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Tata's Jaguar Land Rover Asks Ford for More Engines (Update2)
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(Updates with record price in Mumbai in 11th paragraph.)

By Vipin V. Nair and Siddharth Philip

Aug. 11 (Bloomberg) -- Jaguar Land Rover, the maker of the \$80,000 XF sedan, is working with Ford Motor Co. to increase supplies of engines after a larger-than-expected jump in sales left it facing a shortage.

Tata Motors Ltd., the owner of the U.K.-based luxury brands, has bought "considerably more" engines than projected from Ford, Vice Chairman Ravi Kant said in Mumbai yesterday.

Ford is doing everything it can to help deliver engines, said Ralf Speth, chief executive officer of Jaguar Land Rover.

Sales of Jaguar cars and Land Rover sport-utility vehicles surged 59 percent in the last quarter, helped by a revival in demand for luxury vehicles that also caused Bayerische Motoren Werke AG and Daimler AG to raise their profit forecasts. Tata Chief Executive Officer Carl-Peter Forster intends to open factories in China and India to woo an increasing number of wealthy people in Asia's two fastest growing major economies.

"It's a very positive turnaround," said Deepesh Rathore, managing director of IHS global Insight India. "The return of demand to the luxury-vehicle segment has been stronger than what people had anticipated."

Mark Truby, a spokesman for Ford, declined to comment.

"Strong Demand"

Jaguar Land Rover, which Tata bought from Ford in 2008 for \$2.5 billion, sold 57,153 vehicles in the last quarter compared with 35,947 a year earlier, Tata Motors said in a statement in Mumbai yesterday. Demand "continues to be strong" and the company is talking to suppliers about meeting its requirements, Jaguar Land Rover said in an e-mailed statement.

"We could produce more if we have engines," Forster said in Mumbai yesterday. The former European head of General Motors Co. joined Tata Motors earlier this year. The automaker also plans to develop new types of engines on its own.

Tata Motors can purchase engines for Jaguar cars and Land Rover SUVs from Ford until 2019, according to the terms of the takeover, Debasis Ray, a spokesman for the Indian truckmaker, said in an interview.

Tata Motors climbed as much as 6.3 percent to 1,017.8 rupees in Mumbai, the highest level since at least January 1991, according to data compiled by Bloomberg. The stock changed hands at 1,005.35 rupees at 9:30 a.m. The shares have gained 27 percent this year, the second-best performance in the benchmark Sensex Index, which has advanced 4.4 percent.

American depositary receipts of Tata climbed in New York composite trading to a record \$20.67. That's the highest since the company began trading in the U.S. in September 2004, according to data compiled by Bloomberg.

Tata Profit

The increased demand helped Tata Motors report a first- quarter net income of 19.9 billion rupees (\$430 million) in the three months ended June, compared with a loss of 3.3 billion rupees a year earlier.

Jaguar Land Rover posted net income of 221 million pounds (\$348 million) in the quarter, compared with a year-ago loss of 64 million pounds, Chief Financial Officer C. Ramakrishnan told reporters in Mumbai yesterday.

The carmaker intends to revamp Jaguar's range by adding a station wagon, a new roadster and an entry-level model. The company aims to hire more than 1,000 more workers in the medium term, Speth said.

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