TATA MOTORS LTD/FI
Form 6-K
October 28, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

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

of the Securities Exchange Act of 1934

For the Month of October 2014

Commission File Number 001-32294

Tata Motors Limited

(Translation of registrant s name into English)

Bombay House

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Maharashtra,

Mumbai 400 001, India

Telephone # 91 22 6665 8282

Fax # 91 22 6665 7799

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of 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.

Explanatory note

This Report on Form 6-K contains the following exhibit.

Exhibit Number	
1	Supplemental Information Regarding the Jaguar and Land Rover Business of Tata Motors Limited

Forward-looking statements contain risks

The supplemental information regarding the Jaguar and Land Rover business of Tata Motors Limited (TML) constituting Exhibit 1 to this Form 6-K, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may include, without limitation, statements relating to TML s operating strategies, future plans, management goals, mergers and acquisitions and other matters; its competitive positions; its reorganization plans; its capital expenditure plans; its future business conditions and financial results; its cash flows; its dividends; its financing plans; the future growth of market demand of, and opportunities for, TML s new and existing products; and future regulatory and other developments in the global automotive industry.

The words anticipate , believe , could , estimate , intend , may , seek , will and similar expressions, as they r
are intended to identify certain of these forward-looking statements. TML does not intend to update any forward-looking statement.

These forward-looking statements are, by their nature, subject to significant risks and uncertainties. In addition, these forward-looking statements reflect the current views of TML with respect to future events and do not guarantee the future performance of TML. Actual results may differ materially from those expressed or implied in the forward-looking statements as a result of a number of factors, including, without limitation:

- changes in the regulatory regime and significant policies for the automotive industry;
- the level of demand for automobiles;
- competitive forces, including pricing pressures, and TML s ability to retain market share in the face of competition from existing automotive companies and potential new market entrants;
- the availability, terms and deployment of capital, and the impact of regulatory and competitive developments on capital outlays;
- changes in the assumptions upon which TML has prepared its projected financial information and capital expenditure plans; and

changes in the effects of competition on the demand and price of TML s products.

Financial Statements and Other Financial Information

The audited consolidated financial information included herein as at and for the fiscal years ended March 31, 2012, 2013 and 2014 has been prepared in accordance with IFRS. The unaudited, condensed consolidated interim financial information as at and for the three months ended June 30, 2013 and 2014 has been prepared in accordance with IAS 34, including, in each case, interpretations of the International Financial Reporting Committee. You should consult your own professional advisers for an understanding of the differences between IFRS, IAS 34 and US GAAP and how those differences could affect the financial information contained in this Report. There are a number of differences between IFRS and US GAAP. TML has not prepared financial statements in accordance with US GAAP or reconciled its financial statements to US GAAP and is therefore unable to identify or quantify the differences that may impact TML s reported profits, financial position or cash flows were they to be reported under US GAAP.

The unaudited condensed consolidated financial information for the twelve months ended June 30, 2014 set out below was derived by aggregating without adjustments the consolidated income statement for the twelve months ended March 31, 2014 and the consolidated income statement data for the three months ended June 30, 2014 and subtracting the consolidated income statement data for the three months ended June 30, 2013. The unaudited, condensed consolidated financial information for the twelve months ended June 30, 2014 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles. The financial information for the twelve months ended June 30, 2014 has been prepared for illustrative purposes only, is not prepared in the ordinary course of JLR s financial reporting, has not been audited or reviewed and is not necessarily representative of JLR s results of operations for any future period or our financial condition at any future date.

Non-IFRS Financial Measures

This Report contains references to certain non-IFRS measures, including EBITDA, free cash flow, net cash and product and other investment. EBITDA, free cash flow, net cash and product and other investment are not IFRS measures and should not be construed as alternatives to any IFRS measure such as revenue, gross profit, other income, net profit or cash flow from operating activities. EBITDA is defined as profit for the period before income tax expense, finance expense (net of capitalized interest), finance income, depreciation and amortization, foreign exchange gains/(losses) on financing and unrealized derivatives, unrealized commodity gains/(losses) and share of loss from joint ventures. Free cash flow is defined as net cash from operating activities less net cash used in investing activities excluding investments in short-term deposits. Net cash is defined as cash and cash equivalents and short-term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities but excluding finance leases). Product and other investment is defined as net cash used in investing activities excluding movement in other restricted deposits, investment in short-term deposits and finance income received, and including expensed R&D (not included in net cash used in investing activities). In this Report, EBITDA, free cash flow, net cash, product and other investment and related ratios are presented for Jaguar Land Rover Automotive plc and its consolidated subsidiaries (collectively JLR). EBITDA, free cash flow, net cash, product and other investment and related ratios should not be considered in isolation and are not measures of JLR s financial performance or liquidity under IFRS and should not be considered as an alternative to profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of JLR s liquidity derived in accordance with IFRS. EBITDA, free cash flow, net cash and product and other investment do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of JLR s results of operations. EBITDA, free cash flow, net cash and product and other investment, as defined herein, may not be comparable to other similarly titled measures used by other companies.

SIGNATURES

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 authorized.

