TATA MOTORS LTD/FI
Form 6-K
September 12, 2018

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 September 2018

Commission File Number 001-32294

Tata Motors Limited

(Exact Name of Registrant as Specified in Its Charter)

Bombay House

24, Homi Mody Street

Mumbai 400 001, India

(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 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

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:

- deterioration in economic, political and social conditions in the United Kingdom and Europe, North America, China and other markets in which JLR operates and sells its products could have a significant adverse impact on its sales and results of operations;

- the impact of the United Kingdom s contemplated exit from the European Union on JLR s business, including potential changes in export volumes and customer behaviour, potential currency fluctuations, an uncertain regulatory climate and general macroeconomic instability;

- intensifying industry competition that could materially and adversely affect JLR s sales and results of operations;

new industry consolidation or alliances that allow JLR s competitors to make strategic cost savings;

the potential for new drive technologies being developed and the resulting effects on the automobile market;

delays or limited availability of key inputs and related cost increases as a result of accidents or natural disasters;

new, revised or stricter laws, regulations and government policies, including those specifically regarding the automotive industry, such as industrial licensing, environmental laws and regulations, safety regulations and the potential that JLR may not be able to comply with these regulations and requirements;

import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;

the implementation and success of competitive new products, designs and innovations, and changing consumer demand for the premium cars and all-terrain vehicles JLR sells;

the implementation and success of JLR s strategic priorities to grow its business;

future customer demand for premium performance cars and all-terrain vehicles;

the purchasing power of retail customers in the future and general consumer confidence for retail and corporate customers;

the availability and cost of consumer finance to JLR s customers and fluctuations in used car valuations;

future over-dependence on certain key markets increasing the risk of negative impact following adverse changes in consumer demand in those markets;

the implementation of new projects, including overseas joint ventures or automotive manufacturing facilities, and growth strategies, including cost-reduction efforts and entry into new markets and any potential mergers and acquisitions in the future;

JLR s operations could expose it to economic, political and other risks, including unexpected changes in regulatory and legal regimes, governmental investigations, political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics, labor strikes and other risks in the markets in which JLR operates and in emerging market countries in which it plan to expand;

under-performance of JLR s distribution channels may adversely affect its sales and results of operations;

disruptions to JLR s supply chains or shortages of essential raw materials that may adversely affect its production and results of operations;

increases in input prices that may have a material adverse impact on JLR s result of operations;

changes in requirements under long term supply arrangements committing JLR to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller, which could have a material adverse impact on JLR s financial condition or results of operations;

disruptions to JLR s manufacturing, design and engineering facilities and their operations;

credit and liquidity risks, including the seasonal effect of a substantial decrease in JLR s sales during certain quarters, and the terms on which JLR finances its working capital and capital and product development expenditures and investment requirements;

fluctuations in the currency exchange rate of JLR s revenues against those currencies in which it incur costs and its functional currency;

interest rate fluctuations, which may affect the cost of JLR s interest-bearing assets and liabilities;

potential product liability, warranties and recalls of the products JLR manufactures;

the protection and preservation of JLR s intellectual property;

the risks associated with joint ventures with third parties;

any future failure to implement and manage JLR s strategy;

any future requirement to impair the value of JLR s intangible assets in its financial statements;

potential labor unrest and the loss of one or more key personnel or the potential inability to attract and retain highly qualified employees;

pension obligations, which may prove more costly than currently anticipated, and the market value of assets in JLR s pension plans, which could decline;

JLR s potential inability to obtain insurance for certain risks under terms acceptable to it;

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cybersecurity and other information technology risks;

privacy requirements under the new General Data Protection Regulation regime that may result in substantial changes to JLR s IT environment and result in significant costs;

environmental, health and safety and other compliance requirements that may affect JLR s operating facilities;

the impact of climate change;

significant movements in the prices of key inputs such as steel, aluminium, rubber and plastics;

vulnerability to volatility in the price and availability of fuel, steel, aluminium and other commodities and the impact of climate change on the cost and availability of raw materials and components;

legal proceedings and governmental investigation, as well as adverse publicity connected with such proceedings and investigations;

increasing tax liabilities in the geographical markets where JLR operates;

failures and weaknesses in JLR s internal controls;

new and changing corporate governance and public disclosure requirements;

relations with JLR s shareholder; and

other factors beyond JLR s control.

