Tata Motors' Q3 net dragged down by slow India sales

Aroosa Ahmed
Mumbai

Hit by a fall in domestic demand, Tata Motors reported a sharp 22 per cent decline in its Q3 consolidated net profit, and revenue rose a tepid 2.7 per cent mainly due to its subsidiary Jaguar Land Rover, which is seeing weakness in demand in China.

Subdued domestic demand weighed on the company, whose standalone revenue dropped 8.8 per cent while profit plunged 69 per cent in the quarter. Passenger vehicle volumes grew 1.1 per cent at 1,40,000 units, lagging industry growth of 4.5 per cent while the commercial vehicle volumes saw a 1 per cent decline.

"The overall demand in Q3 is not as expected. The festive season was healthy but after that, demand was impacted. Tight liquidity is one of the factors. However, we expect underlying domestic demand to improve gradually on account of infrastructure spending, product launches and stable interest rates," said PB Balaji, Group Chief Financial Officer, on a media call.

Consolidated EBITDA margin shrank to 13.7 per cent from 14.3 per cent year ago. It reported a cash flow of ₹4,700 crore in the quarter and net automotive debt reduced to ₹19,200 crore.

In the near term, the company expects the passenger industry to report moderate growth in FY25 with strong growth in the SUV segment and emission-friendly power trains, while the CV industry will see a demand uptick in Q4 FY25. On JLR, the company mentioned, with a challenging economic backdrop, it will remain watchful of the demand situation in China and globally.

Bumpy ride

(in ₹ cr)

	Dec qtr 2024	Dec qtr 2023	%	Sept qtr 2024	%
Profit & Loss	5,451	7,025	- 22.00	3,343	63.00
Revenue	1,13,575	1,10,577	2.71	1,01,450	11.95

PASSENGER VEHICLES

Passenger vehicles during the quarter saw a 7.8 per cent EBIT margin owing to cost reductions and incentives more than offsetting adverse realisation. The PV inventory was reduced to less than 30 days during the quarter.

"In Q3 FY25, we recorded wholesales of 1,40,000 units (1.1 per cent growth over Q3 FY24) and retail sales growth of 6 per cent over Q3FY24. This has allowed us to sharply reduce our channel inventory ahead of Q4 FY25," said Shailesh Chandra, Managing Director of TMPV and TPEM.

Tata Motors' EV market share stood at 61 per cent while the penetration was at 11 per cent and CNG penetration was at 24 per cent in YTD FY25. The CV business saw a marginal drop in domestic wholesales with 91,100 units in Q3 against 91,900 units in Q3FY24.

Tata Motors' marquee brand Jaguar and Land Rover saw volumes up 3 per cent sequentially and a fifth on year. A breakdown of the sales number across brands showed that Range Rover, Range Rover Sport and Defender accounted for 70 per cent of total wholesales. Demand was brisk in the UK, North America and Europe but was offset by demand weakness in China.

JLR's revenue edged up 1.5 per cent at £7.5 billion with an EBITDA margin of 14.2 per cent. It reported a cash balance of £3.5 billion. The revenue was up by 1.5 per cent a £7.5 billion.