

TATA MOTORS LTD/FI
Form 6-K
August 01, 2018
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

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

of the Securities Exchange Act of 1934

For the Month of August 2018

Commission File Number: 001-32294

TATA MOTORS LIMITED

(Translation of registrant's name into English)

BOMBAY HOUSE

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

24, HOMI MODY STREET,

MUMBAI 400 001, MAHARASHTRA, INDIA

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

(Address of principal executive office)

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

Form 20-F

Form 40-F

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

Yes

No

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

Yes

No

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

Yes

No

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

Table of Contents

TABLE OF CONTENTS

Item 1:

2019FY Q1 Interim Financial Statements

Table of Contents

SIGNATURE

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

Tata Motors Limited

By: /s/ Hoshang K Sethna

Name: Hoshang K Sethna

Title: Company Secretary

Dated: August 1, 2018

Table of Contents

2019FY Q1 Interim Financial Statements

Jaguar Land Rover Automotive plc

Interim Report

For the three month period ended

30 June 2018

Company registered number: 06477691

Table of Contents

Contents

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

<u>Key metrics/highlights for Q1 FY19 results</u>	4
<u>Market environment</u>	4
<u>Total automotive industry car volumes</u>	4
<u>Jaguar Land Rover Q1 FY19 sales volumes year-on-year performance</u>	4
<u>Q1 FY19 Revenue and profits</u>	5
<u>Cash flow, liquidity and capital resources</u>	6
<u>Debt</u>	6
<u>Risks and mitigating factors</u>	7
<u>Acquisitions and disposals</u>	7
<u>Off-balance sheet financial arrangements</u>	7
<u>Post balance sheet items</u>	7
<u>Related party transactions</u>	7
<u>Employees</u>	7
<u>Board of directors</u>	7
Condensed consolidated financial statements	
<u>Income statement</u>	8
<u>Statement of comprehensive income and expense</u>	9
<u>Balance sheet</u>	10
<u>Statement of changes in equity</u>	11
<u>Cash flow statement</u>	12
<u>Notes</u>	13

Table of Contents

Group, Company, Jaguar Land Rover, JLR plc and JLR refers to Jaguar Land Rover Automotive plc and its subsidiaries. Note 3 on page 15 defines a series of alternative performance measures

EBITDA margin	measured as EBITDA as a percentage of revenue.
EBIT margin	measured as EBIT as a percentage of revenue.
	<i>In this Interim Report underlying EBITDA and EBIT excludes the one-off credit relating to changes made to the Company's pension plans in Q1 FY18 and recoveries in Q1 FY18 and throughout FY17 relating to the Tianjin port explosion.</i>
PBT	profit before tax.
PAT	profit after tax.
Net debt/cash	defined by the Company as cash and cash equivalents plus short-term deposits less total balance sheet borrowings (as disclosed in note 17 to the condensed consolidated financial statements).
Q1 FY19	3 months ending 30 June 2018.
Q1 FY18	3 months ended 30 June 2017.
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 retail sales of 145,510 (including China JV sales) in Q1 FY19, up 5.9% year on year, primarily reflecting the introduction of the new Range Rover Velar and the Jaguar E-PACE. However, wholesales (including the China JV) were 131,560, 13,590 units lower than retails reflecting de-stocking to re-balance inventories and the impact of the duty change in China, effective 1st July 2018, which also drove higher incentives in that market.

The lower wholesales and higher China incentives combined with unfavourable balance sheet currency revaluation and higher depreciation and amortisation from continuing investment led to a pre-tax loss for the quarter of £264 million. Earnings before interest, tax and depreciation (EBITDA) were £325 million (6.2% margin).

Key metrics/highlights for Q1 FY19 results, compared to Q1 FY18, are as follows:

Retail sales of 145.5k units (including the China JV), up 5.9%

Wholesales of 131.6k units (including the China JV), down 5.0%

Revenue of £5.2 billion, down from £5.6 billion

Loss before tax £264 million, compared to £571 million PBT after the £437 million exceptional pension credit in Q1 FY18 (Q1 FY18 PBT before exceptional items £133 million)

Loss after tax £210 million, compared to PAT (after exceptional items) of £452 million in Q1 FY18

EBITDA margin was 6.2% and EBIT margin was (3.7)%

Free cash flow was negative £1.7 billion after total product and other investment spending of £1.1 billion and £1.0 billion of seasonal working capital outflows

Market environment

Most major economies continued to show solid growth in Q1 FY19, while weaker economic performance and continued uncertainty over Brexit is impacting growth in the UK.

Q1 FY19 automotive industry volumes were up in China (7.0% albeit with higher incentives in advance of a lower duty rate effective 1 July), in the US (2.1% albeit with continuing high incentives), Europe (3.7%) and in the UK (2.4%). Sales grew in Europe and in the UK despite continuing uncertainty around diesel, down 25.8% in the UK but offset by increased sales of petrol's and electric vehicles.

Total automotive industry car volumes (units)

	Q1 FY19	Q1 FY18	Change (%)
China	5,678,000	5,305,300	7.0%
Europe (excluding UK)	3,002,721	2,895,138	3.7%
UK	595,505	581,795	2.4%
US	4,482,404	4,392,154	2.1%
Other markets (excl. South Korea)	3,142,011	2,907,693	8.1%

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 Q1 FY19 sales volumes year-on-year performance

Retail sales were 145,510 units (including the China JV), up 5.9%, driven by the introduction of the Range Rover Velar (up 15.5k units), new Discovery (up 1.6k units), Jaguar E-PACE (11.3k units) and the refreshed Range Rover Sport (up 0.5k units) partially offset by lower retails of other models, notably Evoque, Discovery Sport and Jaguar F-PACE. There is strong demand for the Jaguar I-PACE battery electric vehicle which is now on sale with c. 5.5 months order cover. By region, retail sales were up in Overseas markets (20.3%), the UK (14.3%), North America (8.8%), China (2.5%), but down in Europe (7.3%).

