

Tata Capital Limited

Results: H1 FY 2023 - 24



Our Purpose

Responsible financial partner
fulfilling India's aspirations

Our Purpose Pillars

1

Lead with Trust

We respect and reinforce the trust that is placed in us. **We are the partner the country can rely on**

2

Better Together

We actively collaborate with customers, partners, employees, group companies, communities; **their success is our success**

3

Future ready

We innovate and leverage technology to anticipate, serve and shape future needs; **setting the path for others to follow**

4

Faster forward

We bring speed and simplicity; **accelerating the pace at which the future becomes the present**

5

Capital & More

We serve the customer through the life-cycle of needs; **We are facilitators and counsellors in helping customers achieve their dreams**

6

Delivering Delight

We go above and beyond to care and make people happy; **We deliver delight to all stakeholders**

Our Vision



**To be a leading organization on Growth, Shareholder Returns,
Customer Experience and be an Employer of Choice**

Tata Capital:

Flagship Financial Services Company of the Tata Group



INR 1,35,521 Cr

Loan book

76%

Secured book

3.8 Mn

Customers

600+

Branches as on date



Profitable since inception

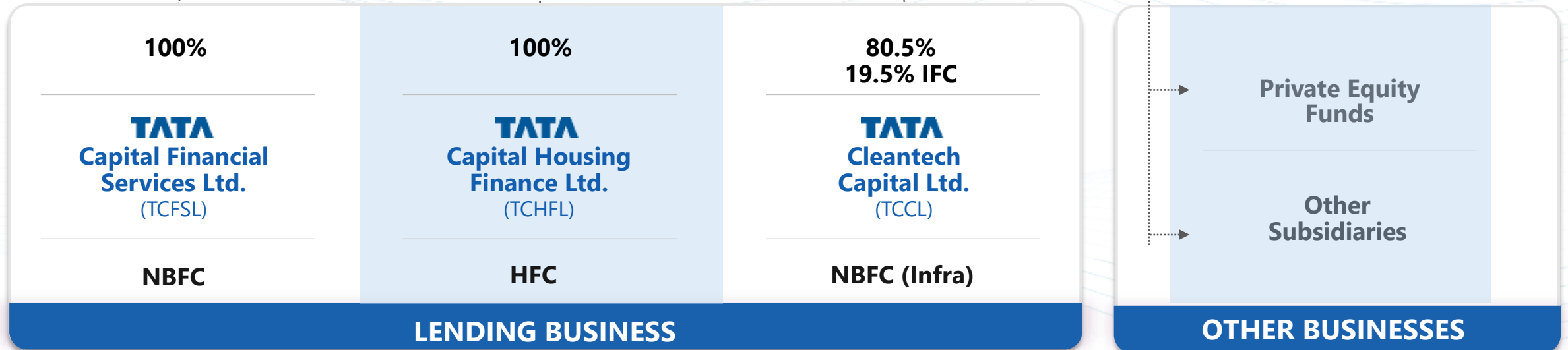


Rated AAA by Crisil, ICRA, India Ratings

Corporate Structure



TATA CAPITAL
Count on us



Note: On 28th Mar 2023, the Board of Directors have approved the merger by way of a Scheme of Arrangement of TCFSL and TCCL with Tata Capital. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approvals from the NCLT and other regulators; During the quarter, the RBI and Stock Exchange(s) (NSE & BSE) have accorded their 'No-Objection' for the Scheme and necessary application has been filed with the NCLT for approval of the Scheme.

Our Brand Promise

Why Count On Us?

Customer centric

Research indicated that *"delivering on promises"* is a key factor for customers to choose a financial services provider.

Relevant to our evolved Purpose and values

Consolidates internal efforts and drives customer expectations

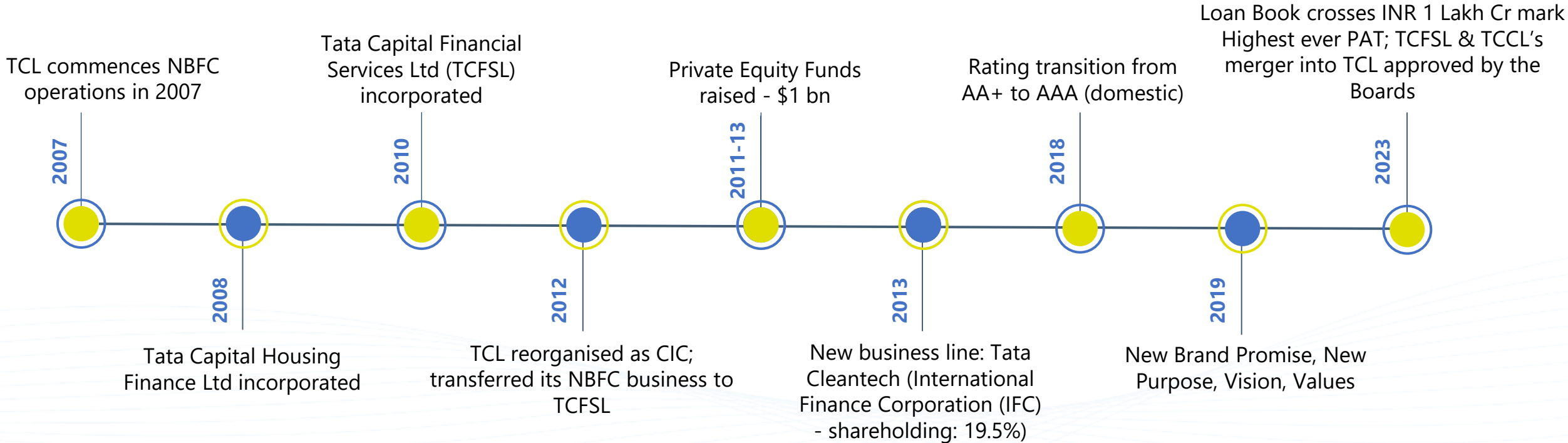
Exudes the image of an assertive, modern brand with empathy

Key Brand Personality Attributes

COUNT ON US

As one of the largest financial companies in the country, **Tata Capital is here to enable a billion dreams come true.** We exist to be the driving force of purpose - to fuel the ambitions that propel the world's largest democracy forward.

