

June 30, 2023

Tata Motors Finance Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture	6,709	0	[ICRA]AA-(Positive); withdrawn
Subordinated debt	1,598.20	0	[ICRA]AA-(Positive) ; withdrawn
Perpetual debt	1,415	0	[ICRA]A(Positive) ; withdrawn
Bank facilities	27,632	0	[ICRA]AA-(Positive)/ [ICRA]A1+; withdrawn
Commercial paper	8,000	0	[ICRA]A1+; withdrawn
Total	45,354.20	0	

*Instrument details are provided in Annexure I; Instruments transferred to tata Motors Finance Solutions Limited.

Rationale

On October 3, 2022, TMF group had announced scheme of arrangement for demerger (scheme) of TMFL non-banking financial company (NBFC) business undertaking into TMFSL. The demerger is a plain share swap arrangement wherein the outstanding assets and liabilities pertaining to NBFC business of TMFL are being transferred to TMFSL. Consequently, the rated limits of TMFL have been transferred to TMFSL and in line with ICRA's Policy on Withdrawal of Credit Ratings, the ratings assigned for various debt programmes of TMFL stand withdrawn. The scheme has been approved by NCLT on May 12, 2023 (made public on June 14, 2023) and filed with the Registrar of Companies (ROC) on June 30, 2023.

The Key rating drivers, Liquidity position, Rating sensitivities, Key Financial Indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Rating approach - Implicit support from parent or group Rating approach – Consolidation Policy on Withdrawal of Credit Ratings
Parent/Group Support	Ultimate Parent/Investor: Tata Motors Limited TMF group's ratings are strongly linked to the expectation of continued support from TML, which, in the past, has included access to capital, management and systems and supervision by a strong board.
Consolidation/Standalone	While arriving at the ratings, ICRA has considered the consolidated performance of TMFHL, and its subsidiaries (TMFL and TMFSL) given the strong operational and financial synergies between the companies. <i>Details mentioned in Annexure II.</i>

About the company

TMFL is a non-deposit taking, systemically important, non-banking financial and asset financing company and is one of the major financiers of CVs and cars for TML's customers and channel partners. March 31, 2023, TMFL had a standalone AUM of Rs. 30,294 crore and financed ~17% of TML's commercial vehicle (CV) sales in FY2023.

In FY2023, TMFL reported a loss of Rs. 1,033 crore on an asset base of Rs. 30,342 crore against a loss of Rs. 27 crore on an asset base of Rs. 34,294 crore in FY2022.

TMF Holdings Limited

TMF Holdings Limited (TMFHL), a Core Investment Company, is the parent company of Tata Motors Finance Limited (TMFL) and Tata Motors Finance Solutions Limited (TMFSL). TMFHL is responsible for lending and investing in the Tata Motors Group companies. Following a restructuring of the TMF Group in FY 2017, the new vehicle financing business of the Group was housed in TMFL (Formerly known as Sheba Properties Limited). The existing corporate lending business and the used vehicle financing business is housed under TMFSL.

In FY2023, TMFHL (consolidated) reported a net loss of Rs. 1,013 crore on an asset base of Rs. 43,082 crore against a PAT of Rs. 156 crore on an asset base of Rs. 46,083 crore in FY2022.

In FY2023, TMFHL (standalone) reported a net loss of Rs. 62 crore on an asset base of Rs. 9,408 crore against a PAT of Rs. 54 crore on an asset base of Rs. 8,307 crore in FY2022.

Tata Motors Limited

Incorporated in 1945, Tata Motors Limited is India's largest automobile company and the market leader in the domestic CV industry and one of the top three manufacturers of PVs in India. In the domestic CV industry, TML has one of the most diversified product portfolios with a presence across light, medium, and heavy-duty segments of the CV industry. The company's product portfolio in the PV segment also spans passenger cars, UVs, and multi-purpose vehicles (MPVs).

