

TATA MOTORS LTD/FI  
Form 6-K  
February 12, 2014  
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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 February 2014**

**Commission File Number: 001-32294**

# **TATA MOTORS LIMITED**

**(Translation of registrant's name into English)**

**BOMBAY HOUSE**

**24, HOMI MODY STREET,**

**MUMBAI 400 001, MAHARASHTRA, INDIA**

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

**(Address of principal executive office)**

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

Form 20-F  Form 40-F

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

Yes  No

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

Yes  No

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

Yes  No

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

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Item 1: Form 6-K dated February 12, 2014 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: February 12, 2014

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

PBT net income before tax

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 £5,328 million, up 40% from £3,804 million in Q3 FY13. With an EBITDA margin of 17.9%, up 3.9 ppt from Q3 FY13, PBT also increased to £842 million, up 108% from £404 million in Q3 FY13.

In the nine months to 31 December 2013, revenue has grown 31% over the equivalent prior period, whilst PBT has grown 65%, due to higher margins on higher volumes.

The continued success of the new Range Rover, new Range Rover Sport and Jaguar F-TYPE, increased sales of Range Rover Evoque and increased sales of the Jaguar XF, have helped increase Q3 and 9 month year to date volumes in all regions compared to the same periods in FY13.

Strong growth has continued in China which was our largest retail and wholesale market for both the 3 and 9 months ended 31 December 2013.

Throughout the quarter, the world economy has continued to recover. China growth has remained above 7% whilst the USA and, particularly the UK continued to show renewed growth. Economic conditions in Europe also appear to be improving. The competition continue to react with very competitive marketing actions and financing offers.

The success of the new Range Rover and Range Rover Sport alongside strong market mix, has helped increase our EBITDA margins for the quarter to 17.9%, up 3.9 ppt from the same quarter in the prior year.

The foreign exchange environment in the quarter was similar to a year ago. The USD:GBP exchange rate was broadly flat, whilst the Euro is slightly stronger.

The Company continued to benefit from relatively soft commodity prices.

The Company continues to invest significantly in capital spending and R&D, spending £788 million in Q3 FY14, up £246 million compared to Q3 FY13. The Company expects capital spending, including R&D, to be in the region of £2.75 billion in FY14.

Free cash flow was £234 million in the quarter, compared to £(131) million in the same quarter of the prior year. This was driven by increased cash from operating activities, 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 112,172 units for the quarter, an increase of 27% compared to Q3 FY13. Retail volumes were 19,008 units for Jaguar and 93,164 for Land Rover, up 59% and 22% respectively compared to the equivalent quarter in the prior year.

The increase in Jaguar volumes was driven by the Jaguar XF and XJ, reflecting new derivatives (including XF 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, new Range Rover Sport and Evoque.

Wholesale volumes for Q3 FY14 were 116,357 units, an increase of 23% on the equivalent quarter in the prior year. At a brand level, wholesale volumes were 20,372 units for Jaguar and 95,985 units for Land Rover.

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

The Company generated revenue of £5,328 million in Q3 FY14, an increase of 40% over the £3,804 million in Q3 FY13.

EBITDA for the quarter was £955 million, up £422 million compared to £533 million for Q3 FY13, driven by higher revenue and higher margins compared to the prior year.

The EBITDA margin has improved by 3.9 ppt compared to Q3 FY13, at 17.9%. This is primarily driven by favourable product mix, i.e. new Range Rover, Range Rover Sport and Jaguar F-TYPE and higher volumes.

PBT for the quarter was £842 million, up £438 million from £404 million a year ago. The increase primarily reflects the increase in EBITDA and favourable foreign exchange hedging, partially offset by £52 million of additional depreciation and amortisation, reflecting the new vehicles launched since Q3 FY13.

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

Net income for the quarter was £619 million, up from £296 million in Q3 FY13, with income tax expense for the quarter of £223 million, up from £108 million in Q3 FY13.

The effective tax rate is around 26%, in line with the same period in the prior year.



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

|                   | <b>Q3 FY14</b> | <b>Q3 FY13</b> | <b>Change<br/>(%)</b> |
|-------------------|----------------|----------------|-----------------------|
| UK                | 15,297         | 13,969         | 10%                   |
| North America     | 20,936         | 15,737         | 33%                   |
| Europe            | 22,552         | 19,985         | 8%                    |
| China             | 28,732         | 19,731         | 46%                   |
| Asia Pacific      | 5,628          | 4,319          | 30%                   |
| All other markets | 20,027         | 14,917         | 34%                   |
| <b>Total JLR</b>  | <b>112,172</b> | <b>88,658</b>  | <b>27%</b>            |

Global economic growth picked up speed in the final quarter of 2013 as trends that emerged earlier in the year gathered pace. Those economies already in growth mode gained strength, while those languishing at the opposite end of the spectrum began to emerge from recession. However, it was not a clean-sweep improvement across the board: many emerging markets saw their economies slow, with a corresponding drag on automotive sales.

Our home market of the United Kingdom was one of the strong performers economically. Rising house prices and improving labour market conditions supported a pickup in retail spending and new vehicle sales. JLR sales in the three months to December increased by 10% year-on-year, just shy of the total market growth of 11%.

In the US, the government shutdown in October and inclement weather in December did little to disrupt the broadening recovery in the economy. Consumer confidence is high, employment is climbing and wages continued to rise, helping boost the overall passenger car market by 6% YoY. JLR sales in the US increased 33% YoY.