Financial Statements and Other Financial Information

The audited consolidated financial information of Jaguar Land Rover Automotive plc and its subsidiaries (collectively JLR) included herein as at and for the fiscal years ended March 31, 2016, 2017 and 2018 have been prepared in accordance with IFRS. The financial figures for the year ended March 31, 2016 have been restated due to the change in accounting policy for presentation of foreign exchange gains and losses. The condensed consolidated interim financial statements, which are the unaudited condensed consolidated interim financial statements of JLR as at June 30, 2018 and for the three months ended June 30, 2018, have been prepared in accordance with IAS 34. Although the comparative financial information for the three months ended 30 June 2017 presented in JLR s unaudited condensed consolidated interim financial statements as at 30 June 2018 and for the three months ended 30 June 2018 have been restated to reflect the adoption of IFRS 9, the financial information for the three months ended 30 June 2017 presented in JLR s unaudited condensed consolidated interim financial statements as at 30 June 2017 and for the three months ended 30 June 2017 and the fiscal years ended March 31, 2016, 2017 and 2018 is presented on a non-restated basis. Starting April 1, 2018, JLR has implemented IFRS 9 and IFRS 15. No restatement has been made for the adoption of IFRS 15. 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 three months ended 30 June 2017. You should consult your own professional advisers for an understanding of the differences between IFRS 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 these financial statements to US GAAP and is therefore unable to identify or quantify the differences that may impact JLR s reported profits, financial position or cash flows were they to be reported under US GAAP.

JLR would not be able to capitalize product development costs if it were to prepare its financial statements in compliance with US GAAP. Under IFRS, research costs are charged to the income statement in the year in which they are incurred. Product development costs incurred on new vehicle platforms, engine, transmission and new products must, however, be capitalized and recognized as intangible assets when (i) feasibility has been established, (ii) technical, financial and other resources to complete the development have been committed 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. Interest costs incurred in connection with the relevant development are 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. JLR amortizes product development costs on a straight-line basis over the estimated useful life of the intangible assets. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment loss.

This Exhibit also includes unaudited condensed consolidated financial information for the twelve months ended 30 June 2018 for Jaguar Land Rover Automotive plc and its subsidiaries, which has been derived by aggregating the relevant results for the year ended 31 March 2018, as adjusted for IFRS 9, and the three months ended 30 June 2018, reported in accordance with IFRS 9, and subtracting the three months ended 30 June 2017, as adjusted for IFRS 9, to derive results for the twelve months ended 30 June 2018 as if IFRS 9 had been applied for the twelve month period ended 30 June 2018. The unaudited condensed consolidated financial information for the twelve months ended 30 June 2018 is not prepared in the ordinary course of JLR s financial reporting and has not been audited or reviewed. The unaudited condensed consolidated financial information for the twelve months ended 30 June, 2018 presented herein is not required by or presented in accordance with IFRS or any other generally accepted accounting principles.

The preparation of financial statements in conformity with IFRS requires JLR to use certain critical accounting estimates. It also requires its directors to exercise their judgment in the process of applying JLR s accounting policies.

The consolidated financial statements have been prepared based on the fiscal year and are presented in British pounds rounded to the nearest £1.0 million. The consolidated financial statements have been prepared under the historical cost convention modified for certain items carried at fair value, as stated in the accounting policies set out in the consolidated financial statements.

Internal Controls

Upon an evaluation of the effectiveness of the design and operation of JLR s internal controls over financial reporting conducted as part of our corporate governance and public reporting requirements, JLR concluded that there was a material weakness, such that its internal controls over financial reporting were not effective as at 31 March 2018. A material weakness, under the applicable auditing standards established by the Public Company Accounting Oversight Board (PCAOB), is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified with respect to the year ended 31 March 2018 related to privileged system access at one of JLR s third party logistics providers. JLR uses a third party service provider to manage logistics and finance with respect to Land Rover aftermarket parts. This service provider operates its own IT system, independent of JLR s IT systems and maintains the majority of financial transactions and records relating to aftermarket parts for Land Rover vehicles, which are then used for JLR s financial statements. Two default system accounts on the provider s IT system had privileged access rights, including the right to process transactions and make changes to data relied upon in the preparation of JLR s financial statements with respect to Land Rover aftermarket parts and were accessed during Fiscal 2018. Whilst no evidence exists to suggest these privileged accounts were used inappropriately, and they appear only to have been accessed by relevant IT personnel, JLR has been unable to obtain sufficient and appropriate evidence to confirm that access to these accounts was properly governed and restricted during Fiscal 2018. These accounts had access only to the provider s IT system and not to JLR s IT systems. However, given the pervasive nature of the access provided to these privileged accounts including, for instance, the potential to make changes to system configuration within the provider s IT system, it is not possible to rely on a number of reports generated by the provider s IT system with respect to data used for JLR s financial statement preparation. While the information given by the provider is subject to additional controls and review procedures operated by JLR, these procedures are largely dependent on the data coming from the provider s IT system. In particular, such a risk has the potential to affect recognition and measurement of revenue and the valuation accuracy of inventory in respect of Land Rover aftermarket parts.