TATA MOTORS LIMITED
(Registrant)

Date: October 28, 2014

By: /s/ Hoshang K. Sethna
Name: Hoshang K. Sethna
Title: Company Secretary

Exhibit 1

EXHIBIT 1 TO FORM 6-K

SUPPLEMENTAL INFORMATION REGARDING THE JAGUAR AND LAND ROVER BUSINESS

OF TATA MOTORS LIMITED

This Exhibit sets forth selected recent developments, financial data, discussion and analysis of results of operations, employee and management information, and other information relating to the Jaguar and Land Rover business of Tata Motors Limited. Unless the context indicates otherwise, references to the following terms in this Exhibit have the meanings ascribed to them below:

2011 Notes	JLR s existing $410,000,000 8.125% Senior Notes due 2021 issued May 19, 2011.
	JLR s £500,000,000 8.125% notes due 2018 and $410,000,000 7.750% notes due 2018 issued on May 19, 2011 under the same indenture as the 2011 Notes have been repurchased or redeemed and are no longer outstanding.
2012 Notes	JLR s existing £500,000,000 8.250% Senior Notes due 2020 issued March 27, 2012.
Asia Pacific	The marketing region JLR defines as including Australia, Brunei, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Sri Lanka and Thailand.
British pounds , GBP , pounds sterling , sterling , or £	Pounds sterling, the currency of the United Kingdom of Great Britain and Northern Ireland.
Chinese yuan , CNY or yuan	Chinese yuan, the currency of the People s Republic of China.
Company	Jaguar Land Rover Automotive plc, a public limited company incorporated under the laws of England and Wales.
December 2013 Notes	JLR s existing $700,000,000 4.125% Senior Notes due 2018 issued December 17, 2013.
euro , EUR or	Euro, the currency of the European Union Member States participating in the European Monetary Union.
EBITDA	Profit for the period before income tax expense, finance expense (net of capitalized interest), finance income, depreciation and amortization, foreign exchange gains/(losses) on financing and unrealized derivatives, unrealized commodity gains/(losses) and share of loss from joint ventures.
Fiscal year	Year beginning April 1 and ending March 31 of the following year.
Fiscal 2010	Year beginning April 1, 2009 and ended March 31, 2010.
Fiscal 2011	Year beginning April 1, 2010 and ended March 31, 2011.

Fiscal 2012	Year beginning April 1, 2011 and ended March 31, 2012.
Fiscal 2013	Year beginning April 1, 2012 and ended March 31, 2013.
Fiscal 2014	Year beginning April 1, 2013 and ending March 31, 2014.
Fiscal 2015	Year beginning April 1, 2014 and ending March 31, 2015.
Ford	Ford Motor Company and its subsidiaries.
Free cash flow	Net cash from operating activities less net cash used in investing activities excluding investments in short-term deposits.
IFRS	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and adopted by the European Commission.
IFRS IASB	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.
Indian GAAP	Accounting principles generally accepted in the Republic of India.
Indian rupees	Indian rupees, the currency of the Republic of India.
Jaguar Land Rover , Jaguar Land Rover Group , Group , or JLR	Jaguar Land Rover Automotive plc and its subsidiaries (including any of their predecessors).
January 2013 Notes	JLR s existing $500,000,000 5.625% Senior Notes due 2023 issued January 28, 2013.

January 2014 Notes	JLR s existing £400,000,000 5.000% Senior Notes due 2022 issued January 31, 2014.
National sales companies or NSCs	National sales companies for Jaguar Land Rover products, which are all wholly owned indirect subsidiaries of the Company.
Net cash	Cash and cash equivalents and short-term deposits less total cash borrowings (including secured and unsecured borrowings and factoring facilities but excluding finance leases).
Product and other investment	Net cash used in investing activities excluding movement in other restricted deposits, investment in short term deposits and finance income received, and including expensed R&D (not included in net cash used in investing activities).
Retail volumes	Aggregate number of finished vehicles sold by dealers (and in limited numbers by JLR directly) to end users. Although retail volumes do not directly impact JLR s revenue, JLR considers retail volumes as the best indicator of consumer demand for its vehicles and the strength of its brands.
Revolving Loan Facility	The £1,325,000,000 unsecured syndicated revolving loan facility entered into in December 2011, as amended.
Russian rouble	Russian roubles, the currency of Russian Federation.
SEC	United States Securities and Exchange Commission.
Tata Motors or TML	Tata Motors Limited.
US dollars , USD , US$ or $	US dollars, the currency of the United States.
US GAAP	Generally accepted accounting principles in the United States of America.
Wholesale volumes	Aggregate number of finished vehicles sold to (i) dealers in the United Kingdom or foreign markets in which JLR has established an NSC and (ii) importers in all other markets. Generally, JLR recognizes revenue on the sale of finished vehicles and parts (net of discounts, sales incentives, customer bonuses and rebates granted) when products are delivered to dealers and, in connection with sales to importers, when products are delivered to a carrier for export sales.

I. Recent Developments

Overview

In Fiscal 2012, Fiscal 2013, Fiscal 2014 and the three months ended June 30, 2014, JLR has experienced significant growth attributable to improved global economic conditions, successful launches of new models, complementing the enduring appeal of existing products, improved product and market mix and continued geographic diversification. JLR s continued focus on managing foreign exchange exposure and achieving cost efficiencies have also contributed to robust performance.

China Joint Venture and Brazil Production Plant

In December 2011, JLR entered into a joint venture agreement with Chery Automobile Company Ltd. for the establishment of a joint venture company in China to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China. The plant has a production capacity of 130,000 vehicles per year. Vehicles manufactured in this plant, including Range Rover Evoque vehicles, are expected to go on sale in the first quarter of 2015.

In December 2013, JLR signed an agreement with the State of Rio de Janeiro in Brazil to invest £240 million in a new production plant, with an annual capacity of 24,000 vehicles. The plant is expected to employ approximately 370 people initially, and the first vehicles are expected to come off the assembly line in early 2016.

Trading Update

In the quarter ended September 30, 2014 (Q2 FY15), reported total retail sales volumes were 110,781 units, up 8% from 102,644 units for the corresponding quarter in Fiscal 2014. The higher year on year sales reflect strong demand for the new Range Rover and Range Rover Sport, and Jaguar F-TYPE. Retail sales volumes were up year on year in most regions with China up 22%, the United Kingdom up 10%, Europe (excluding the United Kingdom and Russia) up 5% and Asia Pacific up 22%. North America was down 5% and Rest of the world was down 1%. Total wholesale volumes in Q2 FY15 were 103,975 units, up 2% compared to 101,931 units for the corresponding quarter in Fiscal 2014. Q2 FY15 includes the seasonal effect of the annual summer manufacturing plant shutdown (10 to 15 days, depending on the plant), so is not directly comparable to the first quarter of Fiscal 2015.

