

TATA MOTORS LTD/FI
Form 6-K
August 30, 2016
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 August 2016

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant's name into English)

BOMBAY HOUSE

Edgar Filing: TATA MOTORS LTD/FI - Form 6-K

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: [2017FY Q1 Investor presentation](#)
[2017FY Q1 Interim Financial Statements](#)

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: August 30, 2016

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

Table of Contents**Contents****Management's discussion and analysis of financial condition and results of operations**

<u>Market environment</u>	2
<u>Jaguar Land Rover volume performance</u>	2
<u>Revenue and profits</u>	3
<u>Cash flow, liquidity and capital resources</u>	4
<u>Debt</u>	4
<u>Acquisitions and disposals</u>	5
<u>Off-balance sheet financial arrangements</u>	5
<u>Business risks and mitigating factors</u>	5
<u>Employees</u>	5
<u>Board of directors</u>	5
Condensed consolidated financial statements	
<u>Income statement</u>	6
<u>Statement of comprehensive income and expense</u>	6
<u>Balance sheet</u>	7
<u>Statement of changes in equity</u>	8
<u>Cash flow statement</u>	9
<u>Notes</u>	10

This report uses:

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

EBITDA	defined as profit for the period before income tax expense, finance expense (net of capitalised interest), finance income, depreciation and amortisation, foreign exchange gains/losses on financing and unrealised derivatives, gains/losses on unrealised commodity derivatives, share of profits/losses from joint ventures and exceptional items.
EBITDA margin	measured as EBITDA as a percentage of revenue.
PBT	profit before tax.
PAT	profit after tax.
Net cash	measured as cash and cash equivalents and short term deposits less total balance sheet borrowings (including secured and unsecured borrowings and factoring facilities and finance leases).
Free cash flow	reflects net cash generated from operating activities less net cash used in investing activities (excluding investments in short-term deposits) and includes foreign exchange gains/losses on short term deposits.
Product and other investment	reflects net cash used in investing activities and expensed R&D (not included in net cash used in investing activities) but excluding movements in other restricted deposits, movements in short-term deposits, finance income received and proceeds from the sale of property, plant and

equipment.

FY17	12 months ending 31 March 2017.
FY16	12 months ended 31 March 2016.
Q1	3 months ended 30 June.
China JV	Chery Jaguar Land Rover Automotive Co., Ltd.

Table of Contents**Management's discussion and analysis of financial condition and results of operations**

Jaguar Land Rover achieved strong sales in Q1 FY17 with higher retail volumes across all regions compared to a year ago, reflecting strong sales of the Discovery Sport, XE and the new F-PACE. However, profitability was lower primarily as a result of the revaluation of mainly Euro payables and a lower local market incentive received in the quarter compared to Q1 FY16. Key Q1 FY17 results are as follows:

Total retail sales were 132.7k units (including the China JV), up 15.5% compared to Q1 FY16.

EBITDA was £672 million (12.3% margin), down from the £821 million (16.4% margin) in Q1 FY16.

PBT was £399 million in Q1 FY17, down from the £638 million in the same quarter a year ago.

PAT was £304 million in Q1 FY17, down from the £492 million in Q1 FY16.

Free cash flow before financing was negative £633 million after investment spending of £692 million and a £647 million increase in inventory, primarily seasonal and launch-related.

In August S&P raised JLR's credit rating from BB to BB+

Market environment

Macroeconomic conditions have been more challenging during the quarter with increased uncertainty. The UK vote on the 23rd June to leave the EU has driven significant volatility in financial markets as the Pound depreciated against the US Dollar and other currencies, while 10 year UK government yields fell below 1%. Modest growth in Europe continued and US GDP growth remained solid supported by consumer spending, although labour market data has been more variable. China's economy continued to expand, albeit at a slowing pace, and the government is continuing policies to counter the slowdown. Emerging market economies generally continue to face difficulties, e.g. political uncertainty continues in Brazil whilst Russia remains in recession despite some recovery in the oil price.