Major milestones in the **Tata Capital** journey



1st amongst the peer group to get AAA rating from all leading rating agencies



“Great place to work” certified

Diversified NBFC serving customers across spectrum

Retail



Housing

- Home loan
- Affordable Housing Loan
- Loan against property

Unsecured consumer

- Personal loan
- Business loan
- Micro Loans
- Consumer durables

Auto finance

- Used car
- Two-Wheeler
- Construction Equipment
- Commercial Vehicle

Secured consumer

- Loan against securities
- Equipment finance
- Leasing

SME



- Channel Finance
- Invoice Discounting
- Factoring
- Term Loans
- Working Capital Loans

Corporate



- Term loans
- Structured finance & syndication
- Construction Finance

Distribution, Advisory & Investing Business



Distribution

Insurance
& Credit Cards



Wealth Management

Wealth management
services & distribution



Moneyfy

Digital financial
planning platform



Private Equity

Growth Fund,
Healthcare Fund

... with a deep focus on **Retail & SME loans**



**Mortgage
Loans**

INR 44,705 Cr



**Unsecured
Loans**

INR 18,794 Cr



**Auto
Loans**

INR 18,261 Cr



**SME
Loans**

INR 30,555 Cr



Other Retail Loans

INR 7,054 Cr

Mortgage Loans



Mortgage loans include Home Loans, Affordable Housing Finance & Loan against property



Serving the underserved with increased focus on Affordable Home Loans and Home Loans to priority sector through widespread reach with focus on Tier-2 and beyond locations



Growing steadily through phygital model with a mix of increasing digital sales, number of partnerships as well as expanding branch network



Deep impetus on digital sourcing reducing TAT, increasing reach and lowering cost of acquisition; Efficient use of analytics aiding in cross-sell and synergy

50%

Mortgage loans contribution to retail book

28 Lacs

Avg. Ticket Size of Home Loan

62%

Avg. LTV for Home Loan

46%

Avg. LTV for Loan against property

Unsecured Loans



Unsecured **retail loans** include Personal Loans and Business Loans targeted at individuals and small businesses



Focused growth through organic digital business by building DIY journeys and diversified digital sourcing



Utilizing Data Analytics to deep mine existing customer base – increasing share of Direct business with effective cross sell and up sell



Leveraging the KYC Stack and business rule engines to ensure swift decisioning and loan processing

14%

Unsecured retail loans contribution to total book

4.7x

Y-o-Y growth in digital unsecured loans disbursements

3.1 Lacs

Avg Ticket Size of Personal Loans

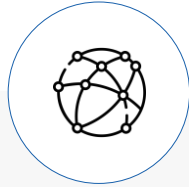
63%

Personal Loans disbursed digitally

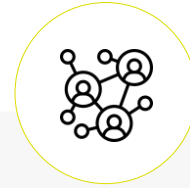
Auto Loans



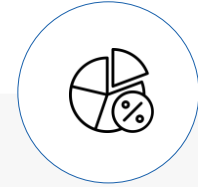
Auto loans include Two-Wheeler, Used car, Construction Equipment ('CEQ'), Commercial Vehicle (CV) loans and Loans to Auto Dealers



Growing business through expansion of dealer network and increasing digital presence; Preferred financier for multiple Two-Wheeler OEMs & used car platforms



Large network of channel partners & multi-location presence aiding growth of CV/CEQ loans



Amongst the lowest delinquency levels in industry for Two-wheeler and Used car loans

21%

Auto loans contribution to retail book

1 Lac

Avg Ticket Size of Two-Wheeler Loans

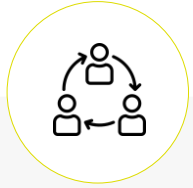
6.8 Lacs

Avg Ticket Size of Used Car Loan

100%

Two-Wheeler loan cases decided via scorecards

SME Loans



SME Offerings consists of loans given to SME customers sourced through direct channels and ecosystem of Corporates



Loans are extended for capital expenditure and working capital requirements across industry segments.

Working Capital Offerings in the form of Channel Finance, Vendor Finance, Factoring



Seamless customer experience through ease of documentation and extensive use of our own SME Digital Platforms enabling customer servicing across India



1st amongst peers to start offering Factoring as an alternative Working Capital solution

#1

in Channel Finance among non-banks

~2.4Cr

Avg Ticket Size of Supply Chain Fin

92%

Channel Finance disbursed digitally

66%

Channel Finance customers served digitally

Financial Performance

(Consolidated)

Key takeaways [1/2]



Recorded strong growth of 35% Y-o-Y in disbursements during H1 FY24; Retail portfolio grew by 41% Y-o-Y over the same period



Loan book grew by 32% Y-o-Y to INR 1,35,521 Cr; up by 6% Q-o-Q on a quarterly basis. Over the past 12 months, loan book incrementally grew by INR 32,949 Cr



Loan book continues to remain granular, with Retail + SME book contributing in excess of 85%



NIM + Other Revenue increased by 31% Y-o-Y to INR 3,874 Cr during H1 FY24



Led by ongoing strengthening in collection efficiencies and superior asset quality, credit costs continues to remain low at 0.3% in H1 FY24



RoE remains strong during H1 FY24 at 17%

Key takeaways [2/2]



Asset quality as of Sep'23 remained best in class with GNPA at 1.6% (Sep'22: 1.9%), NNPA at 0.4% (Sep'22: 0.6%), and PCR at 73% (Sep'22: 67%); PCR remains amongst highest in the industry



Our total loan loss provisions stood at 2.3% of the loan book as on Sep'23. The same is 2.2x of provisions required as per IRAC norms



Digital business grew 4.3x during H1 FY24, as we continue to reimagine digital assets and invest significantly in our core systems / technologies, to provide best-in-class customer experience



Strengthen core technologies & digital capabilities, leverage partnerships and participate in ecosystem activities to expand distribution, target new segments and improve cross-sell



High focus on digitizing collections processes for better efficiencies and superior asset quality; 92% collections are through digital channels