In June 2008, TML acquired JLR from Ford Motor Company for \$2.3 billion. Following the acquisition, TML's business profile underwent a significant change from being a predominantly India-centric OEM to one with presence in the premium and luxury segment cars and SUVs across multiple markets in Europe, North America, China, Russia, and Brazil. Apart from JLR, which is wholly owned by TML and generated ~80% of its consolidated turnover in FY2021, the company has also historically expanded its operations in India as well as overseas through strategic alliances, and mergers and acquisitions. Some of its key subsidiaries include Tata Motors Finance Limited (vehicle financing subsidiary), Tata Technologies Limited (a software firm providing IT solutions to the automotive industry), Tata Daewoo Commercial Vehicles Company Limited (CV operations in South Korea) and TML Drivelines Limited (captive auto component manufacturer). The company also operates joint ventures (JVs) with Fiat (for PVs, engines, and transmissions).

TML has six manufacturing plants in India at Pune (Maharashtra), Lucknow (Uttar Pradesh), Jamshedpur (Jharkhand), Pantnagar (Uttaranchal), Dharwad (Karnataka) and Sanand (Gujarat). In addition, the company's key subsidiary, JLR, operates three manufacturing facilities and two design centres in the UK, and has also commenced manufacturing operations at Slovakia. In FY2013, JLR also formed a 50-50 JV with the Chinese firm, Chery Automobiles, to set up a manufacturing facility in China, which commenced operations from H2 FY2015. Moreover, as a Group, TML operates assembly operations at multiple locations around the globe through its subsidiaries and JVs.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	FY2024			Chronology of Rating History for the past 3 years					
		Type	Amount Rated (Rs. crore)	Amount o/s (Rs. crore) as on Mar-31-23	Date and rating in FY2024	Date and rating in FY2023		Date and rating in FY2022	Date and rating in FY2021	
					Jun-30-23	Mar-06-23	Dec-30-22 Oct-21-22	Feb-15-22	Feb-16-21	Aug-21-20 Jul-7-20 Jun-8-20
1	Commercial Paper	Short Term	8,000	3,387	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Subordinated Debt Programme	Long Term	1,598.20	1,190	[ICRA]AA-(Positive); withdrawn	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Negative)
3	Perpetual Debt Programme	Long Term	1,415	1,088.30	[ICRA]A (Positive); withdrawn	[ICRA]A (Positive)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Negative)
4	Non-Convertible Debentures	Long Term	6,709	1,000	[ICRA]AA-(Positive); withdrawn	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Negative)
5	Bank Facilities	Long Term	27,632	16,604	[ICRA]AA-(Positive)/ [ICRA]A1+; withdrawn	[ICRA]AA-(Positive)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Negative)/ [ICRA]A1+

Source: Company, ICRA Research

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible Debenture	Simple
Subordinated Debt	Simple
Perpetual Debt	Moderately Complex
Commercial Paper Programme	Very Simple
Bank Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details as on March 31, 2023

