

TATA MOTORS LTD/FI
Form 6-K
August 30, 2016
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the Month of August 2016

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant's name into English)

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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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2017FY Q1 Interim Financial Statements

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SIGNATURE

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

Tata Motors Limited

By: /s/ Hoshang K Sethna

Name: Hoshang K Sethna

Title: Company Secretary

Dated: August 30, 2016

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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 | 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.

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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:

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| | | |
|---|----------------|--------------|
| (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.

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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 |

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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 |

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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) |
|--------------------|-----------------------------|----------------------------|
|--------------------|-----------------------------|----------------------------|

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

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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.

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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.

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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 and its joint ventures of the Group | With Tata Sons and its joint ventures of the Group | With immediate or ultimate parent and its joint ventures of the Group | With Tata Sons and its joint ventures of the Group | With immediate or ultimate parent and its joint ventures of the Group | With immediate or ultimate parent and its joint ventures of the Group |
| 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

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