Performance Highlights – H1 FY24

H1 FY24

INR 44,618 Cr
↑ 35%

INR 1,35,521 Cr
↑ 32%

INR 3,874 Cr
↑ 31%

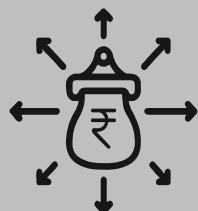
0.4%
↓ 20 bps

INR 1,474 Cr
↑ 25%

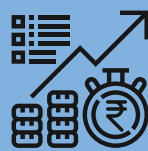
2.4%



Disbursals



Loan Book



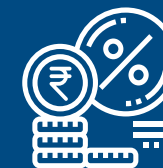
Income



Net NPA



PAT



RoA

INR 33,018 Cr

INR 102,572 Cr

INR 2,956 Cr

0.6%

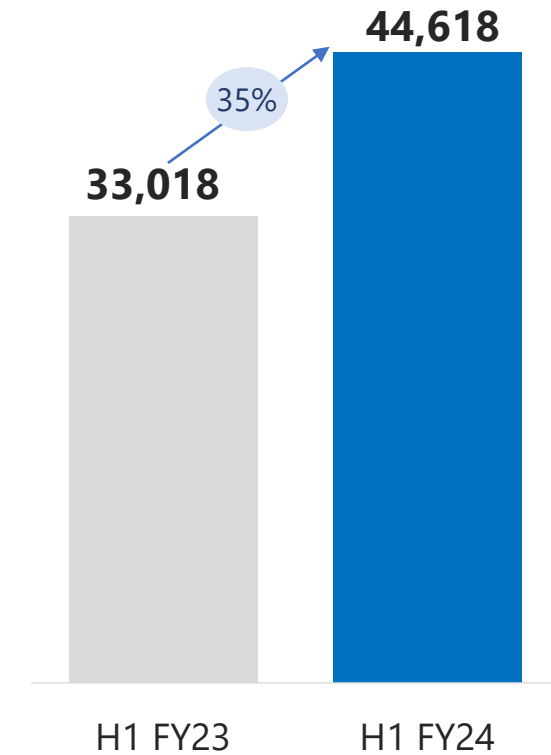
INR 1,176 Cr¹

2.5%¹

H1 FY23

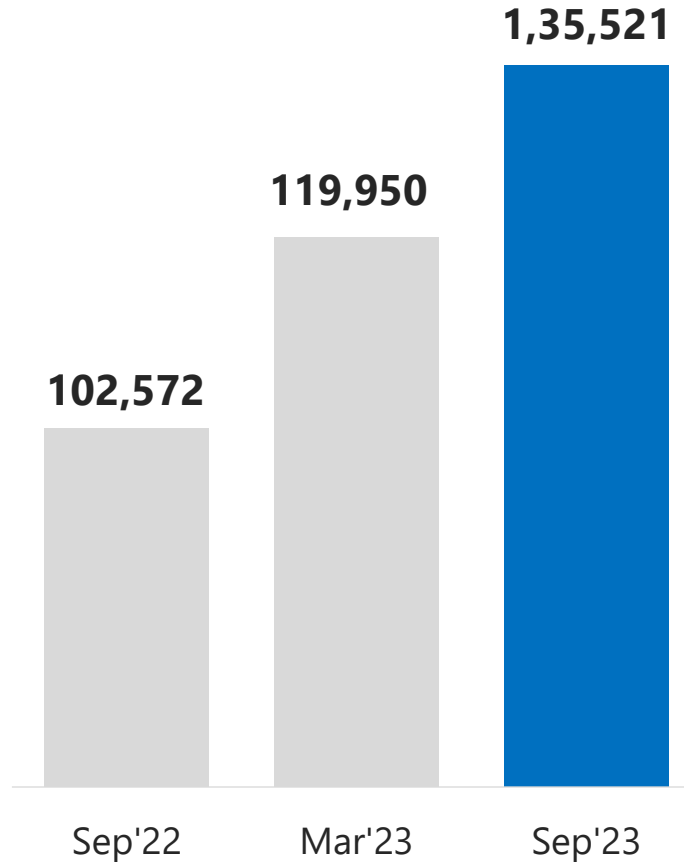
Disbursals & Loan Book

Disbursals: 35% YoY Growth¹

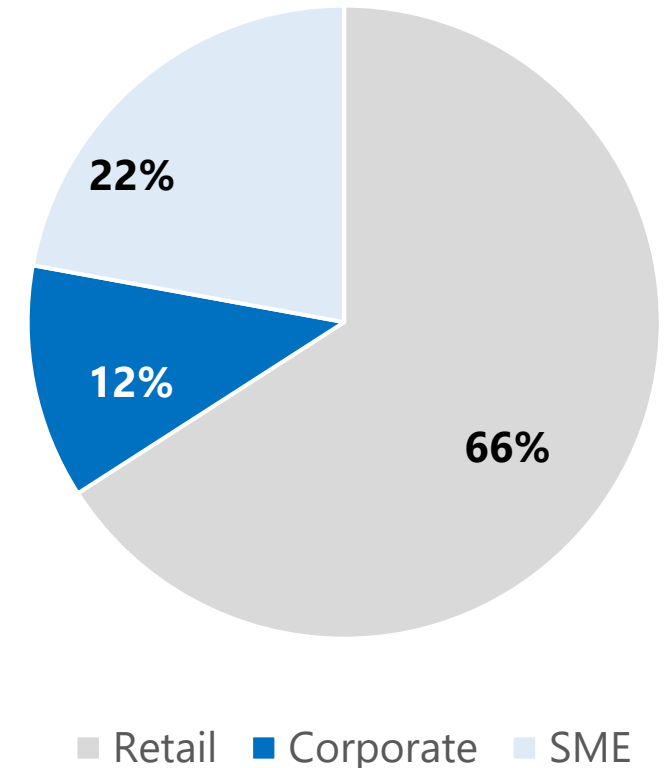


Numbers in INR Cr

Loan Book: 32% YoY Growth

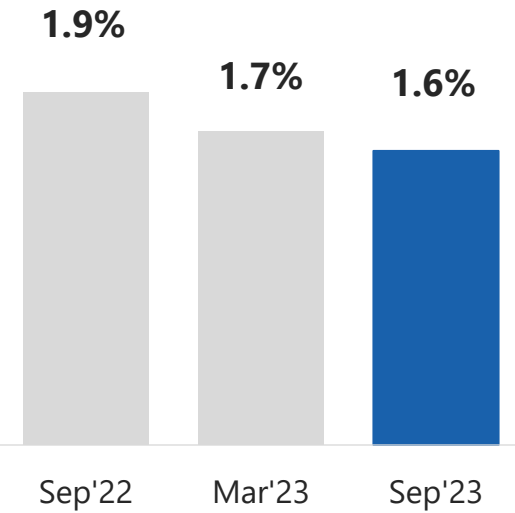


Retail + SME Loan Book: 88%

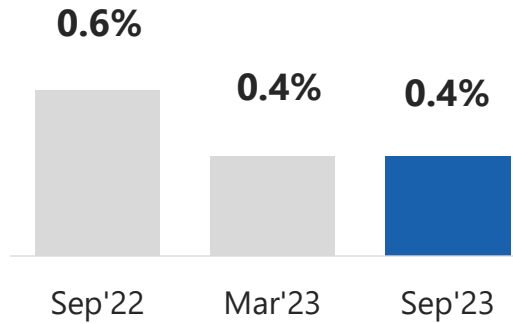


Asset Quality

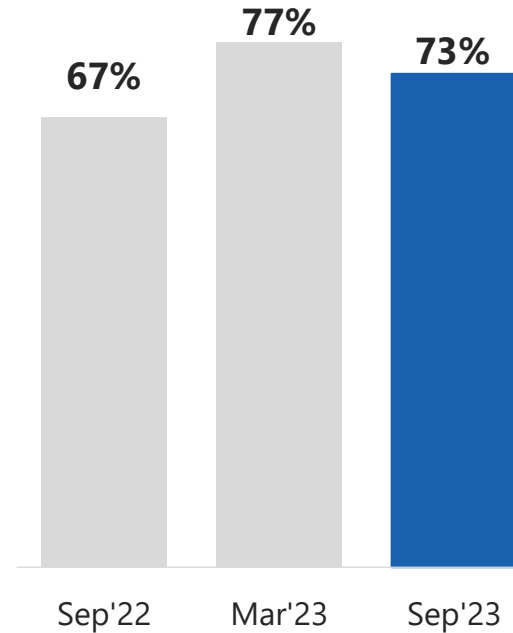
Gross Stage III (%)



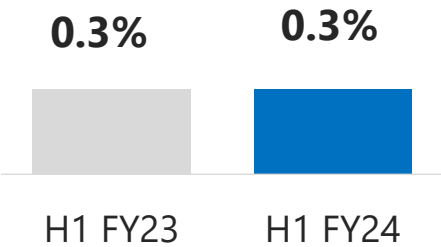
Net Stage III (%)



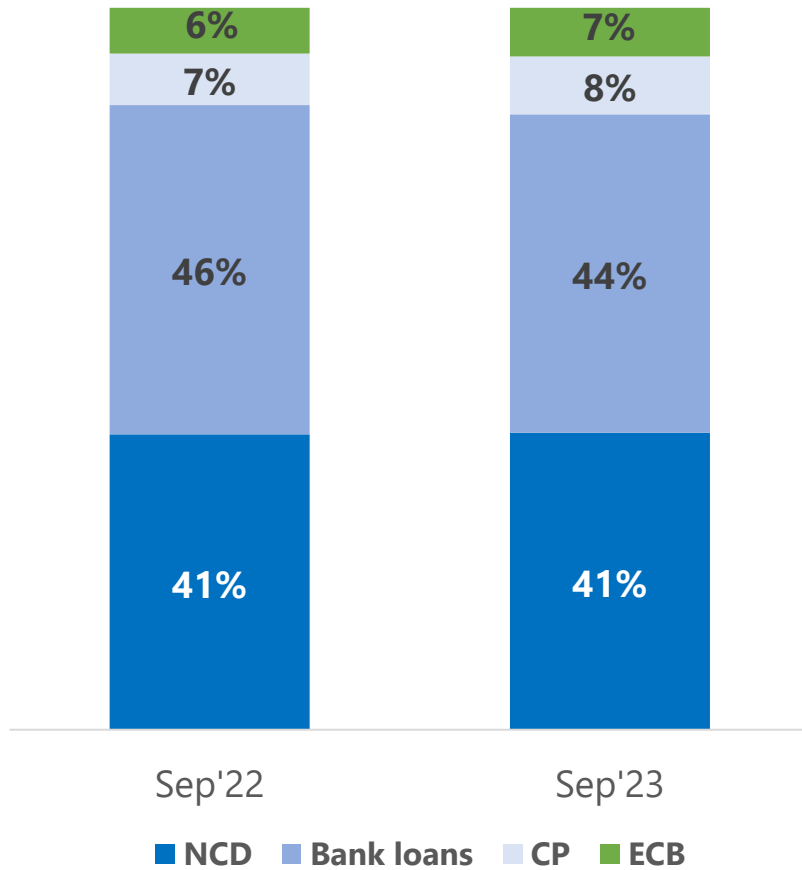
PCR (%)



Credit Cost (%)



Liability Mix



Diversified funding mix including ECBs as well as public NCDs



Well-articulated capital **raising plan with a focus on raising more granular, sticky liabilities**



Maintained **adequate liquidity** along with a **well-managed ALM**

Credit ratings
Rated AAA by

CRISIL
An S&P Global Company



ICRA
A MOODY'S INVESTORS
SERVICE COMPANY