Wholesales totalled 131,560 units (including the China JV), down 5.0% as the introduction of the Range Rover Velar, Jaguar E-PACE and refreshed Range Rover Sport were offset by lower sales of other models primarily relating to the China duty change and de-stocking to rebalance inventories. By region, JLR wholesales were up in Overseas markets (29.3%) but down in other markets including Europe (16.3%), the UK (14.8%), North America (6.4%) and China (3.7%),

Table of Contents

Jaguar Land Rover's Q1 FY19 retail sales (including the China JV) by key region and model is detailed in the following table:

	Q1 FY19	Q1 FY18	Change (%)
UK	26,386	23,083	14.3%
North America	30,886	28,393	8.8%
Europe	31,104	33,536	(7.3%)
China ¹	34,358	33,514	2.5%
Overseas	22,776	18,937	20.3%
Total JLR	145,510	137,463	5.9%
F-PACE	13,038	17,648	(26.1%)
I-PACE	195		n/a
E-PACE	11,314		n/a
F-TYPE	2,065	2,737	(24.6%)
XE ¹	8,091	8,858	(8.7%)
XF ¹	8,047	9,592	(16.1%)
XJ	1,374	2,431	(43.5%)
Jaguar¹	44,124	41,266	6.9%
Discovery Sport ¹	24,194	28,035	(13.7%)
Discovery	10,902	9,272	17.6%
Range Rover Evoque ¹	17,010	24,813	(31.4%)
Range Rover Velar	15,626	112	>99%
Range Rover Sport	20,354	19,903	2.3%
Range Rover	13,300	14,062	(5.4%)
Discontinued Models			n/a
Land Rover¹	101,386	96,197	5.4%
Total JLR	145,510	137,463	5.9%

¹ China JV retail volume in Q1 FY19 was 21,181 units (9,635 units of Discovery Sport, 3,316 units of Evoque, 4,468 units of Jaguar XFL and 3,762 units of Jaguar XEL). China JV retail volume in Q1 FY18 was 20,309 units (10,637 units of Discovery Sport, 4,694 units of Evoque, 4,978 units of Jaguar XFL)

Q1 FY19 revenue and profits

For the quarter ended 30 June 2018, revenue was £5.2 billion, down £377 million year on year, primarily reflecting the change in China import duty effective 1st July 2018 and de-stocking.

The loss before tax was £264 million, compared to PBT of £133 million (excluding the £437m exceptional pension credit) in Q1 FY18, primarily reflecting:

Lower sales and higher incentives in China in advance of the reduction on import duty (£110 million)

Other market equation mainly de-stocking and WLTP (£69 million)

FX balance sheet revaluation (£189 million) less favourable net FX hedging (£138 million)

Higher manufacturing, commodity and warranty costs (£90 million)

Higher depreciation and amortisation (£99 million)

EBITDA was £325 million (6.2% margin) and the loss before interest and tax (EBIT) was £194 million (-3.7% margin) in the quarter, compared to EBITDA of £442 million (7.9% margin) and EBIT of £69 million (1.2% margin) in Q1 FY18. The loss after tax (PAT) was £210 million this quarter, compared to the restated PAT of £452 million (after the £437 million pension credit) in Q1 FY18.

Table of Contents**Cash flow, liquidity and capital resources**

Free cash flow was negative £1.7 billion after £1.1 billion of total product and other investment spending and £1.0 billion of seasonal working capital outflows in Q1 FY19. In the quarter, £967 million of investment spending was capitalised and £99 million was expensed through the income statement.

Cash and financial deposits at 30 June 2018 stood at £2.8 billion (comprising £1.3 billion of cash and cash equivalents and £1.5 billion of other financial deposits) after the free cash flow, a £34 million net increase in the utilisation of a short-term debt facility and £225 million dividend paid to our parent TML Holdings Pte. Ltd. The cash and financial deposits include an amount of £386 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 30 June 2018, the Company also had an undrawn revolving credit facility totalling £1.9 billion, maturing in July 2022, and £25 million equivalent of an unutilised short-term uncommitted receivable factoring facility.

Debt

The following table shows details of the Company's financing arrangements as at 30 June 2018:

(£ millions)	Facility amount	Amount outstanding	Undrawn amount
£400m 5.000% Senior Notes due Feb 2022**	400	400	
£400m 3.875% Senior Notes due Mar 2023**	400	400	
£300m 2.750% Senior Notes due Jan 2021	300	300	
\$500m 5.625% Senior Notes due Feb 2023*	381	381	
\$700m 4.125% Senior Notes due Dec 2018**	534	534	
\$500m 4.250% Senior Notes due Nov 2019**	381	381	
\$500m 3.500% Senior Notes due Mar 2020**	381	381	
\$500m 4.500% Senior Notes due Oct 2027	363	363	
650m 2.200% Senior Notes due Jan 2024	578	578	
Revolving 5 year credit facility	1,935		1,935
Invoice discounting facilities***	225	200	25
Finance lease obligations	19	19	
Subtotal	5,897	3,937	1,960
Prepaid costs		(23)	
Total	5,897	3,914	1,960

* Issued by Jaguar Land Rover Automotive plc and guaranteed 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.

**

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

Issued by Jaguar Land Rover Automotive plc and guaranteed by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited.

*** \$295 million uncommitted receivables factoring facility with Jaguar Land Rover Limited as the borrower and guaranteed by Jaguar Land Rover Holdings Limited.