Total automotive industry car volumes (units)

	Q1 FY17	Q1 FY16	Change (%)
China	5,356,200	4,789,500	11.8%
Europe (excluding UK)	2,810,128	2,522,019	11.4%
UK	648,856	642,301	1.0%
North America (US)	4,533,500	4,547,200	(0.3)%
All other markets	3,147,246	3,494,490	(9.9)%

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 volume performance

Q1 FY17 total retail sales were a record 132,743 units (including the China JV), up 15.5% compared to Q1 FY16 primarily driven by strong sales of the Discovery Sport, XE and the new F-PACE, which went on general retail sale in April 2016, with strong year-on-year growth across all regions. By brand, Land Rover retailed 100,946 units in Q1 FY17, up 4.3% compared to Q1 FY16, and Jaguar retailed 31,797 units, up 75.6%.

Wholesales totalled 120,776 units (excluding China JV) in Q1 FY17, up 9.2% compared to the same quarter a year ago. By brand, Jaguar wholesales in Q1 FY17 were 34,572 units, up 63.1% compared to Q1 FY16 and Land Rover wholesales (excluding CJLR) were 86,204 units, down 3.6%. By region, wholesales were up in the UK (7.2%), the US (34.3%), Europe (10.6%), and in other Overseas markets (2.4%), but China was down 18.3% primarily as a result of the Discovery Sport now being built and sold by the China JV, and so excluded from reported wholesales.

Table of Contents

Jaguar Land Rover's Q1 FY17 retail sales by key region and model compared to Q1 FY16 is detailed in the following table and includes retail sales from the China JV.

	Q1 FY17	Q1 FY16	Change (%)
UK	26,919	22,753	18.3%
North America	24,557	20,936	17.3%
Europe	33,551	28,878	16.2%
China ²	25,725	21,642	18.9%
Overseas	21,991	20,696	6.3%
Total JLR	132,743	114,905	15.5%
XE	9,208	2,889	>99%
XF	7,886	8,832	(10.7%)
XJ	2,540	3,075	(17.4%)
F-PACE	9,459		n/a
XK ¹	1	137	(99.3%)
F-TYPE	2,703	3,175	(14.9%)
Jaguar	31,797	18,108	75.6%
Defender ¹	740	5,372	(86.2%)
Freelander ¹	2	163	(98.8%)
Discovery Sport ²	29,110	17,000	71.2%
Discovery	12,387	11,115	11.4%
Range Rover Sport	20,582	21,054	(2.2%)
Range Rover	12,362	14,678	(15.8%)
Range Rover Evoque ²	25,763	27,415	(6.0%)
Land Rover²	100,946	96,797	4.3%
Total JLR	132,743	114,905	15.5%

¹ Production of the Jaguar XK, Land Rover Freelander and the Land Rover Defender models have now been discontinued.

² China JV retail volume in Q1 FY17 was 14,039 units (4,326 units of Evoque and 9,713 units of Discovery Sport).

Revenue and profits

Q1 FY17 revenue was £5.5 billion, up from the £5.0 billion in Q1 FY16 driven by the 9.2% growth in wholesales.

PBT was £399 million, down £239 million from the PBT of £638 million a year ago reflecting:

favourable volume and mix

unfavourable FX revaluation (£291 million) reflecting:

Favourable FX revaluation in Q1 FY16 (£205 million mainly debt and unrealized hedges)

Unfavourable FX revaluation in Q1 FY17 (£86 million mainly Euro payables)

lower local market incentive compared to Q1 FY16

higher depreciation and amortization (-£70 million)

favourable commodity revaluation (+£55 million)

£45 million of JV profits (primarily CJLR) (+£51 million)

further recoveries related to the Tianjin Port explosion (+£50 million)

EBITDA was £672 million (12.3% margin) in Q1 FY17, down £149 million from the £821 million (16.4% margin) in Q1 FY16, predominantly reflecting:

favourable volume and mix

unfavourable FX revaluation (YoY £118 million mainly Euro payables) resulting from depreciation in the Pound following the BREXIT vote. Operating exchange net of hedges was about neutral

lower local market incentive compared to Q1 FY16

PAT for Q1 FY17 was £304 million (23.8% effective tax rate), compared to £492 million (22.9% effective tax rate) for the same period a year ago.