India Ratings & Research
A Fitch Group Company

Financial Performance

FY23	INR Cr	H1 FY23	H1 FY24	Y-o-Y Growth
74,995	Disbursals	33,018	44,618	35%
1,19,950	Loan book	102,572	1,35,521	32%
7,036	NIM + Other Revenue	2,956	3,874	31%
2,664	Operating expenses	1,191	1,605	35%
582	Credit cost	147	173	17%
3,790	Profits before tax	1,618	2,095	29%
2,975	Profits after tax	1,258	1,474	17%
561	- attributable to one-time items	82	-	-
2,414	- attributable to core business operations	1,176	1,474	25%

FY23	Ratios	H1 FY23	H1 FY24
6.9%	NIM + Other Revenue (%)	6.2%	6.2%
37.9%	Cost to Income (%)	40.3%	41.4%

Note: Figures for H1 FY23 & FY23 have been re-grouped
The financial results have been subjected to a limited review by the Statutory Auditors

***Well
positioned
for long-term
Success***

Ever-growing brand presence

Expanding footprint in Tier II cities & beyond

Digital @ heart of our transformation

Analytics across Customer life cycle

Strong risk culture embedded across organization

Synergies from diversified Tata ecosystem

Ever-growing brand presence

TATA CAPITAL

Count on us

Desh Kaun Chalata Hai?



SOCIAL MEDIA CAMPAIGN

"In a country run by opinions, we asked the common man who they thought runs the nation. Many reactions later, we revealed the answer in a curtain drop moment in front of a mirror.