Likewise in China, a strong economic performance translated into further expansion of the automotive industry, which saw sales almost top 18 million during the year. Urbanisation, rapid wage growth and aspirational demand are expected to continue to drive new vehicles sales in the coming years. In Q3, thanks to strong brands and a growing dealer network, JLR sales grew by 46%, twenty percentage points faster than the overall market.

Meanwhile in Europe there have been increasing signs of recovery. Consumer and business confidence are slowly recovering, retail sales are beginning to pick up, and more firms are seeing output rise than fall. In fact, all four of the big markets of Germany, France, Italy and Spain experienced year-on-year growth in total passenger car sales, the first expansion since 2011. Admittedly, this was from a very low base, but it promising nonetheless. JLR sales in Europe were up 8%.

Industry sales of new vehicles in Brazil, Russia, South Africa and India have been declining, reflecting declining domestic demand with depreciating currencies. Despite this backdrop, JLR managed to increase retails by 49%, 37% and 24% YoY respectively in Brazil, Russia and India.

Overall, the improving global economic backdrop in the latter part of 2013 worked in our favour, supporting an expansion in retail sales of 27% compared to the same period last year.

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### **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 Q3 FY14, Jaguar Land Rover employed 28,938 people worldwide including agency personnel (Q3 FY13: 25,683). Approximately 1,000 of the people employed are in overseas markets.

### **Cash flow**

Net cash provided by operating activities was £1,010 million in the quarter compared to £487 million during Q3 FY13 due to higher profits.

Net cash used in investing activities was £1,107 million in the quarter (Q3 FY13: £371 million). Investment in tangible assets (property, plant and equipment), expenditure on intangible assets (product development programs) and investment in associates totalled £733 million in the quarter, compared to £496 million in Q3 FY13. The investing cash outflow includes a £392 million increase in bank deposits with a maturity of over 3 months which are classified as investments, compared to a £75 million cash inflow from such deposits in Q3 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 generated in financing activities was £310 million in the quarter compared to £96 million in Q3 FY13, reflecting a new USD 700 million 4.125% 2018 Bond issued in December.

### **Liquidity and capital resources**

As at 31 December 2013, the Company had cash and cash equivalents of £2,181 million and bank deposits with a greater than 3 month maturity of £1,062 million. The total amount of cash and cash equivalents includes an amount of £582 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 £1,290 million undrawn committed credit facility with £968 million maturing in July 2018 and the balance maturing in July 2016 as well as £110 million of undrawn shorter-term committed credit facilities.

On 28 January 2014, the Company issued 8 year GBP 400 million 5.000% Senior Notes. At the same time, the Company launched a tender offer for any and all of our outstanding GBP 500 million 8.125% and USD 410 million 7.750% Senior Notes due in 2018 but callable in May 2014. The GBP tender offer has now completed with £304 million of the Senior Notes tendered. Subject to market conditions, the Company intends to repay any balance of the Senior Notes not tendered on or before May 2014.

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

The following table shows details of the Company's financing arrangements as at 31 December 2013.

| Facility                               | Facility amount<br>£ in millions | Maturity | Outstanding<br>as at<br>31<br>December<br>2013<br>£ in<br>millions | Undrawn<br>as at<br>31 December<br>2013<br>£ in<br>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%              | 248                              | 2018     | 248  |   |
| \$410m Senior Notes 8.125%             | 248                              | 2021     | 248  |   |
| \$500m Senior Notes 5.625%             | 303                              | 2023     | 303  |   |
| \$700m Senior Notes 4.125%             | 424                              | 2018     | 424  |   |
| Revolving 3 & 5 year credit facilities | 1,290                            | 2016-18  |  | 1,290   |
| Other financing loans                  | 62                               | 2014     | 62   |   |
| Receivables factoring facilities       | 272                              | 2014     | 161  | 111   |
| <b>Subtotal</b>                        | <b>3,847</b>                     |          | <b>2,446</b>   | <b>1,401</b>  |
| <i>Uncommitted</i>                     |                                  |          |  |   |
| Receivables factoring facilities       | 121                              |          |  | 121   |
| Other facilities                       | 34                               |          | 34   |   |
| <b>Subtotal</b>                        | <b>155</b>                       |          | <b>34</b>  | <b>121</b>  |
| Capitalized costs                      |                                  |          | (32)   |   |
| <b>Total</b>                           | <b>4,002</b>                     |          | <b>2,448</b>   | <b>1,522</b>  |

**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 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,<br>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   |

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Nasser Mukhtar Munjee  
Chandrasekaren Ramakrishnan