Table of Contents**EBITDA reconciliation**

Quarter ended 30 June (£ millions)	2016	2015
EBITDA Margin	12.3%	16.4%
EBITDA	672	821
Adjustments:		
Depreciation and amortisation	(388)	(318)
Foreign exchange (losses)/gains - financing	(23)	99
Foreign exchange gains - unrealised derivatives	21	72
Commodity gains/(losses) - unrealised derivatives	33	(21)
Finance income	9	10
Finance expense (net)	(21)	(18)
Share of profit / (loss) from joint venture	45	(6)
Other		(1)
Profit before tax and exceptional item	348	638
Exceptional item	51	
Profit before tax	399	638
Income tax expense	(95)	(146)
Profit after tax	304	492

Cash flow, liquidity and capital resources

Free cash flow before financing was negative £633 million, primarily reflecting EBITDA of £672 million after £692 million of total investment spending and a £647 million increase in inventory. In the quarter, £607 million of investment spending was capitalised and £85 million was expensed in EBITDA.

After the negative free cash flow of £633 million, finance expenses of £27 million, a £92 million reduction in debt and a £150 million dividend paid to our parent, Tata Motors, cash and financial deposits at 30th June 2016 stood at £3.7 billion (comprising £2.4 billion of cash and cash equivalents and £1.3 billion of financial deposits). This includes an amount of £529 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 30th June 2016, the Company also had an undrawn revolving credit facility totalling £1.9 billion, all maturing in July 2020, and £172 million of undrawn shorter-term committed credit facilities.

Debt

On 16 May 2016, the outstanding \$84 million of 8.125% senior notes maturing May 2021 were fully repurchased under the optional redemption terms of the bond. The following table shows details of the Company's debt as at 30 June 2016.

(£ millions)	Facility amount	Outstanding	Undrawn	First call date
Committed				
£400m 5.000% Senior Notes due Feb 2022**	400	400		n/a
£400m 3.875% Senior Notes due Mar 2023**	400	400		n/a
\$500m 5.625% Senior Notes due Feb 2023*	371	371		Feb-18
\$700m 4.125% Senior Notes due Dec 2018**	521	521		n/a
\$500m 4.250% Senior Notes due Nov 2019**	371	371		n/a
\$500m 3.500% Senior Notes due Mar 2020**	371	371		n/a
Revolving 5 year credit facility	1,870		1,870	n/a
Receivable factoring facilities***	260	88	172	n/a
Finance lease obligations	10	10		n/a
Subtotal	4,574	2,532	2,042	
Prepaid costs		(18)		
Total	4,574	2,514	2,042	

* Issued by Jaguar Land Rover Automotive plc and guaranteed on a senior unsecured basis 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 on a senior unsecured basis by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.

*** \$350 million committed receivables factoring facility issued by Jaguar Land Rover Limited and guaranteed by Jaguar Land Rover Holdings Limited. A bilateral \$200 million uncommitted receivables factoring facility, also issued by Jaguar Land Rover Limited and guaranteed by Jaguar Land Rover Holdings Limited, is also available which remained undrawn as at 30 June 2016.

Table of Contents**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 to the extent disclosed in the condensed consolidated financial statements.

Business risks and mitigating factors

As discussed on pages 46-53, and elsewhere, of the Annual Report 2015-16 of the Company, Jaguar Land Rover is exposed to various business risks.

Employees

At the end of Q1 FY17, Jaguar Land Rover employed 39,386 people worldwide including agency personnel. This compared to 37,965 at the end of Q4 FY16.

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	2013

Table of Contents**Condensed Consolidated Income Statement***For the three months ended 30 June 2016 (unaudited)*

(£ millions)	Note	Three months ended	
		30 June 2016 (unaudited)	30 June 2015 (unaudited)
Revenue		5,461	5,002
Material cost of sales excluding exceptional item		(3,227)	(2,906)
Exceptional item	2	51	
Material and other cost of sales		(3,176)	(2,906)
Employee cost		(605)	(552)
Other expenses		(1,137)	(1,036)
Net impact of commodity derivatives		18	(27)
Development costs capitalised	3	322	315
Other income		56	96
Depreciation and amortisation		(388)	(318)
Foreign exchange (loss)/gain		(185)	78
Finance income	4	9	10
Finance expense (net)	4	(21)	(18)
Share of profit/(loss) from equity accounted investees		45	(6)
Profit before tax		399	638
Income tax excluding tax on exceptional item		(85)	(146)
Tax on exceptional item		(10)	
Income tax expense	9	(95)	(146)
Profit for the period		304	492