JLR is finalizing the preparation of its financial results for Q2 FY15. Those results are scheduled to be announced in November 2014, together with TML s results for the same period.

Based on present management estimates and subject to confirmation in the results announcement to be made in November 2014, JLR expects that the results for Q2 FY15 will reflect favorable year over year wholesale volumes and a general continuation of the favorable performance factors discussed under III. Discussion and Analysis of Results of Operations General Trends of JLR s Recent Performance and JLR expects the EBITDA margin to be in the range reported over the previous four quarters.

The above information is based on preliminary results and estimates and is not intended to be a comprehensive statement of JLR s financial or operational results for Q2 FY15. Such information has been prepared by management and has not been audited, reviewed or verified by JLR s independent auditors. The preliminary results mentioned above are derived from JLR s management accounts, rather than JLR s unaudited interim financial information, which will be prepared in accordance with IFRS. JLR s preliminary estimates are based on a number of assumptions that are subject to inherent uncertainties and subject to change. In addition, while JLR believes these estimates to be reasonable, JLR s actual results for Q2 FY15 may vary from JLR s preliminary results and the estimates set out above, and such variations could be material. As such, you should not place undue reliance on them. See Forward

Looking Statements for a more complete discussion of certain of the factors that could affect the future performance of and results of operations of JLR and TML.

Certain Information Relating to Tata Motors

Tata Motors, on a standalone basis, sold 110,612 units in the three months ended June 30, 2014 and 569,677 units in Fiscal 2014. Tata Motors group, on a consolidated basis, had total revenues of US$10,747 million (Indian GAAP) in the three months ended June 30, 2014 and US$39,085 million (IFRS IASB) in Fiscal 2014, and achieved net income before tax of US$1,251 million (Indian GAAP) and US$2,994 million (IFRS IASB), respectively, in the same periods.

In the three months ended June 30, 2014, JLR paid a dividend of £150 million to TMLH. There are no outstanding loans owed or preference shares issued to TMLH as of June 30, 2014. JLR may pay dividends from time to time to its shareholder, subject to compliance with covenants in its financing agreements restricting such payments (including covenants in the indentures governing the 2011 Notes, the 2012 Notes, the January 2013 Notes, the December 2013 Notes and the January 2014 Notes). In addition, some of these dividend restrictions may be suspended or if we achieve an investment grade status, thereby potentially allowing us to pay additional dividends. As of June 30, 2014, the estimated amount that would be available for dividend payments, other distributions to JLR s shareholders and other restricted payments under the relevant covenant restrictions is approximately £1,920 million.

Tata Motors has a manufacturing footprint in India, South Africa, South Korea, Thailand and the United Kingdom and established a presence in Indonesia in 2012 for import, assembly and wholesale distribution.

II. Financial information for JLR

	Fiscal year ended and as at March 31			Three months ended and as at June 30		Twelve months ended and as at June 30
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Income Statement and Statement of Comprehensive Income Data:						
Revenue	13,512	15,784	19,386	4,097	5,353	20,642
Material and other cost of sales	(8,733)	(9,904)	(11,904)	(2,490)	(3,299)	(12,713)
Employee cost	(1,039)	(1,334)	(1,654)	(361)	(429)	(1,722)
Other expenses	(2,529)	(3,075)	(3,717)	(807)	(927)	(3,837)
Net gain/(loss) on un-hedged commodity derivatives	(12)	(10)	(18)	(19)	15	16
Development costs capitalized[1]	751	860	1,030	242	273	1,061
Other income	49	80	171	13	24	182
Depreciation and amortization[2]	(465)	(622)	(875)	(202)	(234)	(907)
Foreign exchange gain/(loss)	14	(109)	236	(30)	147	413
Finance income	16	34	38	9	11	40
Finance expense (net)	(85)	(18)	(185)	(33)	(4)	(156)
Share of loss from joint venture		(12)	(7)	(4)	(6)	(9)
Profit before tax	1,479	1,674	2,501	415	924	3,010
Income tax expense	(19)	(460)	(622)	(111)	(231)	(742)
Profit for the period	1,460	1,214	1,879	304	693	2,268
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation	(122)	(346)	(135)	(118)	(114)	(131)
Income tax related to items that will not be reclassified	152	73	(4)	27	23	(8)
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on effective cash flow hedges	(36)	(288)	1,041	160	63	944
Cash flow hedges reclassified to foreign exchange (gain)/loss in profit or loss	(20)	59	(112)	(46)	(89)	(155)
Currency translation differences					(11)	(11)
Income tax related to items that may be reclassified	14	53	(194)	(26)	5	(163)
Total comprehensive income attributable to shareholders	1,448	765	2,475	301	570	2,744
Balance Sheet Data (at period end):						
Intangible assets	2,801	3,522	4,240	3,691	4,396	4,396
Total non-current assets	4,982	6,628	8,359	6,974	8,850	8,850

Total current assets	5,235	6,209	7,230	5,584	7,087	7,087
Total assets	10,217	12,837	15,589	12,558	15,937	15,937
Total current liabilities	5,041	5,997	6,134	5,436	5,713	5,713
Total non-current liabilities	2,252	3,301	3,591	3,432	3,940	3,940
Total liabilities	7,293	9,298	9,725	8,868	9,653	9,653
Equity attributable to equity holders of the company	2,924	3,539	5,864	3,690	6,284	6,284
Cash Flow Data:						
Net cash from operating activities	2,500	2,429	3,422	116	620	3,926
Net cash used in investing activities	(1,542)	(2,609)	(2,736)	(492)	(840)	(3,084)
Net cash from/(used in) financing activities	444	(178)	(498)	(291)	(172)	(379)

