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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

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

the Securities Exchange Act of 1934

For the Month of November 2013

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant s name into English)

BOMBAY HOUSE

24, HOMI MODY STREET,

MUMBAI 400 001, MAHARASHTRA, INDIA

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

(Address of principal executive office)

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

Form 20-F x 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 x

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 x

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 x

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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SIGNATURE

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

Tata Motors Limited

By: /s/ Hoshang K Sethna

Name: Hoshang K Sethna

Title: Company Secretary

Dated: November 12, 2013

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This report uses:

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

EBITDA measured as earnings before tax add back depreciation, amortisation, finance income, finance expense and foreign exchange gains/losses.

Free cash flow measured as the net change in cash and cash equivalents, less net cash in financing activities, less movement in short term deposits.

FY14 Year ended 31 March 2014

FY13 Year ended 31 March 2013

H1 6 months ended 30 September

Q3 3 months ended 31 December

Q2 3 months ended 30 September

Q1 3 months ended 30 June

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

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

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

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

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

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

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

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

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

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

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

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

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General trends in performance (including results of operations)

Overall strong volume growth

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

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

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

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

Revenue and earnings

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

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

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

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

Net Income

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

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

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Performance in key geographical markets on retail basis

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

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

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

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

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

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

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

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

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

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

Business risks and mitigating factors

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

Employees

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

Cash flow

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

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

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

Liquidity and capital resources

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

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

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Borrowings

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

Facility	Facility amount £ in millions	Maturity	Outstanding as at 30 September 2013 £ in millions	Undrawn as at 30 September 2013 £ in millions
Committed				
£500m Senior Notes 8.125%	500	2018	500	
£500m Senior Notes 8.25%	500	2020	500	
$410m Senior Notes 7.75%	254	2018	254	&nb