The metaphor was clear, it's us who run the nation and if we want change, we must be that change.

It's important to engage and create distinction through conversations of social relevance, to build brand affinity in a space where the brand premise is often blurred in the minds of consumers"

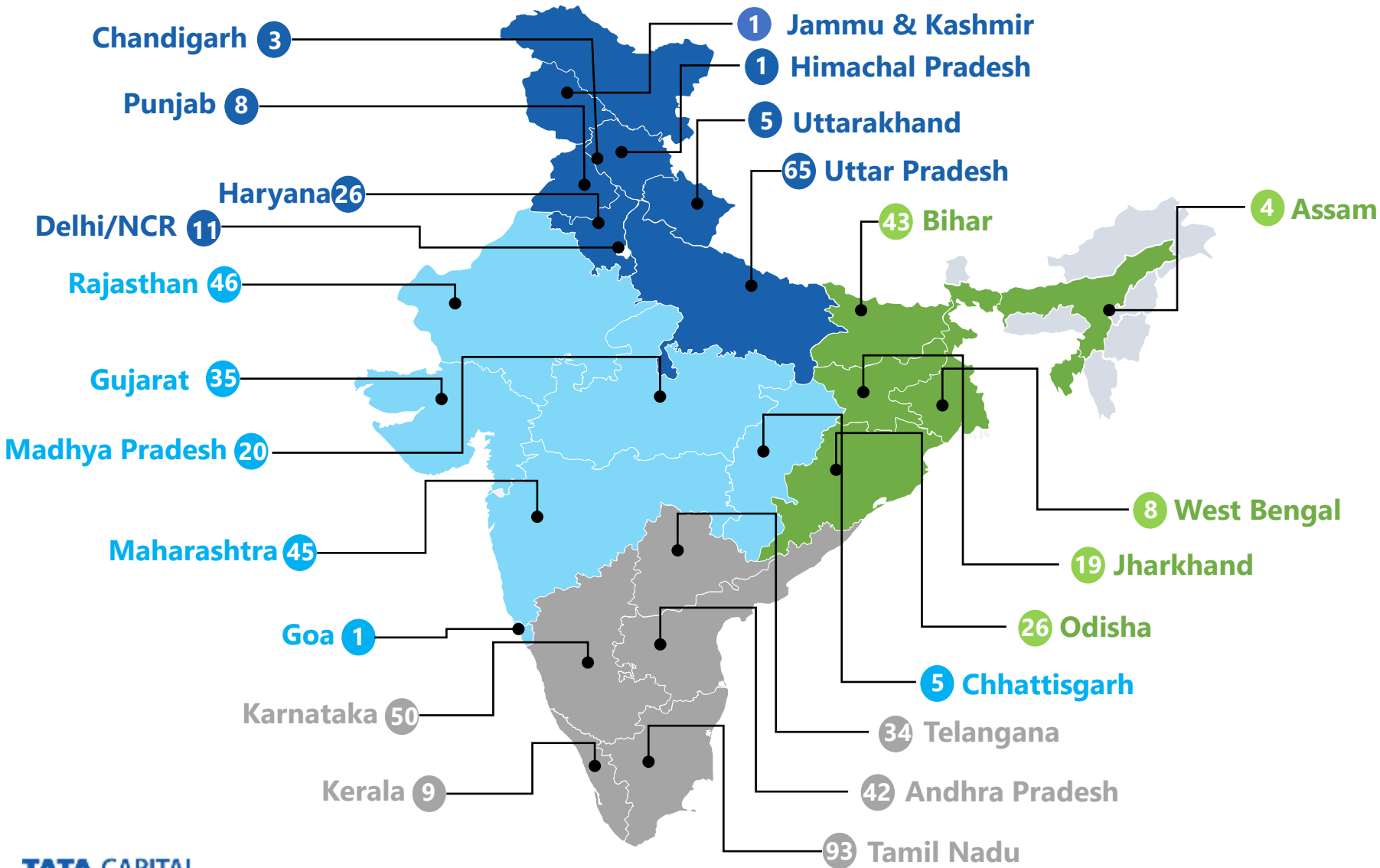


Introducing our Brand Ambassador

SHUBMAN GILL

#KhoobsuratChinta

Expanding footprint in Tier II cities & beyond



Reached
600 branches
in Oct'23

100+ branches
added in Q2 FY24

'Digital' @ heart of our transformation

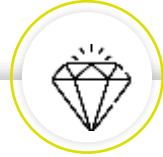


Reimagining customer experience

Enabling unified customer experience and seamless e2e digital journeys

Accelerated No-touch, paperless disbursements

Increased Business from Direct to Customer Channel



Bringing delight to service

Gen AI powered bot servicing

Continued instant self-service focus; higher servicing from Digital platforms

Enhanced Multi-lingual & conversational capabilities

Enhanced marketing & communication engine



Rethinking how we operate

Using intelligent automation across value chain to continually improve cost efficiencies

Leveraging data and analytical models to improve metrics across businesses & functions

Deep focus on automation & data-led collection capabilities



Simplifying partner journeys

'Smart Assist' platform enabling e2e seamless journeys

97% adoption across all products

Enabling better partner productivity, convenient supervision and ability to serve anytime, anywhere



Embracing ecosystems for growth

Leverage partnerships – Tata Digital, Fintech ecosystem and broader Group – to launch digital first products across retail, mortgage & channel finance

Comprehensive API stack to enable e2e digital / STP partner journeys

Key Digital initiatives during Q2 FY24

Launch of video-based personal discussion for credit assessment

Launch of Partnership API stack on TCL website

Aadhaar based eNACH registration

Digital as a Business catalyst

1.6x Y-o-Y growth in web traffic through optimized webpages

Significant growth in **mobile app downloads**

Segment based customer & channel partner journeys enabling **instant, paperless disbursement**

Over INR **1,500 Cr** business done through **cross sell in H1 FY24**



Enhanced **Pre-approved offers**; 15 Lakhs+ offers monthly

Digital tools & enablers for faster & efficient customer onboarding – **Digital KYC, electronic repayment**

Partnerships across lending value chain: Business sourcing, embedded lending, processes, systems & business enablers

180+

APIs used across ecosystem

100%

Applications on cloud

85%

of retail logins use scorecards

150+

Partnerships

25%

Growth in Pre-approved disbursements

Digital as an Efficiency enabler

Underwriting

Data from source enabling **rule and data led underwriting**

Banking Analysis: Account Aggregator, Net Banking , ePDF

Financial Analysis: GST, ITR and Credit Appraisal Memorandum Automation

Productivity enhancement: Reduction in underwriting turn-around time

Collections

Data & AI/ML led allocation strategy: pre-delinquency management, delinquency recovery – **40 models used across collections management**

Heuristics based communications for customer follow-up – right time, right channel & sequence

100%

Two-Wheeler cases decided via scorecards

25%+

Business Loan transactions are processed through Account Aggregator

92%

Collections through digital

47%

Digital payments through BBPS

100%

Digital app enabled collections workforce

Digital as an Experience driver

Customer

New age Digital Experience: Upgraded to Modern UI including dark mode

Omni-Channel Presence: Website, App, WhatsApp, IVR, SMS (link-based loan service)

Self-Service Capabilities: Statement of Account, KYC details update, Interest Certificate, etc.