	Fiscal year ended and as at March 31			Three months ended and as at June 30		Twelve months ended and as at June 30
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Cash and cash equivalents at the end of period	2,430	2,072	2,260	1,405	1,868	1,868
Other Financial Data:						
EBITDA(3)	2,095	2,339	3,393	647	1,087	3,833
Capitalized expenditure (excluding product development expenditure)	585	879	1,269	241	267	1,295
Capitalized product development expenditure(4)	825	970	1,087	267	290	1,110
Net cash (at period end)(5)	456	680	1,449	147	1,312	1,312
Free cash flow(6)	958	595	1,150	(341)	5	1,496
Product and other investment(7)	1,560	2,115	2,680	558	682	2,804

(1) This amount reflects the capitalized cost recognized as an intangible asset at the end of the relevant period, net of the amounts charged to the income statement, which were £149 million, £198 million, £236 million, £50 million, £53 million and £239 million in the years ended March 31, 2012, 2013 and 2014, the three months ended June 30, 2013 and 2014 and the twelve months ended June 30, 2014, respectively.

(2) Depreciation and amortization include, among other things, the amortization attributable to the capitalized cost of product development relating to new vehicle platforms, engine, transmission and new products. The amount of total depreciation and amortization attributable to the amortization of capitalized product development costs for Fiscal 2012, Fiscal 2013, Fiscal 2014, the three months ended June 30, 2013 and 2014 and the twelve months ended June 30, 2014 was £183 million, £296 million, £445 million, £104 million, £118 million and £459 million, respectively.

(3) TML has defined EBITDA as profit for the period before income tax expense, finance expense (net of capitalized interest), finance income, depreciation and amortization, foreign exchange gains/(losses) on financing and unrealized derivatives, unrealized commodity gains/(losses) and share of loss from joint ventures. In order to better reflect core operational performance, foreign exchange gains/(losses) related to revaluation of trading assets and liabilities and realized gains/(losses) on matured commodity and foreign exchange hedges are now included within EBITDA. Unrealized gains/(losses) on foreign exchange and commodity hedges and unrealized gains/(losses) on revaluation of foreign currency debt are excluded from EBITDA. Previously all elements of foreign exchange gains/(losses) including realized and unrealized foreign exchange hedging and gains/(losses) were excluded from EBITDA and both realized and unrealized commodity gains/(losses) were included within EBITDA. EBITDA is presented because TML believes that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the automotive industry. However, other companies may calculate EBITDA in a manner that is different from TML s. EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

5

The reconciliation of EBITDA to JLR s profit for the period line item is:

	Fiscal year ended March 31			Three months ended June 30		Twelve months ended June 30,
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Profit for the period	1,460	1,214	1,879	304	693	2,268
(Less)/add back foreign exchange (gains)/loss financing	12	37	(87)	(5)	(27)	(109)
(Less)/add back foreign exchange (gains)/loss unrealised derivatives	47	11	(57)	(12)	(24)	(69)
(Less)/add back unrealised commodity (gains)/losses	15	(1)	7	19	(19)	(31)
(Less)/add back share of loss from joint venture		12	7	4	6	9
(Less)/add back depreciation and amortisation	466	622	875	202	234	907
(Less)/add finance income	(16)	(34)	(38)	(9)	(11)	(40)
(Less)/add finance expense	85	18	185	33	4	156
(Less)/add back taxation	26	460	622	111	231	742
EBITDA	**2,095**	**2,339**	**3,393**	**647**	**1,087**	**3,833**

(4) This amount reflects the capitalized cost of product development recognized as an intangible asset at the end of the relevant period.

(5) Net cash is defined as cash and cash equivalents and short term deposits less total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases).

The reconciliation is set out below:

	As at March 31			As at June 30	
	2012	2013	2014	2013	2014
	(£ in millions)				
Cash and cash equivalents	2,430	2,072	2,260	1,405	1,868
Short term deposits		775	1,199	810	1,433
Total borrowings (including secured and unsecured borrowings and factoring facilities, but excluding finance leases)	(1,974)	(2,167)	(2,010)	(2,068)	(1,989)
Net cash	**456**	**680**	**1,449**	**147**	**1,312**

(6) Free cash flow reflects net cash from operating activities less net cash used in investing activities excluding investments in short term deposits.

The reconciliation is set out below:

	Financial year ended March 31			**Three months ended at June 30**		**Twelve months ended June 30**
	2012	**2013**	**2014**	**2013**	**2014**	**2014**
			(£ in millions)			
Net cash from operating activities	2,500	2,429	3,422	116	620	3,926
Net cash used in investing activities	(1,542)	(2,609)	(2,736)	(492)	(840)	(3,084)
Add back: Investments in short term deposits		775	464	35	225	654
Free cash flow	**958**	**595**	**1,150**	**(341)**	**5**	**1,496**

(7) Product and other investment reflects net cash used in investing activities excluding movement in other restricted deposits, investment in short term deposits and finance income received, and including expensed R&D (not included in net cash used in investing activities).

The reconciliation is set out below:

	Financial year ended 31 March			Three months ended 30 June		Twelve months ended 30 June
	2012	**2013**	**2014**	**2013**	**2014**	**2014**
			(£ in millions)			
Net cash used in investing activities	1,542	2,609	2,736	492	840	3,084
Less: Movement in restricted deposits	(147)	54	133	41	2	94
Less: Investment in short term deposits		(775)	(464)	(35)	(225)	(654)
Less: Finance income received	16	29	39	10	12	41
Add: Expensed R&D	149	198	236	50	53	239
Product and other investment	**1,560**	**2,115**	**2,680**	**558**	**682**	**2,804**

Product and other investment can also be presented as cash outflows relating to tangible assets (net of proceeds from disposals of tangible assets), intangible assets, expensed R&D and investment in joint ventures.

Explanation of Income Statement Line Items

JLR s income statement includes the following items.