Director  
Director

2012  
2012

**Table of Contents****Condensed Consolidated Income Statement***For the three months ended 31 December 2013 (unaudited)*

|  | Note | Three months ended<br>31 December 2013<br>(unaudited) |                               |              | Three months ended<br>31 December 2012<br>(unaudited) |                               |              |
|--|------|---|-------------------------------|--------------|---|-------------------------------|--------------|
|  |      | Trading<br>result<br>£m                               | Non-operating<br>result<br>£m | Total<br>£m  | Trading<br>result<br>£m                               | Non-operating<br>result<br>£m | Total<br>£m  |
| <b>Revenue</b>                                 |      | <b>5,328</b>  |                               | <b>5,328</b> | <b>3,804</b>  |                               | <b>3,804</b> |
| Material and other cost of sales               |      | (3,296)   |                               | (3,296)      | (2,409)   |                               | (2,409)      |
| Employee cost                                  |      | (440)   |                               | (440)        | (354)   |                               | (354)        |
| Other expenses                                 |      | (933)   |                               | (933)        | (747)   |                               | (747)        |
| Net impact of commodity derivatives            |      |   | (7)                           | (7)          |   | (2)                           | (2)          |
| Development costs capitalised                  | 2    | 271   |                               | 271          | 229   |                               | 229          |
| Other income                                   |      | 32  |                               | 32           | 12  |                               | 12           |
| Depreciation and amortisation                  |      | (221)   |                               | (221)        | (169)   |                               | (169)        |
| Foreign exchange loss                          | 3    | 80  |                               | 80           | (8)   |                               | (8)          |
| MTM on derivatives not hedge accounted         | 3    |   | 12                            | 12           |   | 19                            | 19           |
| Finance income                                 | 4    | 9   |                               | 9            | 8   |                               | 8            |
| Finance expense (net)                          | 4    | 10  |                               | 10           | 22  |                               | 22           |
| Share of loss from joint venture               |      | (3)   |                               | (3)          | (1)   |                               | (1)          |
| <b>Net income before tax</b>                   |      | <b>837</b>  | <b>5</b>                      | <b>842</b>   | <b>387</b>  | <b>17</b>                     | <b>404</b>   |
| Income tax expense                             |      | (223)   |                               | (223)        | (104)   | (4)                           | (108)        |
| <b>Net income attributable to shareholders</b> |      | <b>614</b>  | <b>5</b>                      | <b>619</b>   | <b>283</b>  | <b>13</b>                     | <b>296</b>   |

**Table of Contents****Condensed Consolidated Income Statement***For the nine months ended 31 December 2013 (unaudited)*

|  | Note | Nine months ended<br>31 December 2013<br>(unaudited) |                               |               | Nine months ended<br>31 December 2012<br>(unaudited) |                               |               |
|--|------|--|-------------------------------|---------------|--|-------------------------------|---------------|
|  |      | Trading<br>result<br>£m                              | Non-operating<br>result<br>£m | Total<br>£m   | Trading<br>result<br>£m                              | Non-operating<br>result<br>£m | Total<br>£m   |
| <b>Revenue</b>                                 |      | <b>14,037</b>  |                               | <b>14,037</b> | <b>10,731</b>  |                               | <b>10,731</b> |
| Material and other cost of sales               |      | (8,613)  |                               | (8,613)       | (6,834)  |                               | (6,834)       |
| Employee cost                                  |      | (1,191)  |                               | (1,191)       | (968)  |                               | (968)         |
| Other expenses                                 |      | (2,677)  |                               | (2,677)       | (2,114)  |                               | (2,114)       |
| Net impact of commodity derivatives            |      |  | (16)                          | (16)          |  | (2)                           | (2)           |
| Development costs capitalised                  | 2    | 772  |                               | 772           | 662  |                               | 662           |
| Other income                                   |      | 141  |                               | 141           | 71   |                               | 71            |
| Depreciation and amortisation                  |      | (639)  |                               | (639)         | (409)  |                               | (409)         |
| Foreign exchange loss                          | 3    | 85   |                               | 85            | (16)   |                               | (16)          |
| MTM on derivatives not hedge accounted         | 3    |  | 50                            | 50            |  | 26                            | 26            |
| Finance income                                 | 4    | 27   |                               | 27            | 24   |                               | 24            |
| Finance expense (net)                          | 4    | (36)   |                               | (36)          | (3)  |                               | (3)           |
| Share of loss from joint venture               |      | (15)   |                               | (15)          | (1)  |                               | (1)           |
| <b>Net income before tax</b>                   |      | <b>1,891</b>   | <b>34</b>                     | <b>1,925</b>  | <b>1,143</b>   | <b>24</b>                     | <b>1,167</b>  |
| Income tax expense                             |      | (488)  | (7)                           | (495)         | (325)  | (5)                           | (330)         |
| <b>Net income attributable to shareholders</b> |      | <b>1,403</b>   | <b>27</b>                     | <b>1,430</b>  | <b>818</b>   | <b>19</b>                     | <b>837</b>    |

**Table of Contents****Condensed Consolidated Statement of Comprehensive Income***For the three and nine months ended 31 December 2013 (unaudited)*

|  | Three months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|--|---|---|---|---|
| <b>Net income</b>  | <b>619</b>  | <b>296</b>  | <b>1,430</b>  | <b>837</b>  |
| Other comprehensive income:  |   |   |   |   |
| Cash flow hedges: effective portion of change in fair value of derivative instruments                  | 120   | (115)   | 937   | 162   |
| Cash flow hedges: recognised in foreign exchange in the consolidated statement of comprehensive income | 56  | 96  | 9   | 48  |
| Actuarial gains / (losses)   | 112   | (92)  | (166)   | (116)   |
| <b>Total comprehensive income before tax impact</b>  | <b>907</b>  | <b>185</b>  | <b>2,210</b>  | <b>931</b>  |
| Taxation impact  | (58)  | 26  | (195)   | (28)  |
| <b>Total comprehensive income for the period attributable to shareholders</b>                          | <b>849</b>  | <b>211</b>  | <b>2,015</b>  | <b>903</b>  |

