Tata Motors Quarterly Profit Falls 50 Percent

Kay Johnson, Associated Press

MUMBAI, India (AP) — India's Tata Motors reported on Thursday a sharp drop of more than 50 percent in its quarterly net profit from the same period a year earlier.

Its net profit was 16.2 billion rupees ($302 million) in the September-December quarter, compared to 3.4 billion rupees for the same period the previous year, the automaker said.

Tata subsidiary Jaguar Land Rover saw its own quarterly profit fall 25 percent to 296 million pounds ($459 million).

The disappointing results were due to steep sales declines for Tata Motors Ltd.'s core business blamed on weak economic conditions in India and around the world, plus competitive pricing pressures.

Tata Motors' core business posted a quarterly loss of 4.5 billion rupees ($85 million), compared to a profit of 1.7 billion rupees the previous year. The loss was fueled by an 11.3 percent decline in unit sales.

Demand for vehicles in India has been hit by poor economic conditions, which hurt Tata's mainstay commercial vehicle sales especially hard, as well as by rising fuel and tax rates and high interest rates. Tata also has been spending on development of new models and marketing even as price pressures intensify in India's cost-conscious market.

The company said higher marketing and launch costs for a new line of Range Rover vehicles dragged down Jaguar Land Rover's profits, despite growth in sales volume driven by strong demand in China.

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