Revenue: Revenue includes the fair value of the consideration received or receivable from the sale of finished vehicles and parts to dealers (in the United Kingdom and the foreign countries in which JLR has NSCs) and importers (in all other foreign countries). JLR recognizes revenue on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from governments at the national and state levels. Sale of products is presented net of excise duty where applicable and other indirect taxes. Consequently, the amount of revenue JLR recognizes is driven by wholesale volumes (i.e., sales of finished vehicles to dealers and importers). JLR does, however, mainly monitor the level of retail volumes as the general metric of customer demand for its products with the aim of managing effectively the level of stock held by its dealers. Retail volumes do not directly affect JLR s revenue.

Material and other cost of sales: TML has elected to present JLR s income statement under IFRS by nature of expenditure rather than by function. Accordingly, TML does not present costs of sales, selling and distribution and other functional cost categories on the face of the income statement. Material and other cost of sales are comprised of: (i) change in inventories of finished goods and works in progress; (ii) purchase of products for sale; and (iii) raw materials and consumables. Material and other cost of sales does not equal cost of sales that TML would report if TML were to adopt a functional presentation for JLR s income statement because it does not include all relevant employee costs, depreciation and amortization of assets used in the production process and relevant production overheads.

Changes in inventories of finished goods and work in progress reflects the difference between the inventory of vehicles and parts at the beginning of the relevant period and the inventory of vehicles and parts at the end of the relevant period. It represents the credit or charge required to reflect the manufacturing costs for finished vehicles and parts, or vehicles and parts on the production line, that were still on stock at the end of the relevant period. Inventories (other than those recognized as a result of the sale of vehicles subject to repurchase arrangements) are valued at the lower of cost and net realizable value. Cost of raw materials and consumables are ascertained on a first-in-first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Inventories include vehicles sold to a third party subject to repurchase arrangements. The majority of these vehicles are leased by a third party back to JLR s management. These vehicles are carried at cost and are amortized in changes in stocks and work in progress to their residual values (i.e., estimated second-hand sale value) over the term of the arrangement.

Purchase of products for sale represents the cost associated with the supply from third-party suppliers of parts and other accessories that JLR does not manufacture itself but fits into JLR s finished vehicles.

Raw materials and consumables represents the cost of the raw materials and consumables that JLR purchases from third parties and uses in JLR s manufacturing operations, including aluminum, other metals, rubber and other raw materials and consumables. Raw materials and consumables also includes import duties for raw materials and finished vehicles from the United Kingdom into the country of sale.

Employee cost: This line item represents the cost of wages and salaries, social security and pensions for all of JLR s employees and agency workers, including employees of centralized functions and headquarters.

Other expenses: This line item comprises any expense not otherwise accounted for in another line item. These expenses principally include warranty and product liability costs and freight and other transportation costs, stores, spare parts and tools consumed, product development costs, repairs to building, plant and machinery, power and fuel, rent, rates and taxes, publicity and marketing expenses, insurance and other general costs.

Net gain/(loss) on un-hedged commodity derivatives: This line item represents the mark to market on commodity derivative instruments, which do not meet the hedge accounting criteria of IFRS. In Fiscal 2012 and subsequently, JLR entered into derivative transactions on certain key commodity inputs, such as aluminum.

Development costs capitalized: Development costs capitalized represents employee costs, store and other manufacturing supplies, and other works expenses incurred mainly towards product development projects. It also includes costs attributable to internally constructed capital items. Product development costs incurred on new vehicle platforms, engine, transmission and new products are capitalized and recognized as intangible assets when (i) feasibility has been established, (ii) JLR has committed technical, financial and other resources to complete the development and (iii) it is probable that the relevant asset will generate probable future economic benefits. The costs capitalized include the cost of materials, direct labor and directly attributable overhead expenditure incurred up to the date the asset is available for use. The application of the relevant accounting policy involves critical judgment and interpretations of IFRS may differ, which can result in different applications of the same standard and, therefore, different results. Interest cost incurred in connection with the relevant development is capitalized up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Other income: This item represents any income not otherwise accounted for in another line item. It principally includes rebates from the Chinese government based on JLR s activities there, income from the Land Rover Experience and sales of second-hand Land Rover warranties in the United States. Rebates from China are accounted for when received as they are not considered virtually certain to be paid.

Depreciation and amortization: Depreciation and amortization represent the depreciation of property, plant and equipment and the amortization of intangible assets, including the amortization of capitalized product development costs. Depreciation is provided on a straight-line basis over estimated useful lives of the assets. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital-work-in-progress includes capital advances. Amortization is provided on a straight-line basis over estimated useful lives of the intangible assets. The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. In accordance with IFRS, JLR capitalizes a significant percentage of its product development costs. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment loss.

Foreign exchange gain/(loss) (net): This item represents the net gain or loss attributable to the revaluation of non-GBP balance sheet items and the realized gain/(loss) on foreign exchange derivative contracts that are hedge accounted, as well as the time value of options and ineffective foreign exchange derivatives which are recognized directly in the income statement.

Finance income: This item represents the income from short-term liquid financial assets, marketable securities and other financial instruments (including bank deposits).

Finance expense (net): This item represents the net expense of JLR s financial borrowings, including the 2011 Notes, the 2012 Notes, the January 2013 Notes, the December 2013 Notes and the January 2014 Notes, including fees and commitment fees paid to financial institutions in relation to committed financial facilities and similar credit lines, less interest capitalized.