JLR performs procedures such as independent checks over inventory, validation of cash allocation and settlement of sales transactions during the year. Due to the insufficient and appropriate evidence to confirm the restricted access, JLR performed additional procedures to ensure that there are no material misstatements in the financial statements as a result of this weakness. These included a review of physical security controls and the validation of inventory valuation cost against Jaguar Land Rover purchasing data. No material misstatements have been identified in the financial statements as a result of this weakness.

JLR also worked with the third party provider to undertake remedial measures to improve the evidence that supports the appropriate granting of the privileged access and reduce the risk of such an event occurring again. To supplement this, the third party provider has introduced a new daily automated detective control that would identify any instances where such privileged access is assigned. A review of other relevant third-party providers has not uncovered any similar issues.

Due to its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Non-IFRS Financial Measures

This Report includes references to certain non-IFRS measures, including EBITDA, EBIT, EBIT margin, free cash flow, net cash/(debt) and total product and other investment. EBITDA, EBIT, EBIT margin, free cash flow, net cash/(debt) and total 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 generated from/(used in) operating activities. EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalized interest), finance income, gains/losses on unrealized derivatives and debt, gains/losses on realized derivatives entered into for the purpose of hedging debt, share of profit/loss from equity accounted investments, depreciation and amortization. EBIT is defined as EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortization. EBIT margin is defined as EBIT divided by revenue. Free cash flow is defined as 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 also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents. Net cash/(debt) is defined as cash and cash equivalents plus short-term deposits less total balance sheet borrowings, which includes secured and unsecured borrowings and factoring facilities. Total product and other investment is defined as 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. This Report presents EBITDA, EBIT, EBIT margin, free cash flow, net cash/(debt), total product and other investment and related ratios for Jaguar Land Rover Automotive plc and its consolidated subsidiaries. EBITDA, EBIT, EBIT margin, free cash flow, net cash/(debt), total 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, EBIT, EBIT margin, free cash flow, net cash/(debt) and total 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. In addition, EBITDA, EBIT, EBIT margin, free cash flow, net cash/(debt) and total product and other investment, as JLR defines them, may not be comparable to other similarly titled measures used by other companies.

EBITDA, EBIT, EBIT margin and free cash flow have limitations as analytical tools, and should not be considered in isolation. Some of these limitations in respect of EBITDA, EBIT and EBIT margin include the following: (i) EBITDA, EBIT and EBIT margin do not reflect JLR s capital expenditures or capitalized product development costs, future requirements for capital expenditures or contractual commitments; (ii) EBITDA, EBIT and EBIT margin do not reflect changes in, or cash requirements for, JLR s working capital needs; (iii) EBITDA, EBIT and EBIT margin do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on JLR debt; (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements; and (v) EBITDA, EBIT and EBIT margin exclude the impact of exceptional items and one time reserves and charges.

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: September 11, 2018

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 (TML). Unless the context indicates otherwise, references to the following terms in this Exhibit have the meanings ascribed to them below:

Notes

2011 Notes	The 8.125% Senior Notes due 2021 issued May 19, 2011 and fully redeemed on May 16, 2016.
January 2013 Notes	The existing $500,000,000 5.625% Senior Notes due 2023 issued January 28, 2013.
December 2013 Notes	The existing $700,000,000 4.125% Senior Notes due 2018 issued December 17, 2013.
January 2014 Notes	The existing £400,000,000 5.000% Senior Notes due 2022 issued January 31, 2014.
October 2014 Notes	The existing $500,000,000 4.250% Senior Notes due 2019 issued October 31, 2014.
February 2015 Notes	The existing £400,000,000 3.875% Senior Notes due 2023 issued February 24, 2015.
March 2015 Notes	The existing $500,000,000 3.500% Senior Notes due 2020 issued March 6, 2015.
January 2017 Euro Notes	The existing 650,000,000 2.200% Senior Notes due 2024 issued January 17, 2017.
January 2017 Pound Notes	The existing £300,000,000 2.750% Senior Notes due 2021 issued January 24, 2017.
January 2017 Notes	The January 2017 Euro Notes and the January 2017 Pound Notes.
October 2017 Notes	The existing $500,000,000 4.500% Senior Notes due 2027 issued October 10, 2017.
Existing Notes	The January 2013 Notes, the December 2013 Notes, the January 2014 Notes, the October 2014 Notes, the February 2015 Notes, the March 2015 Notes, the January 2017 Euro Notes, the January 2017 Pound Notes and the October 2017 Notes.

