

India's Tata Motors in the red over chip shortages

January 31 2022



Retail sales at Tata Motors' British subsidiary Jaguar Land Rover fell 38 percent year-on-year, hit by chip shortages.

India's Tata Motors, the owners of the Jaguar and Land Rover brands, reported a fourth consecutive quarterly loss Monday, weighed down by higher commodity prices and the global chip shortage.

Microchips are a key component in car manufacturing but automakers around the world have been hamstrung by limited supplies due to semiconductor production cuts during the pandemic.

The Mumbai-headquartered firm reported a net loss of 15.2 billion rupees (\$203 million) in the three months to December 31, it said in a statement, compared to a net profit of 29.1 billion rupees a year earlier.

"The auto industry continued to witness rising demand in most segments even as the supply of semiconductors remained restricted resulting in adverse impact on production," Tata Motors' executive director Girish Wagh said in a statement.

"The semiconductor supply situation is improving gradually whilst inflation worries persist," the company added.

Operational revenue slipped 4.5 percent to 722.3 billion (\$9.7 billion) from a year earlier.

Retail sales for Tata Motors' British subsidiary, Britain's biggest carmaker Jaguar Land Rover, were "significantly constrained by chip shortages and low inventories" and fell 37.6 percent year-on-year.

But the company's India business saw revenue rise by 43.3 percent on the corresponding period, with sales up across all vehicle segments.

Its electric-vehicle arm reported a new quarterly sales high of 5,592 cars.

Shares in Tata Motors closed 4.04 percent higher at the end of Monday's trade in Mumbai ahead of the earnings announcement.

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