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## The Need of the Hour is to Shift Gears and go Beyond 'Plain Vanilla' Commercial Vehicle Financing

In today's rapidly evolving commercial vehicle financing landscape, logistics fleet operators are vigorously pursuing tailored capital solutions that can empower them to expand their enterprises and optimise their fleet operations with improved efficiency. The industry is at the crossroads of a transformative tilt shift, drifting away from conventional plain vanilla commercial vehicle financing towards more strategic and customised solutions.

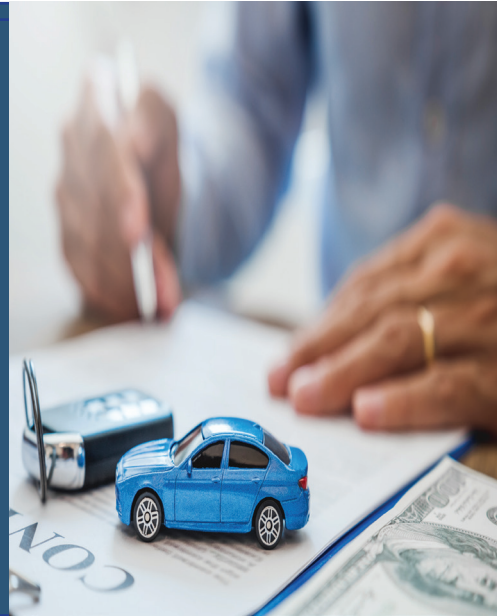
On the highways of the logistics industry, where time equates money and efficiency is paramount, commercial vehicles stand as the lifeblood sustaining not only the industry but also a thriving economy's well-being. Whether it's a modest fleet confined within the city limits or an extensive convoy of long-haul trucks, containers, or tankers crisscrossing the country, these commercial vehicles form the indispensable backbone of logistics operations, transcending geographical boundaries.

Nevertheless, for commercial vehicle fleets to keep moving and for their operators to match-up with the demand influx, continuous capital flow is essential for both maintaining and expanding fleet size. This is precisely where commercial vehicle financing steps in as a catalyst. Conventionally, fleet operators seeking financing for their commercial vehicles encountered limited avenues, often contending with a one-size-fits-all approach, the so-called "plain vanilla" commercial vehicle financing, which, while functional, has left the door open for much to be desired.

However, as Commercial Vehicle financing undergoes a profound transformation, it is pivoting its focus towards addressing the industry's fundamental needs, opening-up avenues for strategically and meticulously tailored financing solutions and unique deal structures that cater to distinct requirements of fleet operators. At Tata Motors Finance, we are at the forefront of this evolution, optimising commercial vehicle financing with a laser sharp key account management (KAM) approach. At the core of this approach is our unwavering commitment to "winning together" with our CV fleet customers, playing an instrumental and enabling role in their countless growth journeys.

As repayment cycles for the logistics industry continue to elongate, managing operating cash flows has emerged as a primary concern for commercial vehicle fleet operators across the spectrum. It is in this critical juncture

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where precision technology-driven solutions come into play, offering timely relief to mitigate capital imbalances.

Recognising this industry challenge, we built a robust digital infrastructure designed to meet the comprehensive needs of our CV customers, enabling them to effectively manage their operational capital. Moreover, our digital credit offerings are meticulously crafted to address the comprehensive and essential needs of fleet operators, encompassing aspects such as working capital, fuel expenses, and extending deeper to even more critical areas like vehicle upkeep and servicing maintenance for commercial vehicles. Through our user-friendly CustomerOne App, our customers can effortlessly access and secure on-demand funds, all digitally.

Furthermore, as part of our KAM initiative, we deploy dedicated teams to collaborate closely with fleet operators and design financial deal structures that cater to their targeted requirements. This approach not only enhances collateral management but also offers flexible repayment structures that seamlessly align with our customers' operational needs. As a result, we are setting new standards for customer-centricity within the commercial vehicle finance industry, enabling fleet operators to prosper while establishing pioneering strategic partnerships.

In the backdrop of India's successful G20 presidency, and dedicated Govt. led reforms in India's logistics space, prospects shine brighter for India's economic ascend. The commercial vehicles segment, often considered a key barometer of

economic progress, plays an indispensable role in this ascent story. As observed by ICRA, the domestic commercial vehicle industry is projected to grow by 7 to 10 percent in FY2024, driven by replacement demand, increased activity in mining and infrastructure construction, and robust fleet utilisation levels.

In alignment with the upbeat market trends and the anticipated surge in demand for Commercial Vehicles, driven by their critical role, particularly, in sectors such as e-commerce and infrastructure – fleet operators demand more from their financing partners, seeking tailored solutions that align with their unique operational needs. To this effect, Tata Motors Finance is swiftly responding by embracing flexibility, scalability, and technology to meet these demands head-on.

By transcending the boundaries of conventional 'plain vanilla' commercial vehicle financing and embracing personalised innovative solutions, businesses can strategically position themselves ahead of the curve. Strategic tech interventions, structured financing, systemic and swift decision-making, and process efficiency are all vital components as we transition. The evolving market sentiment calls for a more dynamic and forward-thinking outlook towards commercial vehicle financing. It's time to shift gears and venture beyond 'Plain Vanilla' Commercial Vehicle Financing. •

*Views expressed by Anand Bang, Chief Operating Officer, Sales & Marketing, Tata Motors Finance*