Condensed Consolidated Statement of Comprehensive Income and Expense*For the three months ended 30 June 2016 (unaudited)*

(£ millions)	Three months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Profit for the period	304	492
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	(227)	174
Income tax related to items that will not be reclassified	41	(35)
	(186)	139

Items that may be reclassified subsequently to profit or loss:

Edgar Filing: TATA MOTORS LTD/FI - Form 6-K

(Loss)/gain on effective cash flow hedges	(1,532)	805
Cash flow hedges reclassified to Foreign exchange (loss)/gain in profit or loss	121	103
Currency translation differences	15	(16)
Income tax related to items that may be reclassified	271	(182)
	(1,125)	710
Other comprehensive (expense)/income net of tax	(1,311)	849
Total comprehensive (expense)/income attributable to shareholders	(1,007)	1,341

Table of Contents**Condensed Consolidated Balance Sheet**

As at (£ millions)	Note	30 June 2016 (unaudited)	31 March 2016 (audited)
Non-current assets			
Investments		397	339
Other financial assets		315	185
Property, plant and equipment		5,259	5,175
Intangible assets		5,628	5,497
Other non-current assets		73	45
Deferred tax assets		429	354
Total non-current assets		12,101	11,595
Current assets			
Cash and cash equivalents		2,447	3,399
Short-term deposits		1,302	1,252
Trade receivables		1,132	1,078
Other financial assets	6	274	137
Inventories	7	3,333	2,685
Other current assets	8	443	411
Current tax assets		18	10
Total current assets		8,949	8,972
Total assets		21,050	20,567
Current liabilities			
Accounts payable		5,751	5,758
Short-term borrowings	14	88	116
Other financial liabilities	11	1,692	962
Provisions	12	546	555
Other current liabilities	13	418	427
Current tax liabilities		53	57
Total current liabilities		8,548	7,875
Non-current liabilities			
Long-term borrowings	14	2,416	2,373
Other financial liabilities	11	1,637	817
Provisions	12	759	733
Retirement benefit obligation	18	810	567
Other non-current liabilities		246	204
Deferred tax liabilities		177	384
Total non-current liabilities		6,045	5,078

Total liabilities		14,593	12,953
Equity attributable to shareholders			
Ordinary shares		1,501	1,501
Capital redemption reserve		167	167
Reserves	16	4,789	5,946
Equity attributable to shareholders		6,457	7,614
Total liabilities and equity		21,050	20,567

These condensed consolidated interim financial statements were approved by the Board of Directors.

Company registered number: 06477691

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

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2016 (audited)	1,501	167	5,946	7,614
Profit for the period			304	304
Other comprehensive expense for the period			(1,311)	(1,311)
Total comprehensive expense			(1,007)	(1,007)
Dividend paid			(150)	(150)
Balance at 30 June 2016 (unaudited)	1,501	167	4,789	6,457

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Total equity
Balance at 1 April 2015 (audited)	1,501	167	4,372	6,040
Profit for the period			492	492
Other comprehensive income for the period			849	849
Total comprehensive income			1,341	1,341
Dividend paid			(150)	(150)
Balance at 30 June 2015 (unaudited)	1,501	167	5,563	7,231

Table of Contents**Condensed Consolidated Cash Flow Statement***For the three months ended 30 June 2016 (unaudited)*