Capitalization

Sources	**Actual as at June 30, 2014**
Cash and cash equivalents[1]	1,868
Short term investments[2]	1,433
Cash and cash equivalents and short term investments	3,301
Other loans[3]	17
Factoring[4]	168
£500,000,000 8.250% Senior Notes due 2020	500

$410,000,000 8.125% Senior Notes due 2021	240[(5)]
$500,000,000 5.625% Senior Notes due 2023	292[(5)]
$700,000,000 4.125% Senior Notes due 2018	409[(5)]
£400,000,000 5.000% Senior Notes due 2022	400
Capitalized debt issuance fees	(24)
Total debt	2,002
Ordinary shares	1,501
Capital redemption reserve	167
Reserves	4,616
Total equity	6,284
Total capitalisation	8,286

(1) The total amount of cash and cash equivalents includes £469 million of the cash and cash equivalents held in subsidiaries of the Company outside the United Kingdom. The cash in some of these jurisdictions, notably South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However annual dividends are generally permitted and JLR does not believe that these restrictions have, or are expected to have, any impact on JLR s ability to meet its cash obligations.
(2) Refers to bank deposits with a maturity of between three and twelve months.
(3) Consists of (i) overdraft facilities and (ii) finance leases.
(4) Represents JLR s factoring facilities entered into in the ordinary course of business.
(5) Using an exchange rate on June 30, 2014 of \$1.7102 = £1.00.

The following table presents JLR s revenue, profit and EBITDA in Fiscal 2014, 2013 and 2012, the three months ended June 30, 2014 and 2013 and the twelve months ended June 30, 2014.

	Fiscal year ended March 31			Three months ended June 30		Twelve months ended June 30
	2012	2013	2014	2013	2014	2014
	(£ in millions)					
Revenue	13,512	15,784	19,386	4,097	5,353	20,642
Profit for the period	1,460	1,214	1,879	304	693	2,268
EBITDA	2,095	2,339	3,393	647	1,087	3,833

III. Discussion and Analysis of Results of Operations

General Trends of JLR s Recent Performance

JLR s revenue grew from £15,784 million in Fiscal 2013 to £19,386 million in Fiscal 2014 on the back of a significant growth in retail volumes, from 374,636 to 434,311 units over this period. The increase in retail volumes has been driven by the Range Rover Evoque, Range Rover Sport, Range Rover and the F-TYPE sports car. This has been supported by growth across the majority of JLR s models. JLR has experienced growth in retail volumes across all markets, most notably in China, Asia Pacific and North America.

From Fiscal 2013 to Fiscal 2014, JLR increased its EBITDA margins from around 14.8% to 17.5%, due to strong volumes and a favorable model and market mix. Operational cash flow has continued to improve, driving positive free cash flow, before financing, of £1,150 million in Fiscal 2014, compared to £595 million in Fiscal 2013 despite significantly increased total product and other investment, up from £2,115 million in Fiscal 2013 to £2,680 million in Fiscal 2014 and £682 million in the three months to June 30, 2014.

Retail volumes in Europe (excluding the United Kingdom and Russia) were 22,622 units in the three months ended June 30, 2014, as compared to 19,950 units in the three months ended June 30, 2013, an increase of 13.4%, despite economic challenges and competitive conditions remaining in the premium automotive segment. The increase is primarily due to sales of the Range Rover and Range Rover Sport.

Retail volumes in the United Kingdom were 18,884 units in the three months ended June 30, 2014, as compared to 16,392 in the three months ended June 30, 2013, an increase of 15.2%. Sales performance in both Europe and the United Kingdom was supported by sales of the Range Rover, Range Rover Sport and Jaguar F-TYPE.

Retail volumes in North America were 18,536 units in the three months ended June 30, 2014, as compared to 16,195 units in the three months ended June 30, 2013, an increase of 14.5% primarily due to sales of the Jaguar F-TYPE and variants of the XF, along with the new Range Rover and strong Range Rover Evoque sales.

Retail volumes in China were 32,912 units in the three months ended June 30, 2014, as compared to 20,427 units in the three months ended June 30, 2013, an increase of 61.1%, reflecting continued growth in the Chinese vehicle market and strong customer demand for JLR s products. Sales growth was experienced across the majority of Land Rover and Range Rover products, most notably the Range Rover Sport and the Range Rover Evoque. China was JLR s largest retail and wholesale market by volume for Fiscal 2014 and the three months ended June 30, 2014.

Retail volumes in Asia Pacific were 6,442 units in the three months ended June 30, 2014, as compared to 5,416 units in the three months ended June 30, 2013, an increase of 18.9% with growth driven by sales of the Range Rover Sport and the Land Rover Discovery.

Retail volumes in the Rest of the world were 16,200 units in the three months ended June 30, 2014, as compared to 16,339 in the three months ended June 30, 2013, a decrease of 0.9%, primarily due to reduced sales of the Range Rover Evoque, Discovery and Freelander, partially offset by sales of the Range Rover Sport.

Revenues were £5,353 million for the three months ended June 30, 2014, as compared to £4,097 million for the three months ended June 30, 2013. EBITDA was £1,087 million in the three months ended June 30, 2014, as compared to £647 million in the three months ended June 30, 2013, reflecting a favorable product and market mix related to the Range Rover, Range Rover Sport, Jaguar F-TYPE and the continued success in China and other emerging markets. Profit for the period was £693 million in the three months ended June 30, 2014, as compared to £304 million in the three months ended June 30, 2013. The increase reflects the increase in EBITDA, favorable revaluation of foreign currency debt and hedges, lower net interest expense and a reduction in the UK corporate tax rate, partially offset by higher depreciation and amortization reflecting the new vehicles launched since June 30, 2013.

In relation to foreign exchange, JLR is exposed to currency movements versus the British pound sterling, JLR s reporting currency. Revenue exposures are primarily sensitive to movements in the US dollar, Chinese renminbi and the Russian rouble, whilst JLR s cost exposures are particularly sensitive to movements in the euro. The foreign exchange environment in the three months ended June 30, 2014 was less favorable than a year ago, reflecting the appreciation of the pound sterling.