Voice and Chatbot Assistance with conversational service capabilities: TIA (powered by ChatGPT)

Voice Assistance (Alexa, Google Assistant)

Multilingual Availability of services

Channel

Agent Productivity: Paperless workflow management for agents

Convenient Supervision: Agent wise dashboards including real-time sales view against business plan

Digital journeys for agents incl. Eligibility Calculator, bureau & income fetch and analysis, digital KYC, etc.



97% customers onboarded through digital platforms

140+ services on digital channels

87% Digital Adoption of services

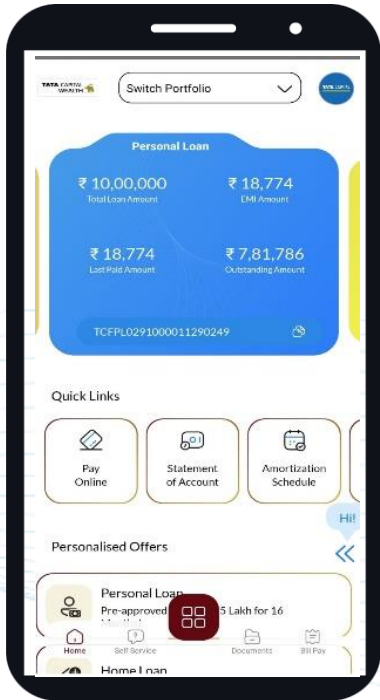
13L+ service requests handled digitally for the quarter

88% Channel Finance drawdown via online channels

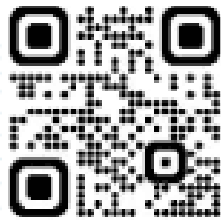
Seamless digital experience | Retail

Efficiency at its core: "Building Reliable and scalable Online Platforms"

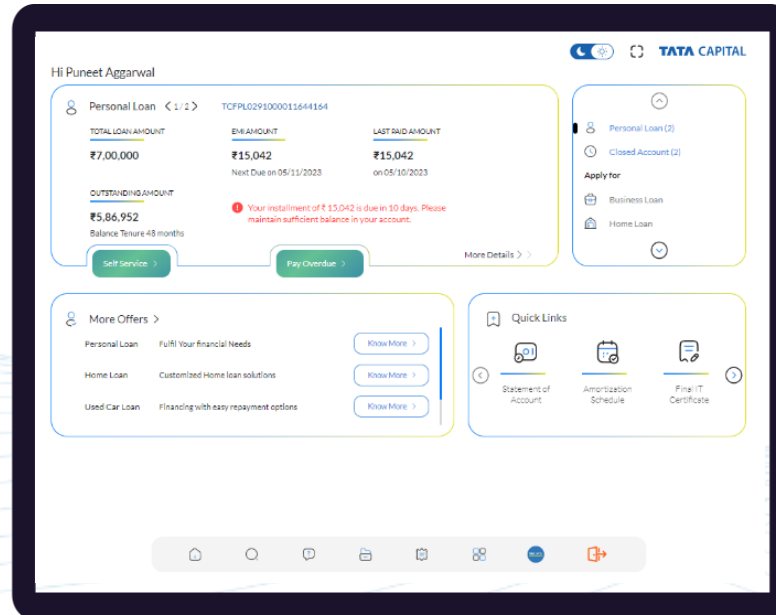
Loan & wealth App



Scan to download



Customer Portal



Encompassing...

150+

Services

25+

Customer journeys

15+

Product offerings

Digital Onboarding



Customer friendly Journey



Personalized Offering

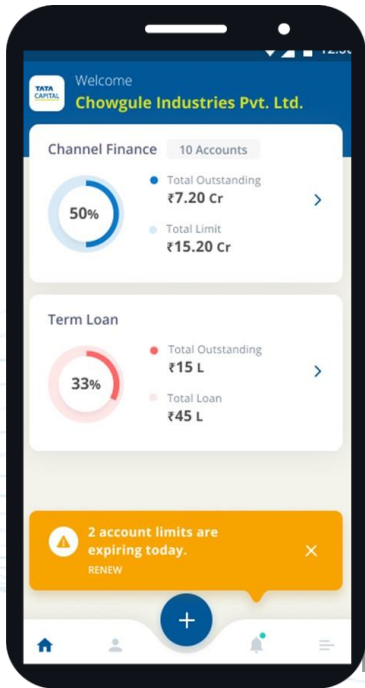


Digital Self-Servicing

Seamless digital experience | SME

Efficiency at its core: "Building Reliable and scalable Online Platforms"

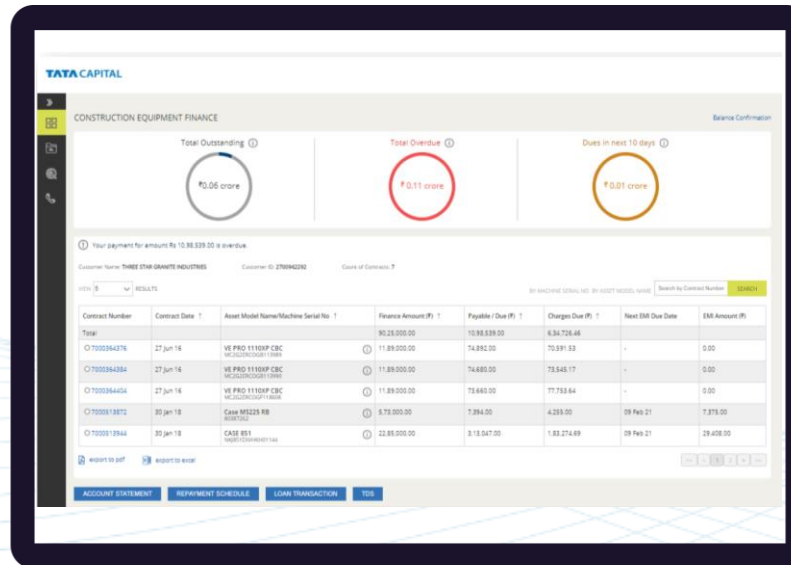
SME App



Scan to download



Customer Portal



Encompassing...