(£ millions)	Note	Three months ended	
		30 June 2016	30 June 2015
		(unaudited)	(unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations	21	5	(64)
Income tax paid		(59)	(57)
Net cash used in operating activities		(54)	(121)
Cash flows (used in)/from investing activities			
Investment in other restricted deposits		(12)	(4)
Redemption of other restricted deposits		4	8
Movements in other restricted deposits		(8)	4
Investment in short-term deposits		(731)	(808)
Redemption of short-term deposits		708	609
Movements in short-term deposits		(23)	(199)
Purchases of property, plant and equipment		(264)	(349)
Cash paid for intangible assets		(343)	(363)
Finance income received		9	11
Net cash used in investing activities		(629)	(896)
Cash flows (used in)/from financing activities			
Finance expenses and fees paid		(27)	(25)
Proceeds from issuance of short-term borrowings		72	155
Repayment of short-term borrowings		(106)	(149)
Repayments of long-term borrowings		(57)	
Payments of finance lease obligations		(1)	(1)
Dividends paid		(150)	(150)
Net cash used in financing activities		(269)	(170)
Net decrease in cash and cash equivalents*		(952)	(1,187)
Cash and cash equivalents at beginning of period		3,399	3,208
Cash and cash equivalents at end of period		2,447	2,021

* Included in Net decrease in cash and cash equivalents in the three month period is an increase of £44 million (three months ended 30 June 2015: decrease of £35 million) arising from the impact of foreign exchange rate changes on cash and cash equivalents.

Table of Contents

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

1 Accounting policies

Basis of preparation

The information for the three months ended 30 June 2016 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 as highlighted in note 15.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2016, which were prepared in accordance with IFRS as adopted by the EU.

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 2016.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2016, as described in those financial statements.

2 Exceptional item

An exceptional item of £1 million for the quarter ended 30 June 2016 relates to the continuing impact of the explosion at the port of Tianjin (China) in August 2015. The exceptional credit to the income statement for the quarter is the result of achieving sales at a higher net realisable value than that estimated at 31 March 2016.

In addition, subsequent to the quarter-end on 25 August 2016, the Group was notified by its insurers that it would receive an interim payment of £50 million in relation to the vehicles involved in the Tianjin incident that occurred during the year ended 31 March 2016. Given this, an exceptional credit, representing the reversal of the write-down of the carrying value of the associated vehicles, has been recognised during the quarter. A tax charge of £10 million has also been recognised in this regard.

The process for finalising ongoing insurance claims may take some months to conclude, so further insurance and other potential recoveries will only be recognised in future periods when received or confirmed as receivable. Due to the size of the provision recorded, the charge together with the associated tax impact was disclosed as an exceptional item in fiscal 2016, as such any future recoveries will similarly be recognised as a reversal of that charge through exceptional items.

3 Research and development

(£ millions)	Three months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Total research and development costs incurred	407	379
Research and development expensed	(85)	(64)
Development costs capitalised	322	315
Interest capitalised	20	20
Research and development expenditure credit	(20)	(18)
Total internally developed intangible additions	322	317

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****4 Finance income and expense
Recognised in net income**

(£ millions)	Three months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Finance income	9	10
Total finance income	9	10
Total interest expense on financial liabilities measured at amortised cost	(38)	(34)
Unwind of discount on provisions	(4)	(5)
Interest capitalised	21	21
Total finance expense (net)	(21)	(18)

The capitalisation rate used to calculate borrowing costs eligible for capitalisation during the three month period was 4.4% (three months ended 30 June 2015: 4.6%).

5 Allowances for trade and other receivables

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

As at (£ millions)	Three months ended	Year ended
	30 June 2016 (unaudited)	31 March 2016 (audited)
At beginning of period	60	11
Charged during the period		49
Utilised during the period	(1)	
Unused amounts reversed	(2)	
Foreign currency translation	8	
At end of period	65	60

6 Other financial assets - current

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
Advances and other receivables recoverable in cash	8	8
Derivative financial instruments	177	73
Accrued income	12	12
Other	77	44
Total current other financial assets	274	137

7 Inventories

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
Raw materials and consumables	101	92
Work in progress	400	379
Finished goods	2,832	2,214
Total inventories	3,333	2,685

8 Other current assets

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
Recoverable VAT	198	218
Prepaid expenses	163	111
Other	82	82
Total current other assets	443	411

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****9 Taxation****Recognised in the income statement**

The income tax for the three month period end 30 June 2016 is charged at the estimated effective tax rate expected to apply for the applicable financial year end.