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE601U07160	Non-convertible Debentures	15-May-20	8.50%	15-May-23	500	[ICRA]AA- (Positive); withdrawn
INE601U07178	Non-convertible Debentures	21-May-20	8.75%	21-May-23	500	[ICRA]AA- (Positive); withdrawn
INE601U07186	Non-convertible Debentures	12-Jun-20	8.65%	27-Mar-23	500	[ICRA]AA- (Positive); withdrawn
NA^	Non-convertible Debentures	Proposed	NA	NA	5,209	[ICRA]AA- (Positive); withdrawn
INE909H08139	Subordinated Debt	28-Dec-12	10.46%	28-Dec-22	28	[ICRA]AA- (Positive); withdrawn
INE909H08170	Subordinated Debt	24-May-13	9.85%	24-May-23	100	[ICRA]AA- (Positive); withdrawn
INE909H08147	Subordinated Debt	28-May-13	10.15%	28-May-23	55.1	[ICRA]AA- (Positive); withdrawn
INE909H08196	Subordinated Debt	12-Sep-14	10.60%	12-Sep-24	25	[ICRA]AA- (Positive); withdrawn
INE909H08204	Subordinated Debt	26-Sep-14	10.35%	26-Sep-24	60	[ICRA]AA- (Positive); withdrawn
INE909H08212	Subordinated Debt	19-Dec-14	9.70%	19-Dec-24	150	[ICRA]AA- (Positive); withdrawn
INE601U08010	Subordinated Debt	13-Nov-17	8.35%	13-Nov-27	50	[ICRA]AA- (Positive); withdrawn
INE601U08028	Subordinated Debt	28-Mar-18	9.00%	28-Mar-28	200	[ICRA]AA- (Positive); withdrawn
INE601U08036	Subordinated Debt	31-Aug-18	10.00%	31-Aug-28	100	[ICRA]AA- (Positive); withdrawn
INE601U08051	Subordinated Debt	29-Mar-19	10.00%	29-Mar-29	150	[ICRA]AA- (Positive); withdrawn
INE601U08069	Subordinated Debt	30-Apr-19	10.25%	30-Apr-29	100	[ICRA]AA- (Positive); withdrawn
INE601U08077	Subordinated debt	31-May-19	9.95%	31-May-29	200	[ICRA]AA- (Positive); withdrawn
NA^	Subordinated Debt	Proposed	NA	NA	380.1	[ICRA]AA- (Positive); withdrawn
INE909H08055	Perpetual Debt	23-Nov-10	11.35%	Perpetual	150	[ICRA]A (Positive); withdrawn
INE909H08105	Perpetual Debt	30-May-12	11.50%	Perpetual	26.9	[ICRA]A (Positive); withdrawn
INE909H08113	Perpetual Debt	28-Jun-12	11.25%	Perpetual	73.1	[ICRA]A (Positive); withdrawn
INE909H08162	Perpetual Debt	23-May-13	11.33%	Perpetual	22.3	[ICRA]A (Positive); withdrawn
INE909H08154	Perpetual Debt	28-May-13	11.03%	Perpetual	52.7	[ICRA]A (Positive); withdrawn
INE909H08188	Perpetual Debt	5-Sep-14	11.10%	Perpetual	50.3	[ICRA]A (Positive); withdrawn
INE601U08085	Perpetual Debt	18-Jun-19	11.50%	Perpetual	100	[ICRA]A (Positive); withdrawn
INE601U08093	Perpetual Debt	1-Nov-19	11.50%	Perpetual	60	[ICRA]A (Positive); withdrawn
INE601U08101	Perpetual Debt	21-Nov-19	11.50%	Perpetual	45	[ICRA]A (Positive); withdrawn
INE601U08119	Perpetual Debt	18-Dec-19	11.50%	Perpetual	45	[ICRA]A (Positive); withdrawn
INE601U08127	Perpetual Debt	14-Jul-20	10.50%	Perpetual	15	[ICRA]A (Positive); withdrawn
INE601U08135	Perpetual Debt	9-Sep-20	10.25%	Perpetual	43	[ICRA]A (Positive); withdrawn
INE601U08143	Perpetual Debt	24-Sep-20	10.25%	Perpetual	100	[ICRA]A (Positive); withdrawn
INE601U08150	Perpetual Debt	11-Nov-20	9.75%	Perpetual	85	[ICRA]A (Positive); withdrawn
INE601U08168	Perpetual Debt	3-Dec-20	9.75%	Perpetual	100	[ICRA]A (Positive); withdrawn
INE601U08176	Perpetual Debt	21-Dec-20	9.60%	Perpetual	60	[ICRA]A (Positive); withdrawn
INE601U08184	Perpetual Debt	19-Jan-21	9.55%	Perpetual	100	[ICRA]A (Positive); withdrawn
INE601U08192	Perpetual Debt	02-Mar-21	9.55%	Perpetual	210	[ICRA]A (Positive); withdrawn
NA^	Perpetual Debt	Proposed	NA	NA	76.7	[ICRA]A (Positive); withdrawn
NA	Bank Lines programme	NA	NA	NA	27,632	[ICRA]AA- (Positive) / [ICRA]A1+; withdrawn
INE601U14I14	Commercial Paper	25-May-22	NA	28-Apr-23	45	[ICRA]A1+; withdrawn
INE601U14I18	Commercial Paper	21-Jul-22	NA	20-Jul-23	200	[ICRA]A1+; withdrawn
INE601U14IK0	Commercial Paper	21-Jul-22	NA	19-Jul-23	50	[ICRA]A1+; withdrawn
INE601U14IO2	Commercial Paper	12-Aug-22	NA	14-Jul-23	400	[ICRA]A1+; withdrawn
INE601U14IN4	Commercial Paper	12-Aug-22	NA	11-Aug-23	200	[ICRA]A1+; withdrawn
INE601U14IM6	Commercial Paper	12-Aug-22	NA	10-Aug-23	50	[ICRA]A1+; withdrawn