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

|                                      | <i>Note</i> | <b>31 December 2013</b><br><b>£m</b><br><b>(unaudited)</b> | <b>31 March 2013</b><br><b>£m</b><br><b>(audited)</b> |
|--------------------------------------|-------------|--|---|
| <b>Non-current assets</b>            |             |  |   |
| Equity accounted investees           |             | 136  | 60  |
| Other financial assets               |             | 606  | 195   |
| Property, plant and equipment        |             | 2,944  | 2,335   |
| Intangible assets                    |             | 4,042  | 3,522   |
| Other assets                         |             | 10   | 8   |
| Deferred income taxes                |             | 276  | 508   |
| <b>Total non-current assets</b>      |             | <b>8,014</b>   | <b>6,628</b>  |
| <b>Current assets</b>                |             |  |   |
| Cash and cash equivalents            |             | 2,181  | 2,072   |
| Short term deposits                  |             | 1,062  | 775   |
| Trade receivables                    |             | 837  | 927   |
| Other financial assets               | <i>6</i>    | 446  | 176   |
| Inventories                          | <i>7</i>    | 2,048  | 1,794   |
| Other current assets                 | <i>8</i>    | 241  | 435   |
| Current income tax assets            |             | 23   | 30  |
| <b>Total current assets</b>          |             | <b>6,838</b>   | <b>6,209</b>  |
| <b>Total assets</b>                  |             | <b>14,852</b>  | <b>12,837</b>   |
| <b>Current liabilities</b>           |             |  |   |
| Accounts payable                     |             | 4,013  | 4,227   |
| Short term borrowings                | <i>14</i>   | 258  | 328   |
| Other financial liabilities          | <i>11</i>   | 276  | 433   |
| Provisions                           | <i>12</i>   | 383  | 335   |
| Other current liabilities            | <i>13</i>   | 402  | 482   |
| Current income tax liabilities       |             | 165  | 192   |
| <b>Total current liabilities</b>     |             | <b>5,497</b>   | <b>5,997</b>  |
| <b>Non-current liabilities</b>       |             |  |   |
| Long term debt                       | <i>14</i>   | 2,190  | 1,839   |
| Other financial liabilities          | <i>11</i>   | 97   | 227   |
| Deferred tax                         |             | 273  | 86  |
| Other liabilities                    |             | 65   | 24  |
| Provisions                           | <i>12</i>   | 1,326  | 1,125   |
| <b>Total non-current liabilities</b> |             | <b>3,951</b>   | <b>3,301</b>  |
| <b>Total liabilities</b>             |             | <b>9,448</b>   | <b>9,298</b>  |



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

|  | <i>Note</i> | <b>31 December 2013</b><br>£m<br>(unaudited) | <b>31 March 2013</b><br>£m<br>(audited) |
|--|-------------|--|---|
| <b>Equity attributable to shareholders</b> |             |  |   |
| Ordinary shares                            |             | 1,501  | 1,501                                   |
| Capital redemption reserve                 |             | 167  | 167                                     |
| Reserves                                   | <i>15</i>   | 3,736  | 1,871                                   |
| <b>Equity attributable to shareholders</b> |             | <b>5,404</b>                                 | <b>3,539</b>                            |
| <b>Total liabilities and equity</b>        |             | <b>14,852</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<br>£m    | Capital<br>redemption<br>reserve<br>£m | Reserves<br>£m | Total Equity<br>£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                          |                          |  | 1,430          | 1,430                 |
| Other comprehensive income for the period      |                          |  | 585            | 585                   |
| <b>Total comprehensive income</b>              |                          |  | <b>2,015</b>   | <b>2,015</b>          |
| Dividend paid                                  |                          |  | (150)          | (150)                 |
| <b>Balance at 31 December 2013 (unaudited)</b> | <b>1,501</b>             | <b>167</b>                             | <b>3,736</b>   | <b>5,404</b>          |
|  | Ordinary<br>shares<br>£m | Capital<br>redemption<br>reserve<br>£m | Reserves<br>£m | Total<br>Equity<br>£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                          |                          |  | 837            | 837                   |
| Other comprehensive income for the period      |                          |  | 66             | 66                    |
| <b>Total comprehensive income</b>              |                          |  | <b>903</b>     | <b>903</b>            |
| Dividend paid                                  |                          |  | (150)          | (150)                 |
| <b>Balance at 31 December 2012 (unaudited)</b> | <b>1,501</b>             | <b>167</b>                             | <b>2,010</b>   | <b>3,678</b>          |