Table of Contents**Risks and mitigating factors**

There are a number of potential risks which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and/or historical results, including those discussed on pages 80-83 of the Annual Report 2017-18 of the Group (available at www.jaguarlandrover.com) along with mitigating factors. The principal risks discussed in the Group's Annual Report 2017-18 are competitive business efficiency, global economic and geopolitical environment, brand positioning, environmental regulations and compliance, diesel uncertainty, unethical and prohibited business practices, information and cyber security, rapid technology change, exchange rate fluctuations and product liability and recalls.

Acquisitions and disposals

There were no material acquisitions or disposals in Q1 FY19.

Off-balance sheet financial arrangements

In Q1 FY19 the Company had no off-balance sheet financial arrangements (see note 22) other than to the extent disclosed in the condensed consolidated financial statements in this Interim Report, starting on page 8.

Post balance sheet items

There were no material post balance sheet items in Q1 FY19.

Related party transactions

Related party transactions for Q1 FY19 are disclosed in note 25 to the condensed consolidated financial statements disclosed on page 28 of this Interim Report. There have been no material changes in the related party transactions described in the latest annual report.

Employees

At the end of Q1 FY19, Jaguar Land Rover employed 43,116 people worldwide, including agency personnel, compared to 40,857 at the end of Q1 FY18.

Board of directors

The following table provides information with respect to the current members of the Board of Directors of Jaguar Land Rover Automotive plc:

Name	Position	Year appointed as Director, Chief Executive Officer
Natarajan Chandrasekaran	Chairman	2017
Professor Dr. Ralf D. Speth	Chief Executive Officer and Director	2010

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

Andrew M. Robb	Director	2009
Nasser Mukhtar Munjee	Director	2012
Mr P B Balaji	Director	2017

Table of Contents**Condensed Consolidated Income Statement**

(£ millions)	Three months ended		
	Note	30 June 2018	*Restated 30 June 2017
Revenue	5	5,222	5,599
Material and other cost of sales excluding exceptional item		(3,366)	(3,565)
Exceptional item	4		1
Material and other cost of sales		(3,366)	(3,564)
Employee costs		(733)	(656)
Employee costs - pension past service credit	21		437
Other expenses		(1,270)	(1,278)
Engineering costs capitalised	6	426	355
Other income		57	61
Depreciation and amortisation		(549)	(450)
Foreign exchange (loss)/gain		(70)	2
Finance income	7	10	9
Finance expense (net)	7	(21)	(21)
Share of profit from equity accounted investments		30	77
(Loss)/profit before tax		(264)	571
Income tax credit/(expense)	12	54	(119)
(Loss)/profit for the period		(210)	452
Attributable to:			
Owners of the Company		(211)	452
Non-controlling interests		1	

* See note 2 for details of the restatement due to changes in accounting policies.
The notes on pages 13 to 28 are an integral part of these consolidated financial statements.

Table of Contents**Condensed Consolidated Statement of Comprehensive Income and Expense**

(£ millions)	Three months ended	
	30 June 2018	30 June 2017
		*Restated
(Loss)/profit for the period	(210)	452
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	305	(119)
Gain on effective cash flow hedges of inventory	19	
Income tax related to items that will not be reclassified	(58)	19
	266	(100)
Items that may be reclassified subsequently to profit or loss:		
(Loss)/gain on cash flow hedges (net)	(269)	1,168
Currency translation differences	12	(2)
Income tax related to items that may be reclassified	51	(220)
	(206)	946
Other comprehensive income net of tax	60	846
Total comprehensive (expense)/income attributable to shareholders	(150)	1,298
Attributable to:		
Owners of the Company	(151)	1,298
Non-controlling interests	1	

* See note 2 for details of the restatement due to changes in accounting policies.
The notes on pages 13 to 28 are an integral part of these consolidated financial statements.

Table of Contents**Condensed Consolidated Balance Sheet**

As at (£ millions)	Note	30 June 2018	31 March 2018 *Restated
Non-current assets			
Equity accounted investments		532	516
Other financial assets	9	302	414
Property, plant and equipment		7,486	7,417
Intangible assets		6,921	6,763
Other non-current assets		113	82
Deferred tax assets		461	413
Total non-current assets		15,815	15,605
Current assets			
Cash and cash equivalents		1,294	2,626
Short-term deposits and other investments		1,498	2,031
Trade receivables		1,182	1,612
Other financial assets	9	449	494
Inventories	10	4,052	3,767
Other current assets	11	688	630
Current tax assets		20	10
Total current assets		9,183	11,170
Total assets		24,998	26,775
Current liabilities			
Accounts payable		6,336	7,614
Short-term borrowings	17	733	652
Other financial liabilities	14	1,252	1,189
Provisions	15	770	758
Other current liabilities	16	573	547
Current tax liabilities		124	160
Total current liabilities		9,788	10,920
Non-current liabilities			
Long-term borrowings	17	3,162	3,060
Other financial liabilities	14	359	281
Provisions	15	1,058	1,055
Retirement benefit obligation	21	109	438
Other non-current liabilities		456	454
Deferred tax liabilities		524	583
Total non-current liabilities		5,668	5,871

Total liabilities	15,456	16,791
Equity attributable to shareholders		
Ordinary shares	1,501	1,501
Capital redemption reserve	167	167
Reserves	19	7,868
Total equity attributable to shareholders	9,536	9,976
Non-controlling interests	6	8
Total equity	9,542	9,984
Total liabilities and equity	24,998	26,775

* See note 2 for details of the restatement due to changes in accounting policies.
The notes on pages 13 to 28 are an integral part of these consolidated financial statements.

These condensed consolidated interim financial statements were approved by the JLR plc Board and authorised for issue on 31 July 2018.