JLR is also exposed to changes in commodity prices, including aluminum, copper, platinum and palladium group metals. Aluminum and platinum prices were largely unchanged in the three months ended June 30, 2014 compared to the three months ended June 30, 2013, whilst the price of copper has somewhat weakened and the price of palladium has strongly appreciated. In order to mitigate the impact of exchange rate volatility on JLR s results, JLR has a hedging policy in place to manage the financial risk relating to JLR s currency exposures using a combination of forward contracts and options. JLR also uses swaps to manage commodity price risk as well as fixed-price supply contracts.

Oil prices in the three months ended June 30, 2014 were slightly higher compared to the corresponding period in 2013. However, Brent Crude Oil prices have recently fallen to approximately $100 per barrel. JLR seeks to manage the effect of fluctuations in energy prices through the use of fixed-price supply contracts with tenors of up to 12 months.

JLR targets strong operating cash generation to fund most of its capital investment requirements. JLR has increased investment in product development (such as research, design and technology) to ensure that its products remain attractive to increasingly discerning customers and amidst strong competition. This also includes a focus on environmental credentials and regulatory requirements. JLR has also invested significantly in additional capacity to meet customer demand for its products. See III. Discussion and Analysis of Results of Operations Capital Expenditure .

JLR is building a new engine factory in South Staffordshire, which it expects will lead to 1,400 new highly skilled engineering and manufacturing jobs for which over 250 individuals have already been recruited. Since March 31, 2012, JLR has recruited approximately 1,400 new employees at its Solihull site and have added an additional shift. JLR has also recently announced its intention to create 1,700 new jobs in Solihull as part of our investment to create an innovative aluminum architecture for future vehicles, including the new Jaguar XE. By the end of Fiscal 2015, JLR intends to expand its team of engineers and designers to support its product development program, which will lead to an associated increase in its staff costs and an increase in product development expenses capitalized in accordance with its accounting policy.

In Fiscal 2014, JLR completed the issuance of $700 million of bonds due 2018 and £400 million of bonds due 2022, and JLR used the proceeds therefrom for general corporate purposes, including the refinancing of its £500 million of bonds due 2018 and $410 million of bonds due 2018, which are no longer outstanding. In Fiscal 2013, JLR completed the issuance of $500 million of bonds due 2023 and used the proceeds of the bonds for general corporate purposes. JLR also re-negotiated and expanded its Revolving Loan Facility in July 2013 from £795 million to £1,250 million (subsequently increased to £1,290 million in October 2013 and £1,325 million in April 2014), with 75% due over five years and the remainder over three years. At June 30, 2014 this remained undrawn. In Fiscal 2012, JLR completed the issuance of £1,000 million equivalent of bonds due in 2018 and 2021 and £500 million of bonds due 2020, as well as concluding the Revolving Loan Facility. JLR used the proceeds of the bonds to refinance secured and short-term debt, while providing increased capital and liquidity for its growth.

Results of Operations

The tables and discussions set out below provide an analysis of selected items from JLR s consolidated statements of income for each of the periods described below.

Three months ended June 30, 2014 compared to three months ended June 30, 2013

The following table sets out the items from JLR s consolidated statements of income for the periods indicated and the percentage change from period to period, and shows these items as a percentage of total revenues.

	Three months ended June 30		Amount of change	Percentage change	Three months ended June 30	
	2013	2014			2013	2014
	(£ in millions)			(% change)	(% of revenue)	
Revenue	4,097	5,353	1,256	30.7%	100.0%	100.0%
Material and other cost of sales	(2,490)	(3,299)	(809)	32.5%	60.8%	61.6%
Employee cost	(361)	(429)	(68)	18.8%	8.8%	8.0%
Other expenses	(807)	(927)	(120)	14.9%	19.7%	17.3%
Net gain/(loss) on un-hedged commodity derivatives	(19)	15	34	178.9%	0.5%	0.3%
Development costs capitalised	242	273	31	12.8%	5.9%	5.1%
Other income	13	24	11	84.6%	0.3%	0.4%
Depreciation and amortisation	(202)	(234)	(32)	15.8%	4.9%	4.4%
Foreign exchange gain/(loss)	(30)	147	177	590.0%	0.7%	2.7%
Finance income	9	11	2	22.2%	0.2%	0.2%
Finance expense (net)	(33)	(4)	29	87.9%	0.8%	0.1%
Share of loss from joint ventures	(4)	(6)	(2)	50.0%	0.1%	0.1%
Profit before tax	415	924	509	122.7%	10.1%	17.3%
Income tax expense	(111)	(231)	(120)	108.1%	2.7%	4.3%
Profit for the period	304	693	389	128.0%	7.4%	12.9%

Revenue

Revenue increased by £1,256 million to £5,353 million in the three months ended June 30, 2014 from £4,097 million in the three months ended June 30, 2013, an increase of 30.7%. This increase is primarily attributable to a favorable product mix and an increase in sales of the XF and F-TYPE for Jaguar and the Range Rover, Range Rover Sport, Range Rover Evoque and Freelander for Land Rover.

Material and other cost of sales

JLR s material and other cost of sales increased to £3,299 million in the three months ended June 30, 2014, up 32.5% from £2,490 million in the three months ended June 30, 2013. This increase is predominantly attributable to the increase in vehicles sold. As a percentage of revenue, material and other costs of sales slightly increased from 60.8% to 61.6%, reflecting a stable cost base.

Change in inventories of finished goods and work in progress: In the three months ended June 30, 2014, JLR reduced its inventory of finished goods and work in progress by £53 million, thereby increasing its material and other cost of sales. This decrease of inventories at June 30, 2014 compared to March 31, 2014 was principally the result of higher sales in the period due to increasing demand for JLR s vehicles.

Purchase of products for sale: In the three months ended June 30, 2014, JLR spent £194 million on parts and accessories supplied by third parties and used in its finished vehicles and parts, compared to £156 million in the three months ended June 30, 2013, representing an increase of 24.4%. This increase was primarily attributable to an increase in parts sales to service the increasing number of vehicles in the market.