**Table of Contents****Condensed Consolidated Cash Flow Statement***For the three months ended 31 December 2013 (unaudited)*

|  | Three months ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| <b>Net income attributable to shareholders</b>                                       | <b>619</b>   | <b>296</b>   |
| Adjustments for:   |  |  |
| Depreciation and amortisation  | 221  | 169  |
| Loss on sale of assets   | 1  |  |
| Foreign exchange (gain) / loss on loans  | (26)   | 2  |
| Income tax expense   | 223  | 108  |
| Gain on embedded derivative  | (23)   | (39)   |
| Finance expense (net)  | 13   | (22)   |
| Finance income   | (9)  | (8)  |
| Foreign exchange gain on derivatives   | (12)   | (19)   |
| Loss received from associates  | 3  |  |
| <b>Cash flows from operating activities before changes in assets and liabilities</b> | <b>1,010</b>   | <b>487</b>   |
| Trade receivables  | (20)   | (151)  |
| Other financial assets   | (14)   | 45   |
| Other current assets   | (121)  | (27)   |
| Inventories  | 37   | (178)  |
| Other non-current assets   | 4  | 3  |
| Accounts payable   | (65)   | 104  |
| Other current liabilities  | 75   | 76   |
| Other financial liabilities  | 24   | (6)  |
| Other non-current liabilities  | (2)  | 89   |
| Provisions   | 32   | (57)   |
| <b>Cash generated from operations</b>  | <b>960</b>   | <b>385</b>   |
| Income tax paid  | (11)   | (70)   |
| <b>Net cash from operating activities</b>  | <b>949</b>   | <b>315</b>   |
| <b>Cash flows used in investing activities</b>                                       |  |  |
| Investment in associate  | (93)   |  |
| Movements in other restricted deposits   | 5  | 45   |
| Investment in short term deposits  | (392)  | 75   |
| Purchases of property, plant and equipment   | (343)  | (245)  |
| Proceeds from sale of property, plant and equipment                                  | 4  |  |
| Cash paid for intangible assets  | (297)  | (251)  |
| Finance income received  | 9  | 5  |
| <b>Net cash used in investing activities</b>   | <b>(1,107)</b>   | <b>(371)</b>   |

**Table of Contents****Condensed Consolidated Cash Flow Statement (continued)***For the three months ended 31 December 2013 (unaudited)*

|   | Three months ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|---|--|--|
| <b>Cash flows from financing activities</b>       |  |  |
| Finance expenses and fees paid                    | (51)   | (49)   |
| Proceeds from issuance of short term debt         | 8  | 108  |
| Repayment of short term debt                      | (75)   | 38   |
| Payments of lease liabilities                     | (1)  | (1)  |
| Proceeds from issuance of long term debt          | 429  |  |
| <b>Net cash used in financing activities</b>      | <b>310</b>   | <b>96</b>  |
| <b>Net change in cash and cash equivalents</b>    | <b>152</b>   | <b>40</b>  |
| Cash and cash equivalents at beginning of period  | 2,029  | 1,801  |
| <b>Cash and cash equivalents at end of period</b> | <b>2,181</b>   | <b>1,841</b>   |

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

For the nine months ended 31 December 2013 (unaudited)

|  | Nine months ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine months ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|--|---|---|
| <b>Cash flows from operating activities</b>  |   |   |
| <b>Net income attributable to shareholders</b>                                       | <b>1,430</b>  | <b>837</b>  |
| Adjustments for:   |   |   |
| Depreciation and amortisation  | 639   | 409   |
| Loss on sale of assets   | 1   | 1   |
| Foreign exchange gain on loans   | (78)  | (6)   |
| Income tax expense   | 495   | 330   |
| Gain on embedded derivative  | (20)  | (39)  |
| Finance expense (net)  | 56  | 3   |
| Finance income   | (27)  | (24)  |
| Foreign exchange gain on derivatives   | (50)  | (27)  |
| Loss received from associates  | 15  |   |
| <b>Cash flows from operating activities before changes in assets and liabilities</b> | <b>2,461</b>  | <b>1,484</b>  |
| Trade receivables  | 90  | (35)  |
| Other financial assets   | 269   | 19  |
| Other current assets   | 191   | 123   |
| Inventories  | (253)   | (335)   |
| Other non-current assets   |   | 1   |
| Accounts payable   | (197)   | 86  |
| Other current liabilities  | (78)  | 56  |
| Other financial liabilities  | (261)   | 2   |
| Other non-current liabilities  | 39  | 94  |
| Provisions   | 76  | 57  |
| <b>Cash generated from operations</b>  | <b>2,337</b>  | <b>1,552</b>  |
| Income tax paid  | (277)   | (227)   |
| <b>Net cash from operating activities</b>  | <b>2,060</b>  | <b>1,325</b>  |
| <b>Cash flows used in investing activities</b>                                       |   |   |
| Investment in associate  | (93)  | (1)   |
| Movements in other restricted deposits   | 66  | 64  |
| Investment in short term deposits  | (287)   | (300)   |
| Purchases of property, plant and equipment   | (913)   | (595)   |
| Proceeds from sale of property, plant and equipment                                  | 4   |   |
| Cash paid for intangible assets  | (830)   | (722)   |
| Finance income received  | 29  | 19  |
| <b>Net cash used in investing activities</b>   | <b>(2,024)</b>  | <b>(1,535)</b>  |

**Table of Contents****Condensed Consolidated Cash Flow Statement (continued)***For the nine months ended 31 December 2013 (unaudited)*

|   | Nine months ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine months ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|---|---|---|
| <b>Cash flows from financing activities</b>       |   |   |
| Finance expenses and fees paid                    | (135)   | (141)   |
| Proceeds from issuance of short term debt         | 109   | 112   |
| Repayment of short term debt                      | (176)   | (197)   |
| Payments of lease liabilities                     | (4)   | (3)   |
| Proceeds from issuance of long term debt          | 429   |   |
| Dividends paid                                    | (150)   | (150)   |
| <b>Net cash used in financing activities</b>      | <b>73</b>   | <b>(379)</b>  |
| <b>Net change in cash and cash equivalents</b>    | <b>109</b>  | <b>(589)</b>  |
| Cash and cash equivalents at beginning of period  | 2,072   | 2,430   |
| <b>Cash and cash equivalents at end of period</b> | <b>2,181</b>  | <b>1,841</b>  |

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

**1 Accounting policies**

**Basis of preparation**

The information for the nine months ended 31 December 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 under IFRS as adopted by the European Union ( EU ).