100+

Services

20+

Customer journeys

15+

Product offerings

Digital Onboarding

Scorecard assessments

E-Agreements

Digital Self-Servicing

Seamless investing experience | Moneyfy

One Stop App

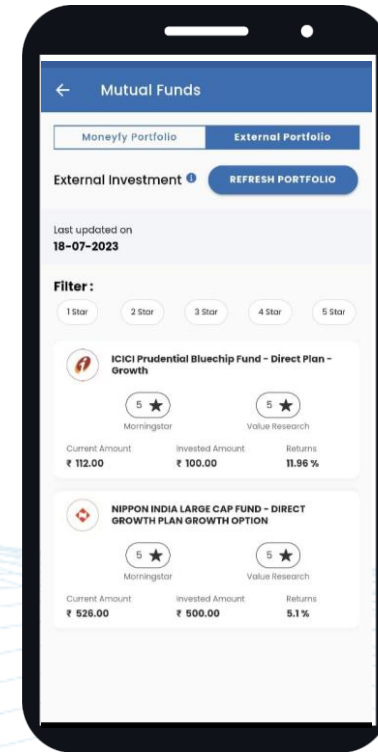


Moneyfy is an all-in-one financial app with mutual funds, SIPs, loans, insurance, credit cards & more. It facilitates:

- Quick KYC and onboarding
- Goal Based Investment

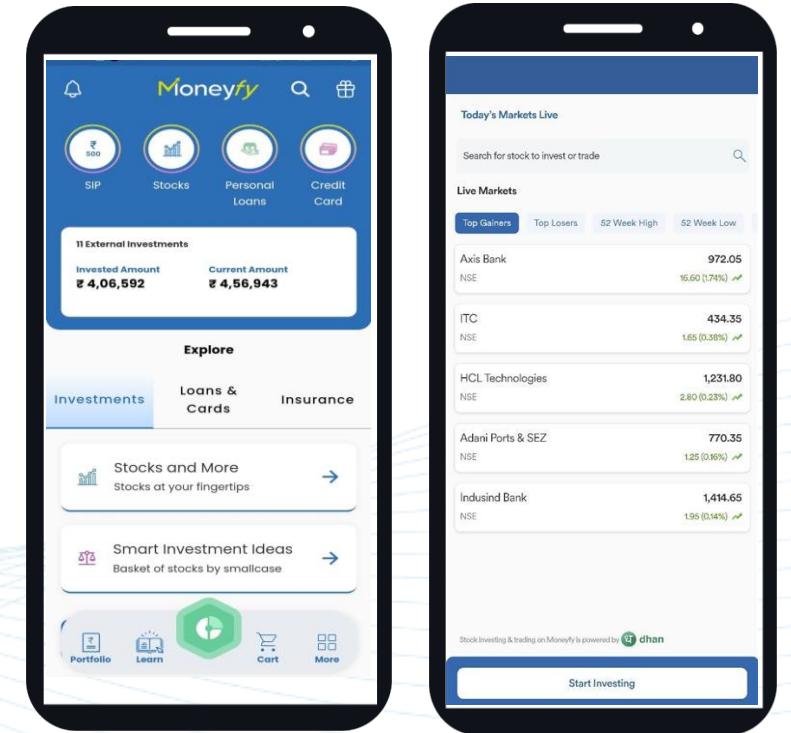
Consolidated MF Portfolio

Scan to download



- Track all investments in one Place
- Import external MF holding

Equities



- Invest in varied stocks
- Invest in basket of stocks

Analytics across customer lifecycle



Better conversion and pricing



Improve cross-sell & Products per Customer



Increase Straight through decision making



Improve collection efficiency



Drive productivity and efficiency

Acquisition & Cross-sell

Leads from existing base & group ecosystem

Prospect Marketing

Pre-approved offers

Segmentation and profitability models

Underwriting & Disbursement

Decision scorecards

Decision tree for policy refinement

Risk based pricing

Channel scorecards

Lifecycle Management & Retention

Bureau Watch

Proactive retention models

Pricing Model/CLTV/ Customer risk profiling

Early warning signals

Collection & Recovery

Scorecards built using LR/DT/ML algorithms

Models used for allocation, self cure, representation strategy, X bucket and flow bucket collections, Settlement and Repo

Strong **Risk culture** embedded across organization

Bank-like risk management framework, with rigorous oversight, multiple layers of defense, robust through-the-cycle credit risk framework supplemented by data analytics capabilities



Agile & responsive risk function fostering a strong risk culture across the organization



Wide coverage of entire spectrum of risks including Credit, Operational, Fraud, Market, InfoSec & IT, Compliance and ERM



Superior Risk insights strengthened with analytical capabilities



Continuous monitoring of portfolio through best-in-class risk management practices

Synergies from diversified Tata Ecosystem

Tata Capital, as the flagship financial services of the Group, plays a pivotal role in Tata group's focus on domestic consumption as a key theme in their growth philosophy



Metals	TATA METALIKS TATA STEEL
IT	tcs TATA ELXSI class edge
Financial	TATA CAPITAL TATA AIA LIFE TATA AIG TATA MUTUAL FUND
Auto	TATA MOTORS TATA AUTOCOMP JAGUAR LAND ROVER
Retail	TITAN cromā TATA CLIQ Starbucks TATA Salt WESTSIDE VOLTAS
Infrastructure	TATA POWER TATA HOUSING TATA PROJECTS
Telecom	TATA PLAY TATA COMMUNICATIONS TATA TELESERVICES LIMITED
Tourism & travel	TAJ GINGER HOTELS AIR INDIA AirAsia VISTARA
Aerospace & defence	TATA ADVANCED SYSTEMS