10 Capital expenditure

Capital expenditure in the three month period was £260 million (three month period to 30 June 2015: £286 million) on property, plant and equipment and £345 million (three month period to 30 June 2015: £351 million) was capitalised as intangible assets (excluding the R&D tax credit). There were no impairments, material disposals or changes in use of assets.

11 Other financial liabilities

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
Current		
Finance lease obligations	4	5
Interest accrued	32	25
Derivative financial instruments	1,341	666
Liability for vehicles sold under a repurchase arrangement	315	266
	1,692	962
Non-current		
Finance lease obligations	6	6
Derivative financial instruments	1,629	809
Other payables	2	2
	1,637	817

12 Provisions

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
--------------------	-----------------------------	----------------------------

Current		
Product warranty	440	441
Legal and product liability	88	99
Provisions for residual risk	7	6
Provision for environmental liability	10	8
Other employee benefits obligations	1	1
Total current provisions	546	555
Non-current		
Product warranty	697	688
Legal and product liability	20	
Provision for residual risk	14	13
Provision for environmental liability	23	23
Other employee benefits obligations	5	9
Total non-current provisions	759	733

Table of Contents

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

12 Provisions (continued)

Three months ended 30 June 2016 (unaudited) (£ millions)	Legal and				Total
	Product warranty	product liability	Residual risk	Environmental liability	
Opening balance	1,129	99	19	31	1,278
Provision made during the period	88	27	3	2	120
Provision used during the period	(117)	(1)	(2)		(120)
Unused amounts reversed in the period	(3)	(18)			(21)
Impact of discounting	4				4
Foreign currency translation	36	1	1		38
Closing balance	1,137	108	21	33	1,299

Product warranty provision

The Group offers warranty cover in respect of manufacturing defects, which become apparent one 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 compliance with regulations and known litigations which impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations.

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 liability 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

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
--------------------	-----------------------------	----------------------------

Edgar Filing: TATA MOTORS LTD/FI - Form 6-K

Liabilities for advances received	118	139
Deferred revenue	111	93
VAT	119	131
Other	70	64
Total current other liabilities	418	427

Table of Contents

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

14 Interest bearing loans and borrowings

As at (£ millions)	30 June 2016 (unaudited)	31 March 2016 (audited)
Short-term borrowings		
Bank loans	88	116
Short-term borrowings	88	116
Long-term borrowings		
EURO MTF listed debt	2,416	2,373
Long-term borrowings	2,416	2,373
Finance lease obligations	10	11
Total debt	2,514	2,500

15 Financial Instruments

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 instruments 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 note 34 to the annual consolidated financial statements for the year ended 31 March 2016.

The following tables show the carrying amounts and fair value of each category of financial assets and liabilities.

As at (£ millions)	30 June 2016		31 March 2016	
	Carrying value (unaudited)	Fair value (unaudited)	Carrying value (audited)	Fair value (audited)
Cash and cash equivalents	2,447	2,447	3,399	3,399
Short-term deposits	1,302	1,302	1,252	1,252
Trade receivables	1,132	1,132	1,078	1,078
Other financial assets - current	274	274	137	137
Other financial assets - non-current	315	315	185	185
Total financial assets	5,470	5,470	6,051	6,051

As at (£ millions)	30 June 2016		31 March 2016	
	Carrying value (unaudited)	Fair value (unaudited)	Carrying value (audited)	Fair value (audited)
Accounts payable	5,751	5,751	5,758	5,758
Short-term borrowings	88	88	116	116
Long-term borrowings	2,416	2,423	2,373	2,398
Other financial liabilities - current	1,692	1,692	962	962
Other financial liabilities - non-current	1,637	1,637	817	817
Total financial liabilities	11,584	11,591	10,026	10,051

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****16 Other reserves**

The movement of reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2016 (audited)	(363)	(873)	7,182	5,946
Profit for the period			304	304
Remeasurement of defined benefit obligation			(227)	(227)
Loss on effective cash flow hedges		(1,532)		(1,532)
Currency translation differences	15			15
Income tax related to items recognised in other comprehensive income		295	41	336
Cash flow hedges reclassified to Foreign exchange (loss)/gain in profit or loss		121		121
Income tax related to items reclassified to profit or loss		(24)		(24)
Dividend paid			(150)	(150)
Balance at 30 June 2016 (unaudited)	(348)	(2,013)	7,150	4,789