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 financial statements and the financial statements for the group prepared under IFRS as adopted by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared on the going concern basis as set out within the directors' statement of 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<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|--|---|---|---|---|
| Total R&D costs  | 326   | 275   | 939   | 806   |
| R&D expensed   | (55)  | (46)  | (167)   | (144)   |
| <b>Development costs capitalised</b>                   | <b>271</b>  | <b>229</b>  | <b>772</b>  | <b>662</b>  |
| Interest capitalised                                   | 28  | 24  | 75  | 85  |
| R&D tax credit   | (11)  |   | (34)  |   |
| <b>Total internally developed intangible additions</b> | <b>288</b>  | <b>253</b>  | <b>813</b>  | <b>747</b>  |

**3 Foreign exchange**

|  | Three months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|--|---|---|---|---|
| Trading foreign exchange gain / (loss)   | 57  | (3)   | 10  | (18)  |
| Foreign exchange gain / (loss) on foreign currency<br>denominated borrowings                                 | 23  | (5)   | 75  | 2   |
| <b>Foreign exchange before mark to market</b>  | <b>80</b>   | <b>(8)</b>  | <b>85</b>   | <b>(16)</b>   |
| Gain on mark to market of foreign exchange<br>derivative instruments not designated in hedge<br>relationship | 12  | 19  | 50  | 26  |
| <b>Total foreign exchange gain</b>   | <b>92</b>   | <b>11</b>   | <b>135</b>  | <b>10</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<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Three months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2013<br>(unaudited)<br>£m | Nine<br>months<br>ended<br>31 December<br>2012<br>(unaudited)<br>£m |
|---|---|---|---|---|
| Finance income  | 9   | 8   | 27  | 24  |
| <b>Total finance income</b>   | <b>9</b>  | <b>8</b>  | <b>27</b>   | <b>24</b>   |
| Total interest expense on financial liabilities measured<br>at amortised cost | (46)  | (41)  | (145)   | (126)   |
| Unwind of discount on provisions  | 1   |   | 5   | (1)   |
| Interest capitalised  | 32  | 24  | 84  | 85  |
| <b>Finance expense</b>  | <b>(13)</b>   | <b>(17)</b>   | <b>(56)</b>   | <b>(42)</b>   |
| Embedded derivative value movement  | 23  | 39  | 20  | 39  |
| <b>Total finance expense (net)</b>  | <b>10</b>   | <b>22</b>   | <b>(36)</b>   | <b>(3)</b>  |

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 7.5% (nine months to 31 December 2012: 8.1%)

**5 Allowances for trade and other receivables**

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

|                                  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|----------------------------------|---------------------------------------|----------------------------------|
| At beginning of period           | 10                                    | 13                               |
| Allowance made during the period | (1)                                   | (1)                              |
| Written off                      |                                       | (2)                              |
| <b>At end of period</b>          | <b>9</b>                              | <b>10</b>                        |

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

|  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|--|---------------------------------------|----------------------------------|
| Advances and other receivables recoverable in cash | 8                                     | 24                               |
| Derivative financial instruments                   | 360                                   | 31                               |
| Restricted cash                                    | 67                                    | 110                              |
| Other  | 11                                    | 11                               |
|  | <b>446</b>                            | <b>176</b>                       |

**7 Inventories**

|                               | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|-------------------------------|---------------------------------------|----------------------------------|
| Raw materials and consumables | 63                                    | 51                               |
| Work in progress              | 233                                   | 197                              |
| Finished goods                | 1,752                                 | 1,546                            |
|                               | <b>2,048</b>                          | <b>1,794</b>                     |

**8 Other current assets**

|                  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|------------------|---------------------------------------|----------------------------------|
| Recoverable VAT  | 162                                   | 378                              |
| Prepaid expenses | 79                                    | 57                               |
|                  | <b>241</b>                            | <b>435</b>                       |

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

The income tax for the 3 and 9 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 £894 million (9 month period to 31 December 2012: £691 million) on fixed assets and £913 million (9 month period to 31 December 2012: £608 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**

|  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|--|---------------------------------------|----------------------------------|
| <b>Current</b>   |                                       |                                  |
| Finance lease obligations                                  | 5                                     | 5                                |
| Interest accrued   | 35                                    | 39                               |
| Financial instruments                                      | 56                                    | 206                              |
| Liability for vehicles sold under a repurchase arrangement | 180                                   | 183                              |
|  | <b>276</b>                            | <b>433</b>                       |
| <b>Non-current</b>   |                                       |                                  |
| Finance lease obligations                                  | 15                                    | 18                               |
| Other payables   |                                       | 1                                |
| Long term derivatives                                      | 82                                    | 208                              |
|  | <b>97</b>                             | <b>227</b>                       |

