

Tata Motors Finance

Proactively providing creative solutions to customers while minimising portfolio risk

AUM (₹ in crore)		CV market share (%)		PBT (₹ in crore)	
▲ 5.6% growth		▼ 600 bps		▼ 62% Y-o-Y	
FY22	45,220	FY22	27	FY22	101
FY21	42,810	FY21	33	FY21	266
FY20	36,882	FY20	31	FY20	149

ROE (pre-tax) (%)		GNPA (%)		NNPA (%)	
▼ 710 bps		▲ 380 bps		▲ 180 bps	
FY22	2.1	FY22	8.8	FY22	5.4
FY21	9.2	FY21	5.0	FY21	3.6
FY20	8.0	FY20	5.3	FY20	4.6

Performance overview

During FY22, Disbursals grew y-o-y by 23.5% to ₹16,797 crore on the back of uptick in CV sales. The continued stress in MSME portfolio impacted GNPA during most part of FY22. However, strong collections in Q4 (100.2%) led to GNPA reducing from 10.4% in Q3 to 8.8% in Q4.

Tata Motors Finance continued its asset-light journey and completed ~₹6,300 crores of assignment and co-sourcing during the year. Tata Motors Finance also focused on cost reduction measures and its cost to income ratio remained low at 33% (39% in FY21).

Operating environment

Meeting regulatory norms

The NBFC sector is witnessing a slew of regulatory changes over past few years, especially post ILFS crisis. The RBI, on October 22, 2021, revised the regulatory framework for NBFCs. These guidelines shall be effective from October 1, 2022. While the detailed provisions are to be notified, TMF Group is likely to fall in upper NBFC category and regulations would broadly cover following aspects- the regulations broadly cover following aspects – Common Equity Tier I capital at 9% within Tier I capital; Board approved policy on Internal Capital Adequacy Assessment Process, leveraging requirement to ensure that growth is supported by adequate capital, holding differential provisioning towards different classes of standard assets, mandatory listing within three years.

The RBI, to strengthen the supervisory tools applicable to NBFCs, has put in place Prompt Corrective Action (PCA) Framework, from April 1, 2022. The RBI has

prescribed risk threshold with indicators mainly being capital ratios in terms of CRAR and Tier 1 ratio and asset solvency ratio in terms of net non-performing assets. RBI has also prescribed mandatory and discretionary actions for all of the risk threshold, stricter action being for higher risk threshold. Mandatory actions include various restrictions like on dividend distribution/ remittance of profits, on branch expansions, on capital expenditures and on variable operating expenses. Discretionary action includes special supervisory actions related to strategy, governance, capital, various type of risk, business, operation and profitability.

Tata Motors Finance group has been compliant with the new RBI Prompt Correction Action (PCA) norms and its liquidity and capital adequacy ratios are comfortable. Tata Motors Finance is also taking steps to reduce GNPA/NNPA aggressively and recalibrate its collection strategy and organisation to embrace new norms.

Focus areas FY23

- Maintain ~30% market share
- Expand NIMs: Increase Used Vehicles lending and fee-based income streams
- Accelerate digital transformation of the business; Create digitally-enabled ROA accretive new income streams
- Target near double-digit ROEs