Raw materials and consumables: JLR consumes a number of raw materials in the manufacture of vehicles, including steel, aluminum, copper, precious metals and resins. The cost of raw materials and consumables in the three months ended June 30, 2014 was £3,052 million compared to £2,632 million in the three months ended June 30, 2013, representing an increase of £420 million, or 16.0%. The increase in the total cost of raw materials and consumables was primarily attributable to increased sales volume, partially offset by lower commodity prices. Raw materials and consumables as a percentage of revenue decreased to 57.0% for the three months ended June 30, 2014, as compared to 64.2% for the three months ended June 30, 2013, primarily due to more favorable commodity prices.

Employee cost

JLR s employee cost increased by 18.8% to £429 million in the three months ended June 30, 2014 from £361 million in the equivalent period in 2013. The increase is attributable to greater production volumes and the recruitment of new employees both in manufacturing and engineering, as part of an investment in people alongside JLR s investment in new models. Total employee headcount increased from 26,826 to 29,546, or 10.1%, from June 30, 2013 to June 30, 2014. JLR has added around 1,250 manufacturing employees to support increased production at its manufacturing sites including its new engine manufacturing center in Wolverhampton and approximately 900 engineers and other staff to support growth and JLR s increased R&D investment in new models. The majority of the increased employee cost for the engineers is capitalized under development costs capitalized .

Other expenses

Other expenses increased to £927 million in the three months ended June 30, 2014 from £807 million in the same period in 2013. Other expenses decreased as a percentage of revenue, representing 17.3% in the three months ended June 30, 2014 compared to 19.7% for the three months ended June 30, 2013, due to the fact that, while some significant components of other expenses increased in line with revenues, certain expenses such as fixed marketing do not increase proportionally in line with revenue. The rise in engineering expenses, reflecting JLR s increased investment in development of new vehicles, is mainly capitalized under development costs capitalized .

Net gain/(loss) on un-hedged commodity derivatives

In the three months ended June 30, 2014, JLR recorded a net gain on un-hedged commodity derivatives of £15 million as a result of gains on unmatured hedges. JLR had a net loss on un-hedged commodity derivatives of £19 million in the three months ended June 30, 2013 due to losses on unmatured hedges.

Development costs capitalized

JLR capitalizes product development costs incurred on new vehicle platforms, engines, transmissions and new products in accordance with IFRS. The following table shows the R&D costs recognized in JLR s income statement and the share of capitalized development costs and amortization of capitalized development costs in the three months ended June 30, 2014 and 2013:

	Three months ended June 30	
	2013	**2014**
	(£ in millions)	
Total R&D costs	292	326
Of which expenditure capitalized	242	273
Capitalization ratio in %	**82.9%**	**83.7%**
Amortization of expenditure capitalized	104	118
R&D costs charged in income statement	50	53
As % of revenues	**1.2%**	**1.0%**

The capitalization ratio of development costs depends on the production cycle that individual models pass through in different periods.

The increase to £273 million in the three months ended June 30, 2014 from £242 million in the three months ended June 30, 2013, representing an increase of 12.8%, reflects increased product development costs (included as employee costs and engineering costs in other expenses) associated with the development of the Jaguar F-TYPE coupé, Jaguar

XE, Discovery Sport and other future products.

Other income (net)

JLR s other income increased to £24 million in the three months ended June 30, 2014, compared to £13 million in the three months ended June 30, 2013. Other income for the three months ended June 30, 2014 notably includes £1 million (£3 million in the three months ended June 30, 2013) of rebates from China based on JLR s activities there.

Depreciation and amortization

JLR s depreciation and amortization increased to £234 million in the three months ended June 30, 2014, compared to £202 million in the three months ended June 30, 2013. The majority of the increase reflects increased amortization of product development costs following the launch of new models, such as the F-TYPE Coupé and new XF and XJ derivatives. The remainder of the increase relates to additional depreciation on tooling for the above new products and increases in facilities.

Foreign exchange (gain)/loss (net)

JLR registered a foreign exchange gain of £147 million in the three months ended June 30, 2014, compared to a loss of £30 million in the three months ended June 30, 2013, as a result of (i) the effect of exchange fluctuations on foreign currency borrowings and other balance sheet items and (ii) foreign exchange gains and losses on derivatives realized in the period.

Finance income

JLR s finance income increased to £11 million in the three months ended June 30, 2014 from £9 million in the three months ended June 30, 2013. The increase was primarily due to higher cash balances held in the three months ended June 30 2014, compared to the three months ended June 30 2013.

Finance expense (net of capitalized interest)

JLR s interest expense (net of capitalized interest) decreased to £4 million in the three months ended June 30, 2014 from £33 million in the three months ended June 30, 2013, principally as a result of the removal of the embedded derivative following the redemption and cancellation of JLR s £500 million 8.125% Senior Notes due 2018 and $410 million 7.750% Senior Notes due 2018 (issued on May 19, 2011) and the subsequent refinancing.

Share of loss from joint ventures

JLR s share of loss from joint ventures of £6 million in the three months ended June 30, 2014 was due to initial set-up costs related to the joint venture company JLR has started with Chery. See IV. Sales, Facilities and Distribution Information China Joint Venture .

Income tax expense

JLR had an income tax expense of £231 million in the three months ended June 30, 2014, compared to £111 million in the three months ended June 30, 2013. This increase is primarily attributable to a higher profit before tax. The effective tax rate for the three months ended June 30, 2014 was 25.0% of profit before tax compared to 26.7% of profit before tax for the same period in 2013. The lower effective tax rate in the current period reflect the reduction in the UK deferred tax rate from 23% applicable in the three months ended June 30, 2013 to 20% in the three months ended June 30, 2014.

Profit for the period

JLR s consolidated profit for the period of three months ended June 30, 2014 was £693 million, compared to a consolidated profit for the period of £304 million in the three months ended June 30, 2013 as a result of the factors identified above.