**12 Provisions**

|                                       | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|---------------------------------------|---------------------------------------|----------------------------------|
| <b>Current</b>                        |                                       |                                  |
| Product warranty                      | 328                                   | 317                              |
| Legal and product liability           | 52                                    | 16                               |
| Provisions for residual risk          | 2                                     | 2                                |
| Other employee benefits obligations   | 1                                     |                                  |
| <b>Total current</b>                  | <b>383</b>                            | <b>335</b>                       |
| <b>Non-current</b>                    |                                       |                                  |
| Defined benefit obligations           | 820                                   | 658                              |
| Other employee benefits obligations   | 8                                     | 7                                |
| Product warranty                      | 462                                   | 425                              |
| Provision for residual risk           | 14                                    | 13                               |
| Provision for environmental liability | 22                                    | 22                               |

|                          |              |              |
|--------------------------|--------------|--------------|
| <b>Total non-current</b> | <b>1,326</b> | <b>1,125</b> |
|--------------------------|--------------|--------------|

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

|                                  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|----------------------------------|---------------------------------------|----------------------------------|
| Opening balance                  | 742                                   | 569                              |
| Provision made during the period | 370                                   | 462                              |
| Provision used during the period | (321)                                 | (287)                            |
| Impact of discounting            | (1)                                   | (2)                              |
| <b>Closing balance</b>           | <b>790</b>                            | <b>742</b>                       |

*Legal and product liability*

|                                  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|----------------------------------|---------------------------------------|----------------------------------|
| Opening balance                  | 16                                    | 16                               |
| Provision made during the period | 38                                    | 6                                |
| Provision used during the period | (2)                                   | (6)                              |
| <b>Closing balance</b>           | <b>52</b>                             | <b>16</b>                        |

*Residual risk*

|                                  | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£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*

|                 | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|-----------------|---------------------------------------|----------------------------------|
| Opening balance | 22                                    | 20                               |

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|                                  |           |           |
|----------------------------------|-----------|-----------|
| Provision made during the period | 1         | 3         |
| Provision used during the period | (1)       | (1)       |
| <b>Closing balance</b>           | <b>22</b> | <b>22</b> |

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**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.

*Legal and product liability provision*

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

*Residual risk provision*

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

*Environmental risk provision*

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

**13 Other current liabilities**

|                                   | 31 December 2013<br>(unaudited)<br>£m | 31 March 2013<br>(audited)<br>£m |
|-----------------------------------|---------------------------------------|----------------------------------|
| <b>Current</b>                    |                                       |                                  |
| Liabilities for advances received | 292                                   | 185                              |
| VAT                               | 76                                    | 261                              |
| Others                            | 34                                    | 36                               |
|                                   | <b>402</b>                            | <b>482</b>                       |

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Notes (continued)

**14 Interest bearing loans and borrowings**

|  | <b>31 December 2013</b><br><b>(unaudited)</b><br><b>£m</b> | <b>31 March 2013</b><br><b>(audited)</b><br><b>£m</b> |
|--|--|---|
| EURO MTF listed bond   | 2,190  | 1,839   |
| Loans from banks   | 258  | 328   |
| Finance lease liabilities  | 20   | 23  |
|  | <b>2,468</b>   | <b>2,190</b>  |
| Less:  |  |   |
| Current bank loan  | (258)  | (328)   |
| <b>Total short term borrowings</b>   | <b>(258)</b>   | <b>(328)</b>  |
| Current portion of finance lease liabilities                                     | (5)  | (5)   |
| <b>Long term debt</b>  | <b>2,205</b>   | <b>1,857</b>  |
| Presented as long term debt  | 2,190  | 1,839   |
| Presented as long term finance leases in non-current other financial liabilities | 15   | 18  |



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

The movement of reserves and accumulated deficit is as follows:

|   | Translation<br>reserve | Hedging<br>reserve | Pension<br>reserve | Profit & loss<br>reserve | Total<br>reserves |
|---|------------------------|--------------------|--------------------|--------------------------|-------------------|
|   | £m                     | £m                 | £m                 | £m                       | £m                |
| Balance at 1 April 2013   | (383)                  | (197)              | (800)              | 3,251                    | 1,871             |
| Net profit for the period   |                        |                    |                    | 1,430                    | 1,430             |
| Movements in employee benefit plan  |                        |                    | (166)              |                          | (166)             |
| Cash flow hedges booked in equity   |                        | 937                |                    |                          | 937               |
| Cash flow hedges moved from equity and recognised in the income statement |                        | 9                  |                    |                          | 9                 |
| Tax recorded in other comprehensive income                                |                        | (195)              | 2                  |                          | (193)             |
| Tax impact of items reclassified from other comprehensive income          |                        | (2)                |                    |                          | (2)               |
| Dividend paid   |                        |                    |                    | (150)                    | (150)             |
| <b>Balance at 31 December 2013</b>  | <b>(383)</b>           | <b>552</b>         | <b>(964)</b>       | <b>4,531</b>             | <b>3,736</b>      |

