

Business segments

TATA MOTORS FINANCE

We are one of India's leading automotive financiers offering commercial and passenger vehicle loan services. We are dedicated to promoting and sustaining the Tata Motors ecosystem of dealers and vendors by extending short-term and long-term loan facilities.



We have a strong footprint across India and operate through our 350+ branch networks, in addition to Tata Motors dealers' sales outlets.

Won the 'Excellence in Commercial Vehicle Financing' Award at the Elets 4th NBFC100 Leaders of Excellence Awards and Summit

Strategic overview

We are focusing on improving Return on Assets (RoA) through the following strategies:

- | Growing a diversified book without compromising on quality
- | Implementing risk-based pricing and adjusting product mix to drive yield expansion
- | Employing targeted collection strategies to reduce credit costs while controlling gross non-performing assets (GNPA)
- | Tightly managing other operating costs while expanding reach

NIM expansion

We are working to expand our net interest margin (NIM) by enhancing the portfolio's overall yield. This includes improving the mix of products and customer segments, implementing better risk-based pricing with emphasis on increasing cross-sell business and fee income thereon by leveraging on existing network, combined with efficient borrowing mix and book assignment to result in improved net margins for the Company.

Controlling credit cost: Robust credit assessment mechanisms using market intelligence and data-driven decisioning systems have been implemented to evaluate the creditworthiness of borrowers. Concentrated efforts on collection

using optimal channels and close monitoring of early delinquency have been implemented to better collection efficiency. This, coupled with necessary legal intervention and mindful settlements, have started lowering credit cost for our Company.

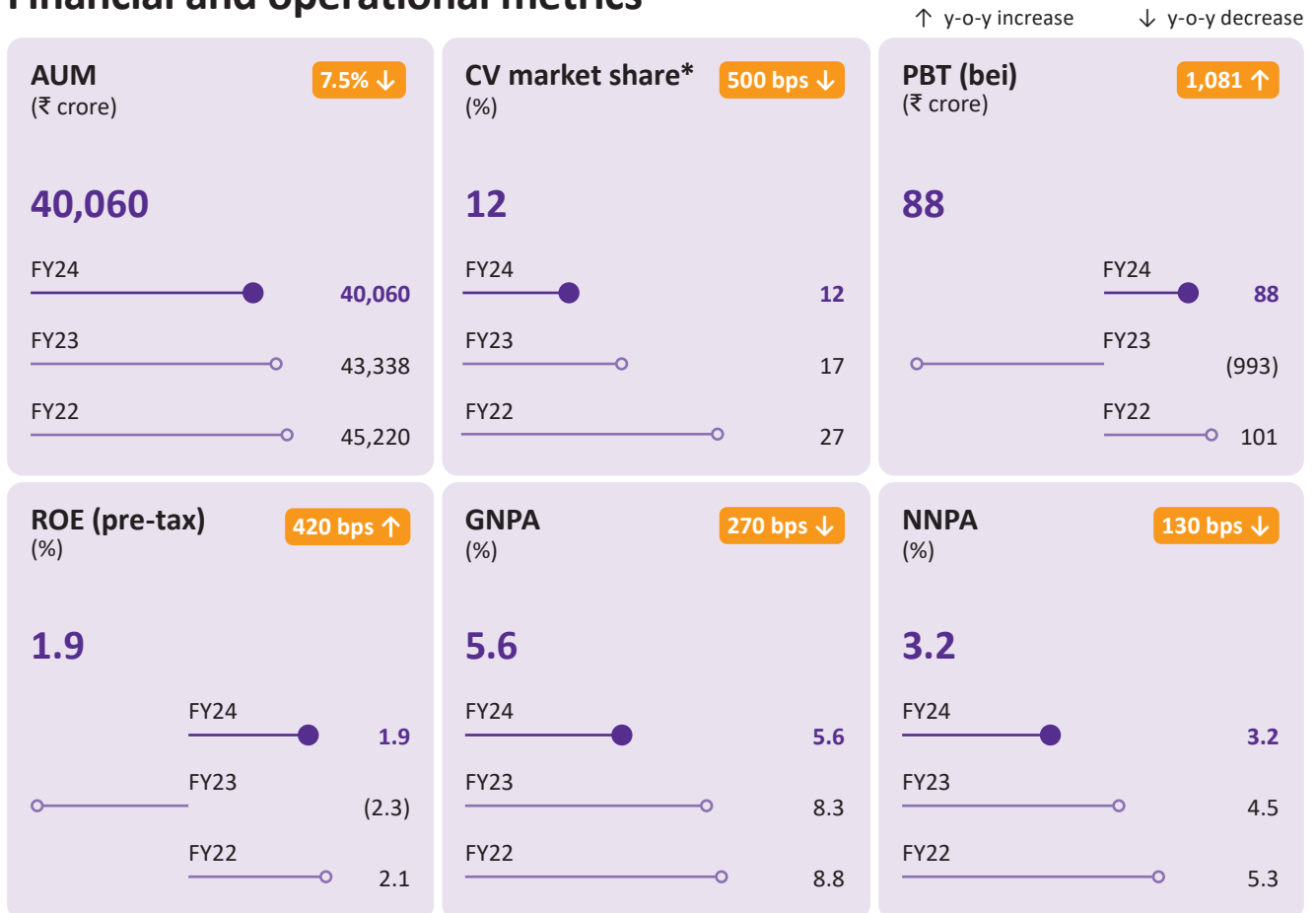
Cost control

We are implementing technology and digital initiatives to increase operational efficiency, improve customer experience, and gain better control over processes, aiming to reduce turnaround time (TAT) and boost overall productivity. Specific cost-reduction initiatives are also being implemented to control costs and increase profitability and returns.

Performance review

The year 2023-24 marked a significant turning point, with steps taken from the 4th quarter of previous year towards sourcing and growing quality book yielding the desired results. Prudent sourcing and focused collection efforts have led to improved portfolio quality. Healthy early delinquency and roll-forward rates delivered a sequential reduction in GNPA in all the quarters. With credit losses trending down and book diversification at play, our Company has begun to build back Assets Under Management (AUM) prudently.

Financial and operational metrics



* Share of total CV sales of TML

Segment outlook

Growth for NBFCs is seen at 16% to 18% in the coming fiscal. Focus is on diversified growth driven by strong consumption-led demand in retail loans. Healthy early bucket delinquencies indicate stable asset quality across segments. NBFC balance sheets are adequately propped up with capital and asset provision coverage. Cost of funding, however, remains a concern with inflation persisting globally with many central banks holding back on cutting rates. The impact of recent regulatory measures in India on the pace of bank lending to NBFCs is also to be observed.

