TaMo Q1 net loss widens 11% to ₹4,951 crore

Automaker suffers due to spike in commodity costs and loss in production

OUR BUREAU
Mumbai, July 27

Net loss of Tata Motors widened in the June quarter at the consolidated level due to a steep rise in commodity costs and loss in production due to shortage of semiconductors.

The Mumbai-headquartered company — owner of British brands Jaguar and Land Rover — clocked 11.25 per cent increase in net loss to ₹4,951 crore during the June quarter against ₹4,450 crore clocked in the same quarter last year.

Deferred tax assets

Despite a loss, a tax charge of ₹1,098.06 crore was incurred at Jaguar Land Rover as a result of inability to recognise UK deferred tax assets. Consolidated revenue from operations increased by 8.68 per cent to ₹71,228 crore against ₹65,535 crore posted in the same quarter last year.

Jaguar Land Rover volumes were constrained by ongoing semiconductor shortages, slower than expected new Range Rover and Range Rover Sport ramp-up and China's Covid-19 lockdowns.

Retail volumes flat

Retail volumes of the two brands were flat in the June quarter when compared with the March quarter, while wholesales was down by 6 per cent quarter-on-quarter due to production constraints. The company claimed to have an order bank of 2,00,000 units for the two brands.

Tata Motors clarified that its enhanced engagement including partnership agreements with key suppliers is improving visibility of chip supply. It expects the ramp-up to improve in the September quarter with the build rate for new Range Rover already double. The company is expecting 90,000 wholesales in the September quarter.

The company expects a strong revival in demand and chip supply to improve from the second quarter

Cost inflation

PB Balaji, CFO, Tata Motors, said, "Demand is expected to remain strong; chip supply is expected to improve from Q2. Cooling commodity costs will improve margins. We aim to deliver strong cash flows from Q2 onwards."

Tata Motors is working to de-bottleneck supply constraints at JLR. It is aiming to effect price hikes and refocus actions to recover cost inflation to achieve 5 per cent EBIT margin and £-1 billion positive free cash flows in FY23.

At the stand-alone level, Tata Motors has already announced a capital expenditure of around ₹6,000 crore for FY23. The company's commercial vehicle business recorded a growth of 104 per cent in wholesale volumes during the June quarter on the back of increased activity in road construction, mining and growth in agriculture and e-commerce.

The growth in passenger vehicle business remained an outlier compared to the rest of the industry. Tata Motors' wholesale volumes more than doubled during the June quarter.

Balaji also mentioned that there has been no effect on demand for its electric vehicle range offered in India following the fire incident some weeks ago involving a Tata Nexon EV. "The DRDO has completed its probe. All data and discussion have been completed and reports have been filed by them. We are waiting for the experts to place their opinion on that. It has not had any impact on our sales and order book," Balaji added.