Company registered number: 06477691

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

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves	Equity attributable to Shareholders	Non- controlling interests	Total equity
Balance at 1 April 2018						
*Restated	1,501	167	8,308	9,976	8	9,984
Adjustment on initial application of IFRS 9 (net of tax)			(27)	(27)		(27)
Adjusted balance at 1 April 2018	1,501	167	8,281	9,949	8	9,957
(Loss)/profit for the period			(211)	(211)	1	(210)
Other comprehensive income for the period			60	60		60
Total comprehensive (expense)/income			(151)	(151)	1	(150)
Amounts removed from hedge reserve and recognised in inventory			(46)	(46)		(46)
Income tax related to amounts removed from hedge reserve and recognised in inventory			9	9		9
Distribution to non-controlling interest					(3)	(3)
Dividend			(225)	(225)		(225)
Balance at 30 June 2018	1,501	167	7,868	9,536	6	9,542

(£ millions)	Ordinary share capital	Capital redemption reserve	Other reserves *Restated	Equity attributable to Shareholders *Restated	Non- controlling interests	Total equity *Restated
Balance at 1 April 2017	1,501	167	4,913	6,581		6,581
Profit for the period			452	452		452
Other comprehensive income for the period			846	846		846
Total comprehensive income			1,298	1,298		1,298

Dividend			(150)	(150)	(150)
Balance at 30 June 2017	1,501	167	6,061	7,729	7,729

* See note 2 for details of the restatement due to changes in accounting policies.
 The notes on pages 13 to 28 are an integral part of these consolidated financial statements.

Table of Contents**Condensed Consolidated Cash Flow Statement**

(£ millions)	Three months ended		
	Note	30 June 2018	30 June 2017
Cash flows used in operating activities			
Cash used in operations	24	(698)	(256)
Dividends received		22	
Income tax paid		(82)	(104)
Net cash used in operating activities		(758)	(360)
Cash flows used in investing activities			
Purchases of other investments			(20)
Investment in other restricted deposits		(3)	(2)
Redemption of other restricted deposits		12	3
Movements in other restricted deposits		9	1
Investment in short-term deposits		(648)	(1,072)
Redemption of short-term deposits		1,230	1,197
Movements in short-term deposits		582	125
Purchases of property, plant and equipment		(435)	(478)
Cash paid for intangible assets		(532)	(403)
Finance income received		10	9
Net cash used in investing activities		(366)	(766)
Cash flows used in financing activities			
Finance expenses and fees paid		(31)	(24)
Proceeds from issuance of short-term borrowings		197	136
Repayment of short-term borrowings		(163)	(147)
Payments of finance lease obligations		(1)	(1)
Dividends paid		(225)	(60)
Net cash used in financing activities		(223)	(96)
Net decrease in cash and cash equivalents		(1,347)	(1,222)
Cash and cash equivalents at beginning of period		2,626	2,878
Effect of foreign exchange on cash and cash equivalents		15	(19)
Cash and cash equivalents at end of period		1,294	1,637

The notes on pages 13 to 28 are an integral part of these consolidated financial statements.

Table of Contents

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

1 Accounting policies

Basis of preparation

The financial information in these interim financial statements 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 International Financial Reporting Standards (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 18.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2018, 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' report of the Group's Annual Report for the year ended 31 March 2018.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2018, as described in those financial statements except as described below.

Change in accounting policies

The Group has had to change its accounting policy and make material retrospective adjustments as a result of adopting the following new standards:

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policies are disclosed in note 2.

Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2018.

2 Change in accounting policies

This note explains the impact of the adoption of *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers* on the group's financial statements which have been applied from 1 April 2018.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets and new rules for hedge accounting.

The Group has undertaken an assessment of classification and measurement on transition and has not identified a material impact on the financial statements given that equity investments which are not equity accounted are valued at fair value through profit or loss.

The Group has undertaken an assessment of the impairment provisions, especially with regards to trade receivables and has applied the simplified approach under the standard. For all principal markets, the Group operates with major financial institutions who take on the principal risks of sales to customers and consequently the Group receive full payment for these receivables between 0-30 days. Therefore the Group has concluded that there is no material impact under the standard for remeasurement of impairment provisions.

The Group has undertaken an assessment of its hedge relationships and has concluded that the Group's current hedge relationships qualified as continuing hedges upon the adoption of IFRS 9. The Group has identified a change with respect to the treatment of the cost of hedging, specifically the time value of the foreign exchange options and foreign currency basis included in the foreign exchange forwards and cross-currency interest rate swaps. The time value of foreign exchange options and the foreign currency basis included in the foreign exchange forwards and cross-currency interest rate swaps is now recorded in a separate component of the statement of comprehensive income. Foreign exchange gains/(losses) for non-financial items will now be recognised as an adjustment to that non-financial item (i.e. inventory) when recorded on the consolidated balance sheet and this adjustment has been made on a prospective basis from 1 April 2018. A transition adjustment has been recognised for this.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****2 Change in accounting policies (continued)**

As required under the transition rules of IFRS 9, comparative periods have been restated only for the retrospective application of the cost of hedging approach for the time value of the foreign exchange options and also voluntarily application for foreign currency basis included in the foreign exchange forwards and cross-currency interest rate swaps. Accordingly, the information presented for prior periods is not wholly comparable to the information presented for current year. The financial impact of this change is as follows:

Balance sheet item	Change as at 31 March 2018 as a	Reason for change
(£ millions)	result of adoption of IFRS 9	
Retained earnings	(22)	Time value of options recognised in Cost of Hedge Reserve as per IFRS 9.
Hedge reserve	64	Basis spread adjustment recognised as a separate component of OCI.
Cost of hedge reserve	(46)	Time value of options and basis spread adjustment recognised as a separate component of OCI.

In addition, under the published change issued by the IASB in February 2018 regarding the modification of financial liabilities, an additional charge of £5 million has been recognised for the financial year ended 31 March 2018 representing the loss recognised on the modification of the Group's undrawn revolving credit facility.