Certain Other Terms

Board or board of directors	The board of directors of JLR.
Brexit	The exit of the United Kingdom from the European Union formally initiated by the United Kingdom government on March 29, 2017.
British pounds , GBP , pounds sterling , sterling , or £	Pounds sterling, the currency of the United Kingdom of Great Britain and Northern Ireland.
Chery	Chery Automobile Company Ltd.
China Joint Venture	Chery Jaguar Land Rover Automotive Co., Ltd., JLR s joint venture with Chery to develop, manufacture and sell certain Jaguar Land Rover vehicles and at least one own-branded vehicle in China.
Chinese yuan or CNY	Chinese yuan, the currency of the People s Republic of China.
EBIT	Defined as per EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
EBIT margin	Defined as EBIT divided by revenue.
EBITDA	Profit before income tax expense, exceptional items, pension past service credit, 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.
euro or	Euro, the currency of the member states of the European Union participating in the European Monetary Union.
Fiscal 2013	Year beginning April 1, 2012 and ended March 31, 2013.
Fiscal 2015	Year beginning April 1, 2014 and ended March 31, 2015.
Fiscal 2016	Year beginning April 1, 2015 and ended March 31, 2016.
Fiscal 2017	Year beginning April 1, 2016 and ended March 31, 2017.

Fiscal 2018	Year beginning April 1, 2017 and ending March 31, 2018.
Fiscal 2019	Year beginning April 1, 2018 and ending March 31, 2019.
Fiscal 2021	Year beginning April 1, 2020 and ending March 31, 2021.
Fiscal year	Year beginning April 1 and ending March 31 of the following year.
Ford	Ford Motor Company and its subsidiaries.
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.
IAS 11	International Accounting Standard (IAS 11) *Construction Contracts*.
IAS 17	International Accounting Standard (IAS 17) *Leases*.
IAS 18	International Accounting Standard (IAS 18) *Revenue*.
IAS 34	International Accounting Standard (IAS 34) *Interim Financial Reporting.*
IAS 36	International Accounting Standard (IAS 36) *Impairment of Assets.*
IAS 39	International Accounting Standard (IAS 39) *Financial Instruments: Recognition and Measurement*.
IASB	International Accounting Standards Board.
IFRIC 13	International Financial Reporting Interpretations (IFRIC 13) *Customer Loyalty Programs.*
IFRS	International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union.
IFRS 4	International Financial Reporting Standard 4 (IFRS 4) *Insurance Contracts*.
IFRS 9	International Financial Reporting Standard 9 (IFRS 9) *Financial Instruments*.

IFRS 15	International Financial Reporting Standard 15 (IFRS 15) *Revenue from Contracts with Customers*.
IFRS 16	International Financial Reporting 16 (IFRS 16) *Leases*.
IFRS 17	International Financial Reporting Standard 17 (IFRS 17) *Insurance Contracts*.
Jaguar Land Rover or JLR	Jaguar Land Rover Automotive plc and its subsidiaries (including any of their predecessors).
LIBOR	London Interbank Offered Rate.
National sales companies or NSCs	National sales companies for Jaguar Land Rover products, which are all wholly owned indirect subsidiaries of JLR.
Net cash/(debt)	Cash and cash equivalents plus short-term deposits less total balance sheet borrowings, which includes secured and unsecured borrowings and factoring facilities.
OCI	Other comprehensive income.
Overseas	The marketing region including Australia, Brazil, India, Japan, Russia, South Korea, South Africa, New Zealand, Sub-Saharan Africa importers, Latin America importers, Asia Pacific importers, Middle East and North Africa importers as well as all other minor markets. The volumes from Hong Kong and Taiwan have been included in Overseas since the beginning of Fiscal 2017.
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 its revenue, JLR considers retail volumes as the best indicator of consumer demand for its vehicles and the strength of its brands.
Revolving Credit Facility	The £1,935,000,000 unsecured syndicated revolving credit facility entered into in July 2015, as amended from time to time, and maturing in July 2022.
Russian rouble	Russian roubles, the currency of Russian Federation.

SEC	United States Securities and Exchange Commission.
Term Loan Facility	Has the meaning given to it in Recent Developments US$1.0 billion Term Loan Facility .
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments, and expensed research and development costs.
US dollars , US$ or $	US dollars, the currency of the United States of America.
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. JLR recognizes revenue on the sale of finished vehicles and parts (net of discounts, sales incentives, customer bonuses and rebates granted) when products are allocated to dealers and, in connection with sales to importers, when products are delivered to a carrier for export sales.
WLTP	Worldwide Harmonized Light Vehicle Test Procedure

I. Recent Developments

Dividend Policy

As previously announced JLR has adopted a dividend policy targeting an annual dividend payout rate to its shareholder of 25% of its profit after tax.