(£ millions)	Translation reserve	Hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2015 (audited)	(362)	(910)	5,644	4,372
Profit for the period			492	492
Remeasurement of defined benefit obligation			174	174
Gain on effective cash flow hedges		805		805
Currency translation differences	(16)			(16)
Income tax related to items recognised in other comprehensive income		(161)	(35)	(196)
Cash flow hedges reclassified to Foreign exchange (loss)/gain in profit or loss		103		103
Income tax related to items reclassified to profit or loss		(21)		(21)
Dividend paid			(150)	(150)
Balance at 30 June 2015 (unaudited)	(378)	(184)	6,125	5,563

17 Dividends

During the three months ended 30 June 2016, an ordinary share dividend of £150 million was proposed and paid (three months to 30 June 2015: £150 million).

18 Employee benefits

The Group has 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 and overseas subsidiaries which operate defined benefit pension plans.

Table of Contents

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

18 Employee benefits (continued)

(£ millions)	Three months ended 30 June 2016 (unaudited)	Year ended 31 March 2016 (audited)
Change in defined benefit obligation		
Defined benefit obligation at beginning of the period	7,668	7,883
Current service cost	49	224
Interest expense	69	263
Actuarial losses/(gains) arising from:		
- Changes in demographic assumptions		(36)
- Changes in financial assumptions	854	(569)
- Experience adjustments		63
Past service costs		
Exchange differences on foreign schemes	3	3
Member contributions		2
Benefits paid	(42)	(165)
Defined benefit obligation at end of period	8,601	7,668
Change in plan assets		
Fair value of plan assets at beginning of the period	7,103	6,997
Interest income	64	233
Remeasurement gain/(loss) on the return of plan assets, excluding amounts included in interest income	625	(52)
Administrative expenses	(2)	(8)
Exchange differences on foreign schemes	2	1
Employer contributions	41	95
Member contributions		2
Benefits paid	(42)	(165)
Fair value of scheme assets at end of period	7,791	7,103
Amount recognised in the consolidated balance sheet consist of		
Present value of defined benefit obligations	(8,601)	(7,668)
Fair value of scheme assets	7,791	7,103
Restriction on asset and onerous obligation		(2)

Net liability	(810)	(567)
Non-current liabilities	(810)	(567)

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

	Three months ended 30 June 2016 (unaudited)	Year ended 31 March 2016 (audited)
Discount rate	3.0%	3.6%
Expected rate of increase in compensation level of covered employees	3.3%	3.5%
Inflation rate	2.8%	3.0%

For the valuations at 30 June 2016 and 31 March 2016, the mortality assumptions used are the SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120% for males and 110% for females has been used for the Jaguar Pension Plan, 115% for males and 105% for females for the Land Rover Pension Scheme, and 95% for males and 85% for females for the Jaguar Executive Pension Plan. There is an allowance for future improvements in line with the CMI (2014) projections with an allowance for long-term improvements of 1.25 percent per annum.

Table of Contents

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

19 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 and product related matters

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims of £6 million (31 March 2016: £6 million) against the company which management have not recognised as they are not considered probable, along with other claims which at this stage cannot be reliably estimated. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services by the group or its dealers.

The Group has provided for the estimated costs of repair following the passenger safety airbag issue in the United States. The Group recognises that there is a potential risk of further recalls in other countries in the future, however, the Group are unable at this point in time to reliably estimate the amount and timings of any potential future costs associated with this warranty issue.

Other taxes and dues

During the year ended 31 March 2015, the Group's Brazilian subsidiary received a demand for 167 million Brazilian Real (£38 million at 30 June 2016 exchange rates) in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions obtained in Brazil fully support that the basis of the tax authority's assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote. Accordingly no provision has been recognised in the financial statements and the matter is disclosed here purely for the purposes of completeness.

The Group had no other significant tax matters in dispute as at 30 June 2016 or 31 March 2016 where a potential loss was considered possible.

