

Tata Motors Profit Doubles On JLR Sales

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MUMBAI, India (AP) — March quarter profits at India's Tata Motors more than doubled to 62.3 billion rupees (\$1.1 billion) on strong demand for Jaguar Land Rover vehicles, particularly in China, the company said Tuesday.

India's largest car maker says Jaguar Land Rover's global sales, especially of the Range Rover Evoque compact SUV, made up for falling profits in India's domestic vehicle market.

Consolidated revenues rose 44 percent for the March quarter, to 509.1 billion rupees (\$9.14 billion), ahead of expectations. A tax credit also boosted earnings. A FactSet survey of analysts forecast profit of 38.9 billion rupees on sales of 503.4 billion rupees.

The results mark a sea-change for India's largest car maker. Tata Motors' 2008 acquisition of Jaguar Land Rover for \$2.3 billion was greeted with skepticism by many analysts, who argued the company had paid too much for the ailing luxury brand.

Today, Jaguar Land Rover is driving sales growth, with waiting lists for vehicles in some places. Tata's core domestic vehicle business brought in just 9 percent of the company's overall profit.

Executives said they plan to spend pounds 2 billion (\$1.3 billion) on product development and capital expenditure at the Jaguar Land Rover subsidiary this fiscal year.

Jaguar Land Rover sales surged 51.5 percent during the quarter, to pounds 4.1 billion (\$2.6 billion).

"We are happy to have the freedom to spend," said Jaguar Land Rover chief executive Ralf Speth.

Speth said the company is still waiting for regulatory approval of its joint-venture factory in China, which he expects will become the No. 2 market for JLR sales this fiscal year. Europe is currently the leading market, followed by the U.K.

Executives said India's slowing industrial growth, weakening economy and rising fuel prices will continue to weigh on domestic demand.

India's state run oil companies recently hiked petrol prices to check the ballooning fiscal deficit. New Delhi has also been considering raising diesel prices, which the government controls. That could further dent demand for Tata vehicles, 70 percent of which run on diesel.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Standalone net profit at Tata Motors slipped to 5.65 billion rupees (\$101.4 million) from 5.73 billion rupees during the same quarter last year, hit by foreign exchange losses and a loss at its Spanish subsidiary. Standalone revenues grew 14.4 percent from the year-ago quarter, to 163.9 billion rupees (\$2.9 billion).

"All our engineers are working very hard to improve fuel efficiency," said managing director P. M. Telang. "This year we hope to do better clearly. How much better we can't say."

Source URL (retrieved on 08/22/2014 - 9:08pm):

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