The income statement impact for the adoption of IFRS 9 was a reduction in profit before tax of £24 million and a £20 million reduction in profit after tax for the 3 month period ended 30 June 2017.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations (such as IFRIC 13 Customer Loyalty Programmes).

The Group has applied the modified retrospective application approach and has not restated prior comparative financial information.

The primary impact on the Group relates to consideration payable to customers, which the standard defines as discounts, rebates, refunds or other forms of disbursement to customers (such as retailers) or end customers (as part of the overall distribution chain), where a service is not received in return and, if a service is received in return, where it cannot be fair-valued. The treatment of such items is a reclassification of marketing expenses to revenue reductions and this totalled £23 million for the 3 month period ended 30 June 2018.

Other specific impacts on the Group relates to the treatment of associated vehicle sale performance obligations, and the assessment of principal versus agent in providing or arranging for storage, freight and in-transit insurance alongside the sale of a vehicle. These transport arrangements are made when delivering vehicles to retailers across the

global network. The Group has determined that it is an agent in providing these services, and has amended the presentation of these amounts from a gross basis (i.e. revenues and costs separately) to a net basis (where consideration received will be presented net of associated costs in the income statement). The financial impact of this change is a reclassification of costs against revenue of £79 million for the 3 month period ended 30 June 2018.

The Group has reclassified royalty income and incremental income from customers from Other income to Revenue and this totalled £35 million for the 3 month period ended 30 June 2018. The result of the changes discussed above has not materially impact profit before tax or the Group's EBIT for the 3 month period ended 30 June 2018.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****3 Alternative Performance Measures**

In reporting financial information, the Group presents alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The APMs used within this Annual Report are defined below.

Alternative Performance Measure**Definition**

EBITDA	EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, share of profit/loss from equity accounted investments, depreciation and amortisation.
EBIT	EBIT is defined as for EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
Free cash flow	Net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits) and after finance expenses and fees and payments of lease obligations. Free cash flow before financing also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents.
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments and expensed research and development costs.
Operating cash flow before investment	Free cash flow before financing excluding total product and other investment.
Working capital	Changes in assets and liabilities as presented in note 24. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in EBIT or EBITDA.
Retail sales	Jaguar Land Rover retail sales represent vehicle sales made by dealers to end customers and include the sale of vehicles produced by our Chinese joint venture, Chery Jaguar Land Rover Automotive Company Ltd.
Wholesale sales	Wholesales represent vehicle sales made to dealers. The Group recognises revenue on wholesales.

The Group uses EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year-on-year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives, unrealised foreign exchange distorts the financial performance of the Group from one period to another.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

Total product and other investment is considered by the Group to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting the growth of the Group.

Operating cash flow before investment is used as a measure of the operating performance and cash available to the Group before the direct cash impact of investment decisions.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Table of Contents

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

3 Alternative Performance Measures (continued)

Reconciliations between these alternative performance measures and statutory reported measures are shown below.

EBIT and EBITDA

(£ millions)	Note	Three months ended	
		30 June 2018	30 June 2017 *Restated
EBITDA		325	442
Depreciation and amortisation		(549)	(450)
Share of profit from equity accounted investments		30	77
EBIT		(194)	69
Foreign exchange (loss)/gain on derivatives		(10)	65
Unrealised gain/(loss) on commodities		1	(8)
Foreign exchange (loss)/gain and fair value adjustments on loans		(53)	34
Foreign exchange gain/(loss) on economic hedges of loans		3	(15)
Finance income	7	10	9
Finance expense (net)	7	(21)	(21)
Pension past service credit			437
Exceptional item			1
(Loss)/profit before tax		(264)	571

* See note 2 for details of the restatement due to changes in accounting policies.

Retail and wholesales

Units	Three months ended	
	30 June 2018	30 June 2017
Retail sales	145,510	137,463
Wholesales	108,788	117,916

* Wholesale volumes exclude sales from Chery Jaguar Land Rover Q1 FY19 22,772 units, Q1 FY18 20,560 units.

Free cash flow

(£ millions)	Note	Three months ended	
		30 June 2018	30 June 2017
Net cash used in operating activities		(758)	(360)
Net cash used in investing activities		(366)	(766)
Net cash used in operating and investing activities		(1,124)	(1,126)
Finance expenses and fees paid		(31)	(24)
Payments of finance lease obligations		(1)	(1)
Adjustments for			
Movements in short-term deposits		(582)	(125)
Foreign exchange gain/(loss) on short term deposits	24	49	(13)
Effect of foreign exchange on cash and cash equivalents		15	(19)
Free cash flow		(1,674)	(1,308)

Total product and other investment

(£ millions)	Note	Three months ended	
		30 June 2018	30 June 2017
Purchases of property, plant and equipment		435	478
Cash paid for intangible assets		532	403
Research and development expensed	6	99	94
Purchases of other investments			20
Total product and other investment		1,066	995

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****4 Exceptional item**

The exceptional item within Material and other cost of sales of £1 million for the quarter ended 30 June 2017 relates to the recovery of import duties and taxes following the explosion at the port of Tianjin (China) in August 2015 which led to a reversal of the initial provision recorded in the quarter ended 30 September 2015.

