

Tata Motors' profit triples on JLR sales

NEW DELHI, INDIA: Tata Motors, India's top vehicle group, on Monday (10 February) reported a tripling of quarterly net profit in a sterling performance by British luxury brand Jaguar Land Rover (JLR), which offset dismal domestic sales.



Strong sales of Range Rover and Jaguar models have increased Tata's profits in the third quarter of the year. Image: Jaguar

Tata Motors, recovering from the apparent suicide of managing director Karl Slym who was driving the firm's attempted domestic turnaround, said consolidated net profit rose to 48.1bn rupees (US\$771m) in the three months to December from 16.3bn rupees a year earlier.

The company said that a strong performance comes on the back of strong demand, growth in volumes and favourable product mix.

JLR's profit more than doubled to £619m. JLR's sales have been propelled by the launch of the new Range Rover Sport, the new Range Rover and the Jaguar F-type.

Tata Motors has become heavily reliant on revenues from JLR, which it bought for US\$2.3bn from Ford in 2008 at the height of the global financial crisis.

The purchase, seen by many analysts at the time as a risky gamble, has paid off with the iconic luxury brands accounting for virtually all of Tata Motors' profit.

The vehicle company, which also makes the ultra-cheap Nano hatchback, announced that total revenue for the third financial quarter - including JLR - jumped 38.6% to 638.77bn rupees from a year earlier.

But sales of domestic-led commercial and passenger vehicles for the quarter fell 36% for the quarter to 1.32m units from a year earlier.

Revenue from Tata Motors' local operations slid from 106,3bn rupees to 77.7bn rupees.

However the domestic arm of Tata Motors swung to a profit of 12.5bn rupees in the third quarter from a loss of 4.6bn, lifted by a one-off gain.

Tata Motors blamed the slide in its Indian sales on a "prolonged slowdown in economic activity, weak consumer sentiments, subdued infrastructure activity, tight financing environment with high interest rates".

India's economy has been growing at a rate of just 4.5%, about half the annual pace it experienced during earlier boom times.

Source: AFP via I-Net Bridge

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