Product Development Costs Capitalisation Policy

Significant disruptions in the automotive industry necessitated a review and modification of JLR s product development costs capitalisation policy. In the future, JLR intends to capitalise approximately 70% of its product development costs, compared to a capitalization ratio of approximately 85% of its product development costs previously. JLR does not expect this adjustment to the capitalization policy to have any impact on its cash flow.

US$1.0 billion Term Loan Facility

JLR has recently received a commitment for an unsecured term loan facility in an aggregate principal amount of US$1.0 billion to be made available to JLR and guaranteed by Jaguar Land Rover Limited and Jaguar Land Rover Holdings Limited (the Term Loan Facility). The availability of the Term Loan Facility is subject to the satisfaction of certain customary conditions precedent, including agreement of full-form documentation. JLR expects the Term Loan Facility to be fully drawn in calendar year 2018. The Term Loan Facility is expected to mature in January 2025, with 20% of outstanding amounts repayable in October 2022 and the remainder repayable at maturity. The agreement governing the Term Loan Facility is expected to contain standard representations, warranties, conditions, undertakings and events of default that are generally consistent with prior capital markets debt issued by JLR.

Members of JLR s Board

On August 16, 2018, Ms. Hanne Sorensen was appointed as a non-executive director of JLR s Board of Directors.

Trading Update

Retail Volumes

Since the three months ended 30 June 2018, JLR has reported retail volumes for the two months ended 31 August 2018 as follows:

	Two months ended 31 August[1]			
	2017	**2018**	**Year-on-year Change**	
	(units)		**(%)**	
Global retail volumes (including sales from the China Joint Venture)	84,593	72,773	(11,820)	(14.0)%
Jaguar retail volumes:				
E-PACE[2]		5,286	5,286	n/a
F-PACE	10,560	7,311	(3,249)	(30.8)%
I-PACE[3]		363	363	n/a
XE	4,667	4,311	(356)	(7.6)%

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	Two months ended 31 August[1]			
	2017	2018	Year-on-year Change	
	(units)		(%)	
XF	5,755	3,950	(1,805)	(31.4)%
XJ	1,564	546	(1,018)	(65.1)%
F-TYPE	1,378	1,027	(351)	(25.5)%
Total	**23,924**	**22,794**	**(1,130)**	**(4.7)%**
Land Rover retail volumes:				
Range Rover	8,094	7,394	(700)	(8.6)%
Range Rover Velar	3,332	8,451	5,119	>99.0%
Range Rover Sport	11,030	10,096	(934)	(8.5)%
Range Rover Evoque	13,445	7,488	(5,957)	(44.3)%
Land Rover Discovery Sport	17,056	10,234	(6,822)	(40.0)%
Land Rover Discovery	7,711	6,316	(1,395)	(18.1)%
Defender[4]	1		(1)	n/a
Total	**60,669**	**49,979**	**(10,690)**	**(17.6)%**
Regional retail volumes:				
China	23,732	13,657	(10,075)	(42.5)%
Europe (excluding the United Kingdom and Russia)	17,352	14,448	(2,904)	(16.7)%
North America	20,726	20,019	(707)	(3.4)%
United Kingdom	9,653	9,627	(26)	(0.3)%
Overseas	13,130	15,022	1,892	14.4%
Total	**84,593**	**72,773**	**(11,820)**	**(14.0)%**
Retail volumes from JLR s China Joint Venture (included above)[5]	*13,799*	*8,037*	*(5,762)*	*(41.8)%*

(1) Derived by aggregating the relevant results for the months ended 31 July and 31 August 2017 and 2018, as applicable.
(2) The Jaguar E-PACE went on sale in certain markets in November 2017. It went on sale in August 2018 in China with vehicles produced at JLR s China Joint Venture.
(3) The all-new Jaguar I-PACE went on sale in June 2018.
(4) Production of the Land Rover Defender has been discontinued.
(5) The volumes from JLR s China Joint Venture are included.

Wholesale Volumes

Since the three months ended 30 June 2018, JLR has reported wholesale volumes for the two months ended 31 August 2018 as follows:

	Two months ended 31 August[1]			
	2017	2018	Year-on-year Change	
	(units)		(%)	
Global wholesale volumes (including sales from the China Joint Venture)	95,845	77,665	18,180	(19.0)%
Wholesale volumes from JLR s China Joint Venture (excluded above)	*13,831*			