5 Disaggregation of revenue

The table below provides a further breakdown of the revenue from continuing operations:

(£ millions)	Three months ended	
	30 June 2018	30 June 2017
Vehicles, parts and accessories	5,229	5,782
Other	254	248
Total revenue recognised at a point in time	5,483	6,030
Revenue recognised over time	11	7
Realised revenue hedges	(272)	(438)
Total revenue	5,222	5,599

6 Research and development

(£ millions)	Three months ended	
	30 June 2018	30 June 2017
Total research and development costs incurred	525	449
Research and development expensed	(99)	(94)
Development costs capitalised	426	355
Interest capitalised	24	22
Research and development expenditure credit	(29)	(22)
Total internally developed intangible additions	421	355

7 Finance income and expense

(£ millions)	Three months ended	
	30 June 2018	30 June 2017
Finance income	10	9
Total finance income	10	9
Total interest expense on financial liabilities measured at amortised cost	(47)	(39)
Interest income on derivatives designated as a fair value hedge of financial liabilities	2	
Unwind of discount on provisions	(6)	(5)
Interest capitalised	30	23
Total finance expense (net)	(21)	(21)

The capitalisation rate used to calculate borrowing costs eligible for capitalisation during the three months ended 30 June 2018 was 4.0% (three months ended 30 June 2017: 4.0%).

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****8 Allowances for trade and other receivables**

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

(£ millions)	Three months ended 30 June 2018	Year ended 31 March 2018
At beginning of period/year	50	60
Charged during the period/year	1	3
Utilised during the period/year	(1)	(4)
Unused amounts reversed during the period/year		(1)
Foreign currency translation	(3)	(8)
At end of period/year	47	50

9 Other financial assets

As at (£ millions)	30 June 2018	31 March 2018
Non-current		
Warranty reimbursement and other receivables	113	116
Restricted cash	5	6
Derivative financial instruments	177	286
Other	7	6
Total other non-current financial assets	302	414
Current		
Warranty reimbursement and other receivables	87	98
Restricted cash	4	12
Derivative financial instruments	261	264
Contract assets	38	35
Other	59	85
Total other current financial assets	449	494

10 Inventories

As at (£ millions)	30 June 2018	31 March 2018
Raw materials and consumables	122	93
Work-in-progress	348	335
Finished goods	3,613	3,339
Inventory basis adjustment (see note 2)	(31)	
Total inventories	4,052	3,767

11 Other current assets

As at (£ millions)	30 June 2018	31 March 2018
Recoverable VAT	392	329
Prepaid expenses	182	177
Research and development credit	114	114
Other		10
Total other current assets	688	630

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****12 Taxation****Recognised in the income statement**

The income tax for the three month period ended 30 June 2018 and 30 June 2017 is charged at the estimated effective tax rate expected to apply for the applicable financial year ends.

13 Capital expenditure

Capital expenditure in the three month period was £327 million (three month period to 30 June 2017: £526 million) on property, plant and equipment and £439 million (three month period to 30 June 2017: £371 million) was capitalised as intangible assets (excluding research and development expenditure credits). There were no impairments, material disposals or changes in use of assets.

14 Other financial liabilities

As at (£ millions)	30 June 2018	31 March 2018
Current		
Finance lease obligations	3	3
Interest accrued	51	32
Derivative financial instruments	681	668
Liability for vehicles sold under a repurchase arrangement	517	479
Other		7
Total current other financial liabilities	1,252	1,189
Non-current		
Finance lease obligations	16	16
Derivative financial instruments	335	257
Other	8	8
Total non-current other financial liabilities	359	281

15 Provisions

As at (£ millions)	30 June 2018	31 March 2018
Current		

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

Product warranty	626	613
Legal and product liability	126	119
Provision for residual risk	7	7
Provision for environmental liability	11	11
Other employee benefits obligations		8
Total current provisions	770	758
Non-current		
Product warranty	988	980
Legal and product liability	15	24
Provision for residual risk	32	28
Provision for environmental liability	16	16
Other employee benefits obligations	7	7
Total non-current provisions	1,058	1,055

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****15 Provisions (continued)**

(£ millions)	Product warranty	Legal and product liability	Residual risk	Environmental liability	Other employee benefits obligations	Total
Balance at 1 April 2018	1,593	143	35	27	15	1,813
Provision made during the period*	201	10	5	1	1	218
Provision used during the period	(186)	(13)	(1)	(1)	(8)	(209)
Unused amounts reversed in the period		(1)	(1)		(1)	(3)
Impact of discounting	6					6
Foreign currency translation		2	1			3
Balance at 30 June 2018	1,614	141	39	27	7	1,828

* Included in Provisions made during the period is £(3) million arising in connection with warranty arrangements with suppliers that are classified in Other financial assets .

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 and the vehicle purchased. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

Legal and product liability provision

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations. The timing of outflows will vary as and when claims are received and settled, which is not known with certainty.

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.

Other employee benefits obligations

This provision relates to the LTIP scheme for certain employees.

16 Other current liabilities

As at (£ millions)	30 June 2018	31 March 2018
Liabilities for advances received	37	40
Contract liabilities	273	244
VAT	132	195
Other taxes payable	99	43
Other	32	25
Total current other liabilities	573	547

Table of Contents

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

17 Interest bearing loans and borrowings

As at (£ millions)	30 June 2018	31 March 2018
Short-term borrowings		
Bank loans	200	155
Current portion of long-term EURO MTF listed debt	533	497
Total short-term borrowings	733	652
Long-term borrowings		
EURO MTF listed debt	3,162	3,060
Total long-term borrowings	3,162	3,060
Finance lease obligations	19	19
Total debt	3,914	3,731

18 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 35 to the annual consolidated financial statements for the year ended 31 March 2018.

The following tables show the carrying amounts and fair value of each category of financial assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values.