Commitments and contingencies

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 £1,010 million (31 March 2016: £797 million) and £19 million (31 March 2016: £12 million) relating to the acquisition of intangible assets.

The Group has entered into various contracts with vendors and contractors which include obligations aggregating £1,788 million (31 March 2016: £1,836 million) to purchase minimum or fixed quantities of material.

Commitments and contingencies also includes other contingent liabilities of £12 million (31 March 2016: £28 million).

Inventory of £Nil (31 March 2016: £Nil) and trade receivables with a carrying amount of £88 million (31 March 2016: £116 million) and property, plant and equipment with a carrying amount of £Nil (31 March 2016: £Nil) and restricted cash with a carrying amount of £Nil (31 March 2016: £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 2016: £Nil).

The Group's share of capital commitments of its joint ventures at 30 June 2016 is £154 million (31 March 2016: £102 million) and purchase commitments of its joint ventures at 31 March 2016 is £27 million (31 March 2016: £36 million). There are no contingent liabilities relating to the Group's interests in its joint ventures.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****20 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 debt 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 Adjusted EBITDA and Adjusted 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 June 2016 (unaudited)	31 March 2016 (audited)
Short-term debt	92	121
Long-term debt	2,422	2,379
Total debt*	2,514	2,500
Equity	6,457	7,614
Total capital (debt and equity)	8,971	10,114

* Total debt includes finance lease obligations of £10 million (31 March 2016: £11 million).

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****21 Notes to the consolidated cash flow statement****Reconciliation of profit before tax to cash generated from operations**

(£ millions)	Three months ended	
	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Cash flows (used in)/from operating activities		
Profit for the period	304	492
Adjustments for:		
Depreciation and amortisation	388	318
Loss on sale of assets	3	3
Foreign exchange loss/(gain) on loans	23	(98)
Income tax expense	95	146
Finance expense (net)	21	18
Finance income	(9)	(10)
Foreign exchange gain on derivatives	(21)	(72)
Foreign exchange (gain)/loss on short-term deposits	(27)	18
Foreign exchange gain on other restricted deposits	(5)	
Unrealised (gain)/loss on commodities	(33)	21
Share of (profit)/loss from equity accounted investments	(45)	6
Exceptional item	(51)	
Other non-cash adjustments	2	1
Cash flows from operating activities before changes in assets and liabilities	645	843
Trade receivables	(54)	206
Other financial assets	17	(2)
Other current assets	(32)	(12)
Inventories	(647)	(578)
Other non-current assets	(12)	(6)
Accounts payable	(21)	(552)
Other current liabilities	(11)	(36)
Other financial liabilities*	49	38
Other non-current liabilities and retirement benefit obligations	58	63
Provisions	13	(28)
Cash generated from/(used in) operations	5	(64)

* Comparatives have been revised for the amendment made in the current year to separately disclose Unrealised (gain)/loss on commodities , which has resulted in a reclassification of amounts from Other financial liabilities . There is no impact on Cash generated from/(used in) operations as previously reported for the three months ended 30 June 2015.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****22 Related party transactions**

The Group's related parties principally consist of Tata Sons Limited, subsidiaries, associates and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. 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.

	2016 (unaudited)			2015 (unaudited)		
	With Tata Sons	With immediate or ultimate parent	With immediate or ultimate parent	With Tata Sons	With immediate or ultimate parent	With immediate or ultimate parent
	With joint ventures of the Group	Limited and its joint ventures	and its subsidiaries	With joint ventures of the Group	Limited and its joint ventures	and its subsidiaries
Three months ended 30 June (£ millions)						
Sale of products	140	16	10	80		11
Purchase of goods		27	18			18
Services received	30	40	25	16	41	24
Services rendered	19		1	9		
Trade and other receivables	105	17	24	55		28
Accounts payable	2	11	31	1		27
Dividend paid			150			150

* The 2015 comparative balances for transactions with joint ventures have been restated, in order to fully reflect the transactions between all of the Group's joint venture interests.

Compensation of key management personnel

	2016 (unaudited)	2015 (unaudited)
Three months ended 30 June (£ millions)		
Key management personnel remuneration	5	4

