

Jaguar-Owner Tata Motors Loses \$70m In 2Q

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MUMBAI, India (AP) — Tata Motors lost 3.3 billion rupees (\$67.2 million) in the April-June quarter, driven by a 52 percent drop in sales volumes at its Jaguar Land Rover subsidiary and the cost of servicing its debt, the company said Monday.

During the same period last year, Tata posted a profit of 7.2 billion rupees (\$147.2 million).

"With volumes down so much, it's really a challenge," Chief Executive Ravi Kant told reporters. "We are doing a lot of cost-reduction measures, but we need support from the market."

In July, the company reported stand-alone results. Without the burden of its June 2008 Jaguar Land Rover acquisition, Tata Motors, India's largest commercial vehicle maker, had a quarterly profit of 5.1 billion rupees (\$105.0 million).

Consolidated net sales for the quarter were 162.9 billion rupees (\$3.3 billion), up from 144.1 billion rupees (\$2.9 billion) in the same period last year.

The company has worked hard to manage its growing debt burden — now more than 350 billion rupees (\$7.1 billion) — most of it incurred to buy and operate Jaguar Land Rover. Tata Motors took out a \$3 billion bridge loan to buy the brand from Ford Motor Co. in June 2008, and has since had to pump in additional funds.

Last quarter, Tata Motors provided 50 million pounds (\$81.0 million) to fund Jaguar Land Rover's operating expenses, and is finalizing an additional 100 million pounds in loans from commercial banks, including Standard Chartered, Bank of Baroda, ING, Bank of Ireland subsidiary Burdale, and GE Capital, executives said Monday.

Earlier this month talks collapsed with the British government about serving as guarantor for a 340 million pound (\$554.7 million) loan from the European Investment Bank to fund research to develop more environmentally friendly cars at Jaguar Land Rover.

Tata Motors said at the time it was securing guarantees from commercial banks instead. Executives declined to name those banks or discuss how much cheaper a government-guaranteed loan might have been.

It has also secured funding from a group of 24 banks to roll over \$850 million of the bridge loan it took out in 2008. Top lenders include State Bank of India, Citigroup, Standard Chartered, and J.P. Morgan, executives said.

Earlier this month, ratings agency Standard & Poor's Ratings downgraded Tata Motors ratings because of high debt and the poor performance of Jaguar and Land Rover.

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