As at (£ millions)	30 June 2018		31 March 2018	
	Carrying value	Fair value	Carrying value	Fair value
Short-term deposits and other investments	1,498	1,498	2,031	2,031
Other financial assets - current	449	449	494	494
Other financial assets - non-current	302	302	414	414
Total financial assets	2,249	2,249	2,939	2,939
Short-term borrowings	733	736	652	655

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

Long-term borrowings	3,162	3,138	3,060	3,090
Other financial liabilities - current	1,252	1,252	1,189	1,189
Other financial liabilities - non-current	359	359	281	281
Total financial liabilities	5,506	5,485	5,182	5,215

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****19 Reserves**

The movement in reserves is as follows:

(£ millions)	Translation reserve	Hedging reserve	Cost of hedging reserve	Retained earnings	Total reserves
Balance at 1 April 2018 *Restated	(333)	(281)	(46)	8,968	8,308
Adjustment on initial application of IFRS 9 (net of tax)		(29)	2		(27)
Adjusted balance at 1 April 2018	(333)	(310)	(44)	8,968	8,281
Loss for the period				(211)	(211)
Remeasurement of defined benefit obligation				305	305
Loss on effective cash flow hedges		(539)			(539)
Gain/(loss) on effective cash flow hedges of inventory		33	(14)		19
Income tax related to items recognised in other comprehensive income		96	3	(55)	44
Cash flow hedges reclassified to profit and loss		268	2		270
Income tax related to items reclassified to profit or loss		(51)			(51)
Amounts removed from hedge reserve and recognised in inventory		(51)	5		(46)
Income tax related to amounts removed from hedge reserve and recognised in inventory		10	(1)		9
Currency translation differences	12				12
Dividend				(225)	(225)
Balance at 30 June 2018	(321)	(544)	(49)	8,782	7,868

(£ millions)	Translation reserve	Hedging reserve *Restated	Cost of hedging reserve *Restated	Retained earnings *Restated	Total reserves *Restated
Balance at 1 April 2017	(329)	(2,232)	(75)	7,549	4,913
Profit for the period				452	452
Remeasurement of defined benefit obligation				(119)	(119)
Gain on effective cash flow hedges		747	25		772
Income tax related to items recognised in other comprehensive income		(141)	(5)	19	(127)

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

Cash flow hedges reclassified to profit and loss		394	3		397
Income tax related to items reclassified to profit or loss		(75)			(75)
Currency translation differences	(2)				(2)
Dividend				(150)	(150)
Balance at 30 June 2017	(331)	(1,307)	(52)	7,751	6,061

* See note 2 for details of the restatement due to changes in accounting policies.

20 Dividends

During the three months ended 30 June 2018, an ordinary share dividend of £225 million was proposed and paid.

During the three months ended 30 June 2017, an ordinary share dividend of £150 million was declared. £60 million of this amount was paid in June 2017.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****21 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 scheme. The following table sets out the disclosure pertaining to employee benefits of the JLR Automotive Group plc which operate defined benefit pension schemes.

(£ millions)	Three months ended 30 June 2018	Year ended 31 March 2018
Change in defined benefit obligation		
Defined benefit obligation at beginning of the period	8,320	9,969
Current service cost	43	217
Past service credit		(437)
Interest expense	54	241
Actuarial losses arising from:		
- Changes in demographic assumptions		(210)
- Changes in financial assumptions	(383)	(353)
- Experience adjustments		(99)
Exchange differences on foreign schemes	1	(3)
Member contributions	1	4
Plan settlements		(21)
Benefits paid	(220)	(988)
Defined benefit obligation at end of period	7,816	8,320
Change in plan assets		
Fair value of plan assets at beginning of the period	7,882	8,508
Interest income	52	218
Remeasurement gain on the return of plan assets, excluding amounts included in interest income	(78)	(116)
Administrative expenses	(2)	(9)
Exchange differences on foreign schemes	1	(1)
Employer contributions	71	287
Member contributions	1	4
Plan settlements		(21)
Benefits paid	(220)	(988)
Fair value of scheme assets at end of period	7,707	7,882

Amount recognised in the consolidated balance sheet consist of

Present value of defined benefit obligations	(7,816)	(8,320)
Fair value of scheme assets	7,707	7,882
Net liability	(109)	(438)
Non-current liabilities	(109)	(438)

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

	Three months ended 30 June 2018	Year ended 31 March 2018
Discount rate	2.9%	2.7%
Expected rate of increase in benefit revaluation of covered employees	2.3%	2.3%
RPI Inflation rate	3.1%	3.1%

Table of Contents

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

21 Employee benefits (*continued*)

For the valuations at 30 June 2018 and 31 March 2018, the mortality assumptions used are the SAPS base table, in particular S2PxA tables and the Light table for members of the Jaguar Executive Pension Plan.

For the Jaguar Pension Plan, scaling factors of 113 per cent to 119 per cent have been used for male members and scaling factors of 102 per cent to 114 per cent have been used for female members.

For the Land Rover Pension Scheme, scaling factors of 108 per cent to 113 per cent have been used for male members and scaling factors of 102 per cent to 111 per cent have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 95 per cent has been used for male members and a scaling factor of 85 per cent has been used for female members.

There is an allowance for future improvements in line with the CMI (2017) projections and an allowance for long-term improvements of 1.25 per cent per annum.

Following consultation with employees, on 3 April 2017, the Group approved and communicated to its defined benefit schemes members that the defined benefit schemes rules were to be amended with effect from 6 April 2017. As a result, among other changes, future retirement benefits will be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement. As a result of the remeasurement of the schemes liabilities, a past service credit of £437 million arose and was recognised in the three month period ended 30 June 2017.

22 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 ongoing 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 disclosure in the consolidated financial statements but does not record a liability unless the loss becomes probable. Such potential losses may be of an uncertain timing and/or amount.

The following is a description of claims and contingencies where a potential loss is possible, but not probable. Management believes 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 £17 million (31 March 2018: £17 million) against the Group which management has not recognised, as settlement

is not considered probable. 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 cost of repair following the passenger safety airbag issue in the United States, China, Canada, Korea, Australia and Japan. The Group recognises that there is a potential risk of further recalls in the future; however, the Group is unable at this point in time to reliably estimate the amount and timing of any potential future costs associated with this warranty issue.