Shared brand and synergies with various Tata Group companies and potential opportunities to cross-sell set to increase further as Tata Capital taps into the Tata Group ecosystem as part of its growth strategy

~270k

Offers generated on Tata Neu



~62k

Customers from Tata Neu

60+

Relationships with Group companies

1,000+

Dealers / Vendors

Serving India 'Responsibly'

Impacting Lives

Financing green projects

Serving the Underserved

Impacting Lives



Climate Action

Water security
Renewable energy

~193,500
lives impacted



Health

Cancer Care
Treatment
Eradication of
curable blindness

~ 351,500
lives impacted



Education | Skilling

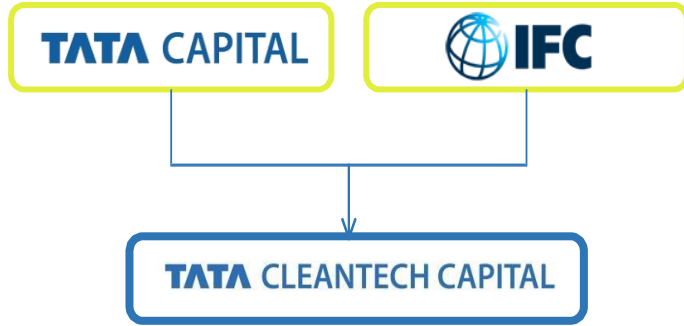
Scholarships
Quality Primary
Education
Financial Literacy

~ 323,000
lives impacted

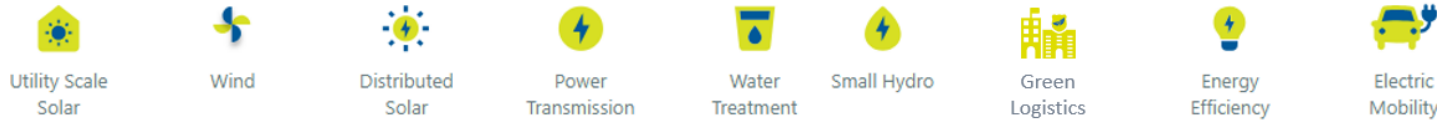
868,000+
beneficiaries through
our programs

- Aligned to our group focus areas and Sustainable Development Goals (SDGs)
- Benefits the Socially and Economically underprivileged and Affirmative Action Communities
- Trusted partners to deploy

Financing green projects through **Cleantech Finance**



- Tata Capital along with IFC established a separate financing arm called Tata Cleantech in 2012 with a clear focus on Green or Sustainable financing
- First Indian entity to join the Global **Green Bank Network** comprising National Green Banks from across the world
- First private entity globally to partner **UN Sponsored Green Climate Fund ('GCF')** to develop solar rooftop market



Presence in financing of multiple climate focused businesses

300+
No. of projects
financed by TCCL

23,000 Cr+
Disbursed till date towards
sustainable finance

13GW+
Renewable
capacity financed

20mn ton+
Total carbon emission
averted

Project & Structured Finance

Debt Syndication

Financial & Cleantech Advisory

Business activities

Serving the Underserved

Tata Capital makes essential financing available for underbanked individuals or businesses through multiple products

Microfinance loans



- Microfinance customers are typically unbanked individuals or groups who do not have access to traditional banking products
- They are self-employed and typically home-based entrepreneurs. In rural areas, the customers are those engaged in small-scale income generating activities – Agri and Agri allied activities

Competitive interest rates

Microfinancing loan interest rates and tailored borrowing experience cater to the underprivileged needs

Minimal documentation requirements

Avoids document hassles and long process times, minimal documentation and paperwork to process micro loan application

MSME loans



- Business loans provided to small businesses in India which are a vital cog in the economic growth and one of the largest job creators in the informal sector
- Such loans come with features such as easy eligibility, minimum documentation and doorstep services allowing efficient credit penetration
- Flexibility to choose business loan as per repayment capability and enhanced ability to borrow especially for small businesses – allows increased penetration in the smaller pockets of the economy that do not have access to credit

Flexible loan tenor

Customizable products

No collateral required

Multiple repayment options

Aims to promote entrepreneurship culture allowing nurturing of homegrown talent and development in the economy

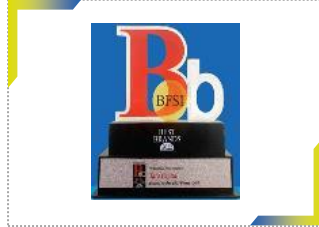
Awards & Recognition



'Asset Finance Company of the Year' & 'Best Mobile Initiative – The Mutual Fund Company' at Annual NBFC & Fintech Excellence Awards 2023



ET BFSI Excellence award – Microfinance Team 2023



Best BFSI Brand – Economic Times Best BFSI Brands 2022



Multiple awards at Digital Customer Experience Confex and Awards, 2023



Multiple awards at Banking Frontiers Awards, 2023



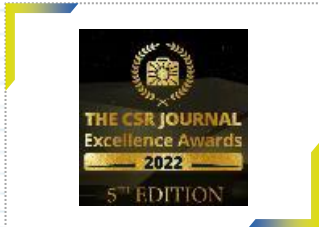
Green Urja award – Top Private financing institution for RE and EE 2023



Best Digital Customer Experience Transformation Initiative at Annual CX Excellence Awards - 2023



Audit Excellence Award at Annual Banking & Finance Audit Conclave, 2023



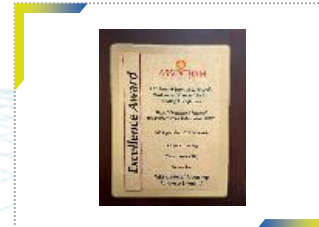
The CSR Journal Excellence Awards (Environment) – 5th Edition, 2023



Multiple awards at CII – Digital Transformation Awards, 2023



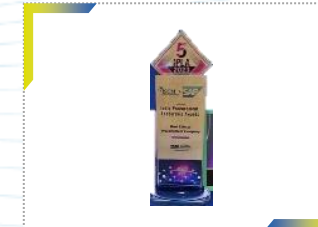
Best Digital Transformation at CX Innovation & Technology Summit & Awards, 2023



Excellence Award under 'Lending' category by ASSOCHAM, 2022



Excellence in Real estate finance (Metro) at Naredco Times Real Estate Conclave & Icons, 2023



Recognized as 'Most Ethical Procurement Company', Procurement Leadership Awards, 2023

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