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE601U14IP9	Commercial Paper	18-Aug-22	NA	17-Aug-23	100	[ICRA]A1+; withdrawn
INE601U14IQ7	Commercial Paper	22-Aug-22	NA	21-Aug-23	50	[ICRA]A1+; withdrawn
INE601U14IR5	Commercial Paper	25-Aug-22	NA	24-Aug-23	175	[ICRA]A1+; withdrawn
INE601U14IQ7	Commercial Paper	29-Aug-22	NA	21-Aug-23	150	[ICRA]A1+; withdrawn
INE601U14IS3	Commercial Paper	2-Nov-22	NA	2-Nov-23	40	[ICRA]A1+; withdrawn
INE601U14IT1	Commercial Paper	11-Nov-22	NA	10-Nov-23	75	[ICRA]A1+; withdrawn
INE601U14IU9	Commercial Paper	18-Nov-22	NA	15-Nov-23	55	[ICRA]A1+; withdrawn
INE601U14IV7	Commercial Paper	29-Dec-22	NA	26-Jun-23	100	[ICRA]A1+; withdrawn
INE601U14IW5	Commercial Paper	12-Jan-23	NA	10-Jan-24	20	[ICRA]A1+; withdrawn
INE601U14IX3	Commercial Paper	13-Jan-23	NA	12-Jan-24	100	[ICRA]A1+; withdrawn
INE601U14IZ8	Commercial Paper	18-Jan-23	NA	17-Apr-23	375	[ICRA]A1+; withdrawn
INE601U14JA9	Commercial Paper	18-Jan-23	NA	19-Apr-23	100	[ICRA]A1+; withdrawn
INE601U14IY1	Commercial Paper	18-Jan-23	NA	17-Jan-24	25	[ICRA]A1+; withdrawn
INE601U14JB7	Commercial Paper	9-Feb-23	NA	8-Feb-24	200	[ICRA]A1+; withdrawn
INE601U14JC5	Commercial Paper	10-Feb-23	NA	9-Feb-24	50	[ICRA]A1+; withdrawn
INE601U14JD3	Commercial Paper	15-Feb-23	NA	14-Feb-24	17	[ICRA]A1+; withdrawn
INE601U14JE1	Commercial Paper	8-Mar-23	NA	6-Mar-24	400	[ICRA]A1+; withdrawn
INE601U14JF8	Commercial Paper	10-Mar-23	NA	8-Mar-24	200	[ICRA]A1+; withdrawn
INE601U14JG6	Commercial Paper	13-Mar-23	NA	11-Mar-24	100	[ICRA]A1+; withdrawn
INE601U14JF8	Commercial Paper	13-Mar-23	NA	8-Mar-24	50	[ICRA]A1+; withdrawn
INE601U14JH4	Commercial Paper	14-Mar-23	NA	12-Mar-24	50	[ICRA]A1+; withdrawn
INE601U14JI2	Commercial Paper	24-Mar-23	NA	20-Mar-24	10	[ICRA]A1+; withdrawn
NA^	Commercial Paper	NA	NA	7-365 days	4,613	[ICRA]A1+; withdrawn

Source: Company; ^Yet to be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
TMF Holdings Limited	Parent	Full consolidation
Tata Motors Finance Limited	Subsidiary	Full consolidation
Tata Motors Finance Solutions Limited	Subsidiary	Full consolidation

Source: annual report FY2023

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