Other taxes and duties

Contingencies and commitments include tax contingent liabilities of £42 million (31 March 2018: £42 million). These mainly relate to tax audits and tax litigation claims.

Commitments

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of capital nature aggregating to £962 million (31 March 2018: £853 million) and £16 million (31 March 2018: £15 million) relating to the acquisition of intangible assets.

Commitments and contingencies also includes other contingent liabilities of £138 million (31 March 2018: £149 million). The timing of any outflow will vary as and when claims are received and settled, which is not known with certainty.

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****22 Commitments and contingencies (continued)**

Inventory of £nil (31 March 2018: £nil) and trade receivables with a carrying amount of £200 million (31 March 2018: £155

million) and property, plant and equipment with a carrying amount of £nil (31 March 2018: £nil) and restricted cash with a

carrying amount of £nil (31 March 2018: £nil) are pledged as collateral/security against the borrowings and commitments.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 30 June 2018. The outstanding commitment of CNY 625 million translates to £72 million at 30 June 2018 exchange rate.

The Group's share of capital commitments of its joint venture at 30 June 2018 is £131 million (31 March 2018: £159 million) and contingent liabilities of its joint venture 30 June 2018 is £1 million (31 March 2018: £1 million).

23 Capital management

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds, 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 and funding requirements are regularly monitored by the JLR plc Board to ensure sufficient liquidity is maintained by the Group. All debt issuance and capital distributions are approved by the JLR plc Board.

The following table summarises the capital of the Group:

As at (£ millions)	30 June 2018	31 March 2018 *Restated
Short-term debt	736	655
Long-term debt	3,178	3,076

Total debt*	3,914	3,731
Equity attributable to shareholders	9,536	9,976
Total capital	13,450	13,707

* See note 2 for details of the restatement due to changes in accounting policies.

* Total debt includes finance lease obligations of £19 million (31 March 2018: £19 million).

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****24 Notes to the consolidated cash flow statement****Reconciliation of (loss)/profit for the period to cash generated from operations**

(£ millions)	Three months ended	
	30 June 2018	30 June 2017
Cash flows used in operating activities		
(Loss)/profit for the period	(210)	452
Adjustments for:		
Depreciation and amortisation	549	450
Loss on sale of assets		3
Foreign exchange loss/(gain) and fair value adjustments on loans	53	(34)
Income tax (credit)/expense	(54)	119
Finance expense (net)	21	21
Finance income	(10)	(9)
Foreign exchange (gain)/loss on economic hedges of loans	(3)	15
Foreign exchange loss/(gain) on derivatives	10	(65)
Foreign exchange (gain)/loss on short term deposits	(49)	13
Foreign exchange (gain)/loss on cash and cash equivalents	(14)	19
Unrealised (gain)/loss on commodities	(1)	8
Share of profit from equity accounted investments	(30)	(77)
Fair value gain on equity investment	(1)	
Pension past service credit		(437)
Exceptional item		(1)
Other non-cash adjustments	1	
Cash flows generated from operating activities before changes in assets and liabilities	262	477
Trade receivables	430	96
Other financial assets	38	5
Other current assets	(56)	43
Inventories	(314)	(296)
Other non-current assets	(11)	(9)
Accounts payable	(1,088)	(488)
Other current liabilities	23	(67)
Other financial liabilities	32	16
Other non-current liabilities and retirement benefit obligations	(23)	17
Provisions	9	(50)

Cash used in operations	(698)	(256)
--------------------------------	--------------	--------------

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****24 Notes to the consolidated cash flow statement (continued)****Reconciliation of movements of liabilities to cash flows arising from financing activities**

(£ millions)	Short-term borrowings	Long-term borrowings	Finance lease obligations	Total
Balance at 1 April 2017	179	3,395	7	3,581
Proceeds from issue of financing	136			136
Repayment of financing	(147)		(1)	(148)
Foreign exchange	(9)	(7)		(16)
Long-term borrowings revaluation in hedge reserve		(52)		(52)
Balance at 30 June 2017	159	3,336	6	3,501
Balance at 1 April 2018	652	3,060	19	3,731
Proceeds from issue of financing	197			197
Repayment of financing	(163)		(1)	(164)
Foreign exchange	46	9		55
Interest accrued			1	1
Fee amortisation	1	1		2
Long-term borrowings revaluation in hedge reserve		84		84
Fair value adjustment on loans		8		8
Balance at 30 June 2018	733	3,162	19	3,914

Table of Contents**Notes (forming part of the condensed consolidated interim financial statements)****25 Related party transactions**

The Group's related parties include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited which includes Tata Motors Limited (the ultimate parent company), subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with these related parties in the ordinary course of business including transactions for the sale and purchase of products and services with its joint ventures and associates. 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. All related party transactions are conducted under normal terms of business. The amounts outstanding are unsecured and will be settled in cash.

	2018			2017		
	With Tata Sons Limited and its With subsidiaries, joint ventures and of the Group	With immediate or ultimate parent and its With subsidiaries, joint ventures and of the Group	With immediate or ultimate parent and its With subsidiaries, joint ventures and of the Group	With Tata Sons Limited and its With subsidiaries, joint ventures and of the Group	With immediate or ultimate parent and its With subsidiaries, joint ventures and of the Group	With immediate or ultimate parent and its With subsidiaries, joint ventures and of the Group
Three months ended 30 June (£ millions)						
Sale of products	144	1	21	162	1	15
Purchase of goods			49			25
Services received	102	1	32	40	44	28
Services rendered	31			25		
Trade and other receivables	86	2	34	92	1	34
Accounts payable	38		61	3	23	14
Interest paid			1			
Dividend received	22					90
Dividend paid			225			60
Compensation of key management personnel						

Three months ended 30 June (£ millions)	2018	2017
Key management personnel remuneration	3	3