TATA Motors to tighten management grip on JLR - Report

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BS reported that having secured the much needed funds for Jaguar Land Rover without the UK government help, TATAs are now tightening their management control on the car maker but are unhappy over the way their request for help was handled by the UK authorities.

A report in the Sunday Times quoted one industry source as saying that “TATA feels that it has not been well treated. It is one of the biggest inward investors in the UK and yet it has been made to feel like a company that would take the money and run.”

The report said that “TATA executives are understood still to be fuming at how the government handled their request for assistance when the credit crunch and recession triggered a collapse in sales.”

In the midst of global economic crisis, Jaguar Land Rover was also hit hard on its sales and consequently started looking for funds to support the car maker, leading to Tatas seeking UK government’s help in terms of a loan guarantee.

After months of negotiations, during which Tatas are said to have made clear that it did not want any bailout but only a loan guarantee from the UK government, TATA Motors said that it has arranged for the required funds on its own.

TATA Motors in a statement on August 11 said that “With the positive trend in the external environment in financial markets and improvement in general liquidity, these arrangements (the funding requirements for Jaguar Land Rover) have been and are expected to be concluded without necessitating guarantees from the UK government, for which discussions had been ongoing for some time.”

The Sunday Times report said TATA Motors was now set to take tighter management control of Jaguar Land Rover after withdrawing from talks over the government support. It added that “TATA Motors is understood to have brought in senior executives to work alongside JLR’s team to improve cash management and bring down the company’s break-even point.”

The report said that “They will be helped by consultants from KPMG and Roland Berger, the German consulting group that specializes in the automotive industry. Sources close to TATA say that JLR’s research and development program and its plans for new models, including a new sports car and small Land Rover, will not be cut.”

(Sourced from Business Standards)

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