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

|   | Translation<br>reserve | Hedging<br>reserve | Pension<br>reserve | Profit & loss<br>reserve | Total<br>reserves |
|---|------------------------|--------------------|--------------------|--------------------------|-------------------|
|   | £m                     | £m                 | £m                 | £m                       | £m                |
| Balance at 1 April 2012   | (383)                  | (20)               | (526)              | 2,186                    | 1,257             |
| Net profit for the year   |                        |                    |                    | 1,215                    | 1,215             |
| Movements in employee benefit plan  |                        |                    | (347)              |                          | (347)             |
| Cash flow hedges booked in equity   |                        | (289)              |                    |                          | (289)             |
| Cash flow hedges moved from equity and recognised in the income statement |                        | 59                 |                    |                          | 59                |
| Tax recorded in other comprehensive income                                |                        | 66                 | 73                 |                          | 139               |
| Tax impact of items reclassified from other comprehensive income          |                        | (13)               |                    |                          | (13)              |
| Dividend paid   |                        |                    |                    | (150)                    | (150)             |
| <b>Balance at 31 March 2013</b>   | <b>(383)</b>           | <b>(197)</b>       | <b>(800)</b>       | <b>3,251</b>             | <b>1,871</b>      |

**16 Dividends**

During the quarter ended 31 December 2013 and the quarter ended 31 December 2012 no ordinary share dividend was proposed and paid.

During the nine months ended 31 December 2013 an ordinary share dividend of £150 million was proposed and paid (nine months ended 31 December 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**

|   | Nine months<br>ended<br>31 December 2013<br>(unaudited) | Year<br>ended<br>31 March 2013<br>(audited) |
|---|---|---|
|   | £m  | £m  |
| Net pension liability at beginning of the period      | (658)   | (325)                                       |
| Service cost  | (132)   | (118)                                       |
| Interest cost   | (196)   | (253)                                       |
| Actuarial loss  | (164)   | (462)                                       |
| Expected return on assets                             | 178   | 223   |
| Employer contributions and other changes              | 154   | 168   |
| Prior service costs                                   | (6)   | (6)   |
| Change in restriction on asset and onerous obligation | (2)   | 115   |
| <b>Defined benefit obligation, at end of period</b>   | <b>(820)</b>  | <b>(658)</b>                                |

Amount recognised in the balance sheet consists of

|  | 31 December 2013<br>(unaudited) | 31 March 2013<br>(audited) |
|--|---------------------------------|----------------------------|
|  | £m                              | £m                         |
| Present value of defined benefit obligations | (5,884)                         | (6,022)                    |
| Fair value of plan assets                    | 5,067                           | 5,365                      |
| Restriction on asset and onerous obligation  | (3)                             | (1)                        |
| <b>Net liability</b>                         | <b>(820)</b>                    | <b>(658)</b>               |
| Non-current assets                           |                                 |                            |
| Non-current liabilities                      | (820)                           | (658)                      |

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

|               | 31 December 2013<br>% | 31 March 2013<br>% |
|---------------|-----------------------|--------------------|
| Discount rate | 4.7                   | 4.4                |

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|   |     |     |
|---|-----|-----|
| Rate of increase in compensation level of covered employees | 3.9 | 3.9 |
| Inflation increase  | 3.4 | 3.4 |
| Expected rate of return on plan assets                      | 4.7 | 4.7 |

**Table of Contents****Notes (continued)****17 Employee benefits (Continued)**

For the valuation at 31 December 2013 and 31 March 2013, the mortality assumptions used are the SAPS base table, in particular S1Nx 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 £19 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 31 December 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 £536 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 £805 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 £67 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 £Nil (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:

|  | <b>31 December 2013<br/>(unaudited)</b> | <b>31 March 2013<br/>(unaudited)</b> |
|--|---|--------------------------------------|
|  | <b>£m</b>                               | <b>£m</b>                            |
| Equity                                 | 5,404                                   | 3,539                                |
| Short term debt                        | 263                                     | 333                                  |
| Long term debt                         | 2,205                                   | 1,857                                |
| <b>Total debt</b>                      | <b>2,468</b>                            | <b>2,190</b>                         |
| <b>Total capital (debt and equity)</b> | <b>7,872</b>                            | <b>5,729</b>                         |

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

|                             | Nine months ended  |   | Nine months ended  |   |
|-----------------------------|--|---|--|---|
|                             | 31 December 2013   |   | 31 December 2012   |   |
|                             | With   |   |  |   |
|                             | With associates<br>and<br>joint<br>ventures<br>(unaudited)<br>£m | immediate or<br>ultimate<br>parent<br>(unaudited)<br>£m | With associates<br>and<br>joint<br>ventures<br>(unaudited)<br>£m | With<br>immediate or<br>ultimate<br>parent<br>(unaudited)<br>£m |
| Sale of products            |  | 41  | 41   |   |
| Services received           | 111  | 4   | 69   |   |
| Services rendered           | 22   |   |  |   |
| Trade and other receivables | 7  | 9   |  |   |
| Accounts payable            | 15   |   | 14   |   |
| Dividend paid               |  | 150   |  | 150   |

**Compensation of key management personnel**

|                                       | Nine months<br>ended<br>31 December 2013<br>(unaudited) | Nine months<br>ended<br>31 December 2012<br>(unaudited) |
|---------------------------------------|---|---|
|                                       | £m  | £m  |
| Key management personnel remuneration | 12  | 8   |

**21 Subsequent Events**

On 28 January 2014, the Company issued 8 year GBP 400 million 5.000% Senior Notes. At the same time, the Company launched a tender offer for any and all of our outstanding GBP 500 million 8.125% and USD 410 million 7.750% Senior Notes due in 2018 but callable in May 2014. The GBP tender offer has now completed with £304 million of the Senior Notes tendered. Subject to market conditions, the Company intends to repay any balance of the Senior Notes not tendered on or before May 2014.



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