	Undrawn amount
£400m 5.000% Senior Notes due Feb 2022**	400	400	
£400m 3.875% Senior Notes due Mar 2023**	400	400	
£300m 2.750% Senior Notes due Jan 2021	300	300	
\$500m 5.625% Senior Notes due Feb 2023*	383	383	
\$700m 4.125% Senior Notes due Dec 2018**	536	536	
\$500m 4.250% Senior Notes due Nov 2019**	383	383	
\$500m 3.500% Senior Notes due Mar 2020**	383	383	
\$500m 4.500% Senior Notes due Oct 2027	362	362	
650m 2.200% Senior Notes due Jan 2024	578	578	
500m 4.500% Senior Notes due Jan 2026	444	444	
Revolving 5 year credit facility	1,935		1,935
Invoice discounting facilities***	226	195	31
Finance lease obligations	19	19	
Subtotal	6,349	4,383	1,966
Prepaid costs		(25)	
Total	6,349	4,358	1,966

* Issued by Jaguar Land Rover Automotive plc and guaranteed by Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Land Rover Exports Limited, JLR Nominee Company Limited and Jaguar Land Rover North America LLC.

- ** Issued by Jaguar Land Rover Automotive plc and guaranteed by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.
- *** \$295 million uncommitted receivables factoring facility with Jaguar Land Rover Limited as the borrower and guaranteed by Jaguar Land Rover Holdings Limited.

Table of Contents**Risks and mitigating factors**

There are a number of potential risks which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and/or historical results, including those discussed on pages 80-83 of the Annual Report 2017-18 of the Group (available at www.jaguarlandrover.com) along with mitigating factors. The principal risks discussed in the Group's Annual Report 2017-18 are competitive business efficiency, global economic and geopolitical environment, brand positioning, environmental regulations and compliance, diesel uncertainty, unethical and prohibited business practices, information and cyber security, rapid technology change, exchange rate fluctuations and product liability and recalls.

Acquisitions and disposals

There were no material acquisitions or disposals in Q2 FY19.

Off-balance sheet financial arrangements

In Q2 FY19 the Company had no off-balance sheet financial arrangements (see note 23) other than to the extent disclosed in the condensed consolidated financial statements in this Interim Report, starting on page 8.

Post balance sheet items

In October, the Company signed a loan agreement with a syndicate of banks for \$1 billion and has drawn down the full amount. The loan has a final maturity on 31st January 2025, with 20% amortising on 31 October 2022.

Related party transactions

Related party transactions for Q2 FY19 are disclosed in note 26 to the condensed consolidated financial statements disclosed on page 28 of this Interim Report. There have been no material changes in the related party transactions described in the latest annual report.

Employees

At the end of Q2 FY19, Jaguar Land Rover employed 43,515 people worldwide, including agency personnel, compared to 41,906 at the end of Q2 FY18.

Board of directors

Ms Hanne Sorensen was appointed as a director of the Jaguar Land Rover Automotive plc Board, effective 15 August 2018. The following table provides information with respect to the current members of the Board of Directors of Jaguar Land Rover Automotive plc:

Name	Position	Year appointed as Director
Natarajan Chandrasekaran	Chairman	2017
Professor Dr. Ralf D. Speth	Chief Executive Officer and Director	2010

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Andrew M. Robb	Director	2009
Nasser Mukhtar Munjee	Director	2012
Mr P B Balaji	Director	2017
Hanne Sorensen	Director	2018

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(£ millions)	Note	Three months ended 30 September		Six months ended 30 September	
		2018	*Restated	2018	*Restated
Revenue	5	5,635	6,322	10,857	11,921
Material and other cost of sales excluding exceptional item		(3,559)	(4,001)	(6,925)	(7,566)
Exceptional item	4				1
Material and other cost of sales		(3,559)	(4,001)	(6,925)	(7,565)
Employee costs		(704)	(662)	(1,437)	(1,318)
Employee costs - pension past service credit	22				437
Other expenses		(1,358)	(1,370)	(2,628)	(2,648)
Engineering costs capitalised	6	418	410	844	765
Other income		43	127	100	188
Depreciation and amortisation		(552)	(478)	(1,101)	(928)
Foreign exchange loss and fair value adjustments		(1)	(9)	(71)	(7)
Finance income	7	5	7	15	16
Finance expense (net)	7	(20)	(25)	(41)	(46)
Share of profit from equity accounted investments		3	61	33	138
(Loss)/profit before tax		(90)	382	(354)	953
Income tax (expense)/credit	12	(11)	(76)	43	(195)
(Loss)/profit for the period		(101)	306	(311)	758

Attributable to: