

Tata Motors Limited (Erstwhile TML Commercial Vehicles Limited)

July 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	3,500.00	CARE AA+; Stable	Reaffirmed
Long-term / Short-term bank facilities	1,000.00	CARE AA+; Stable / CARE A1+	LT rating reaffirmed and ST rating assigned
Short-term bank facilities	2,200.00	CARE A1+	Reaffirmed
Non-convertible debentures	2,000.00	CARE AA+; Stable	Reaffirmed
Commercial paper	6,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Reaffirmation of ratings for bank facilities and instruments of Tata Motors Limited (TML; formerly TML Commercial Vehicles Limited) continues to derive strength from the strong business and financial profile of the commercial vehicles (CV) business, its leadership position in the Indian CV industry, broad product portfolio across trucks, buses, passenger carriers, small commercial vehicles and pickups, and strong parentage of the Tata Group. The company continues to hold a leadership position in the domestic CV industry, with FY26 VAHAN market share of 35.7%, including 55.0% in heavy commercial vehicle (HCV), 39.5% in intermediate, light, and medium commercial vehicle (ILMCV), 26.8% in small commercial vehicle (SCV), and 36.4% in passenger carriers. The completion of the demerger/restructuring was successfully concluded effective October 01, 2025.

Ratings also derive comfort from the company's strong liquidity, negative working-capital cycle, significant free cash generation, wide distribution/service network, continued focus on profitable growth and the strategic roadmap. The proposed acquisition of Iveco Group N.V. for Euro 3.8 billion is expected to significantly expand global scale and diversify the product/geographic footprint; however, refinancing, integration, synergy realisation and exposure to European/Latin American CV cycles remain key monitorable. The acquisition was earlier expected to close by April 2026, however the same is now expected to get concluded by Q2FY27 given pending approvals.

Ratings are constrained by the inherent cyclical nature of the domestic CV industry, susceptibility of margins to commodity and input-cost volatility, competitive pressures across product segments, regulatory/technology transition risks, diesel-price sensitivity affecting total cost of ownership, requirements to support new launches, safety/emission compliance, electrification, alternate fuels and digital solutions.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in operating performance, market share and free cash generation, leading to maintenance of net cash position and stronger-than-expected debt protection metrics even after factoring acquisition-related debt and integration requirements.

Negative factors

- Deterioration in leverage profile, resulting in net debt/PBILDT above 0.75x.
- Weakening operational performance leading to significant loss of market share and decline in earnings before interest, taxation, depreciation, and amortisation (EBITDA) margin on a sustained basis.

Analytical approach: Consolidated

For arriving at ratings, CareEdge Ratings has used its notch-up framework, factoring in the support derived as part of the Tata group, with Tata Sons Private Limited (TSPL) as its main ultimate shareholder. Consolidated entities are mentioned under Annexure-6.

Outlook: Stable

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The stable outlook reflects the expectation that TML will maintain its leadership position in the domestic CV industry, sustain healthy profitability and free cash generation, and preserve a strong liquidity profile, supported by Tata group's financial flexibility. The outlook also factors in management's focus on profitable growth, non-cyclical revenue expansion, disciplined capital allocation, and Iveco acquisition/integration roadmap.

Detailed description of key rating drivers:

Key strengths

Strong linkages and support from Tata group

TML is part of the Tata Group, one of India's largest and most diversified business groups, with presence across information technology, steel, automotive, consumer and retail, infrastructure, financial services, aerospace and defence, tourism and travel, telecom and media, and trading and investment. TML remains strategically important to the group given its leadership in CVs, sizeable revenue contribution and role in mobility/logistics. As part of the Tata Group, the company benefits from strong brand recall, governance standards and significant financial flexibility.

Strong market position and well-diversified product portfolio in the Indian CV business

TML is the market leader in the domestic CV segment with FY26 VAHAN market share of 35.7%, including 55.0% in HCV, 39.5% in ILMCV, 26.8% in SCV and 36.4% in passenger carriers. The company offers a broad portfolio spanning HCV trucks, ILMCV trucks, buses, vans, passenger carriers, SCV cargo and pickups, electric vehicles (EVs) and alternate-fuel platforms. FY26 total CV volumes grew 13% y-o-y to 435,227 units, with HCV trucks up by 13%, ILMCV trucks up by 19%, passenger carriers up by 9%, SCV cargo and pickups up by 8% and exports up by 54%. The company continues to operate a wide sales and service network and has launched/expanded products such as Ace Pro, Winger 9S and Azura range, while upgrading truck range to meet European safety norms.

Healthy financial risk profile and strong free cash generation; Iveco acquisition remains key monitorable

FY26 performance reflects significant strengthening in profitability and cash generation, with revenue of ₹77,399 crore, EBITDA of ~₹10,200 crore, EBITDA margin of 13.2%, earnings before interest and taxation (EBIT) margin of 11.0%, profit before tax (PBT) before exceptional items of ₹8,682 crore, free cash flow of ₹9,186 crore and domestic-business net cash of ~₹7,500 crore. The proposed Iveco acquisition is expected to be transformational, with potential for TML to enhance its global scale, broader market access, strengthened product capabilities and potential technology synergies. Further, acquisition funding/refinancing, integration challenges, timely synergy realisation and exposure to Iveco Capital and the cyclical European CV market will remain key rating monitorable. Leverage levels are expected to increase in near term in FY27 following the acquisition. However, the company's strong operating cash flow generation, planned refinancing initiatives, and targeted debt reduction measures are expected to support a gradual deleveraging trajectory in FY28.

Liquidity: Strong

TML's liquidity profile is strong, supported by healthy gross cash accruals in FY26, business cash and liquid investment stood ~₹10,332 crore as on March 31, 2026. Company's net debt position also remains negative implying strong liquidity buffer available. The company also benefits from strong banking relationships and Tata Group's financial flexibility. Liquidity is expected to remain adequate for capex, working capital and debt servicing; however, funding/refinancing and cash deployment related to the Iveco acquisition is expected to moderate key debt metrics in short term.

Key weaknesses

Exposure to inherent cyclical automobile industry and competitive pressures

TML remains exposed to the cyclical nature of the commercial vehicle industry, which is closely linked to macroeconomic activity, infrastructure, mining and construction momentum, freight availability, replacement demand, financing costs, and fleet-operator profitability. FY26 witnessed a subdued first half, followed by a strong recovery in H2 after the GST 2.0 rollout and festive demand, highlighting the inherent cyclicity in volumes. However, sales in Q1FY27 have picked up as compared with Q1FY26, indicating an improvement in demand momentum. Nevertheless, diesel prices, geopolitical developments, competitive intensity, and sector-specific freight activity remain important demand monitorables.

Susceptibility of margins to raw material price volatility

Key raw materials for CV original equipment manufacturers (OEMs) include steel, iron, aluminium, copper, rubber, aggregates and other components, whose prices have been volatile in recent years. While TML has demonstrated improved realisations, pricing discipline and cost efficiencies, the ability to pass through input-cost increases fully remains constrained by competition and demand conditions. Hence, margins remain susceptible to commodity and input-cost volatility.

Moderate capital intensity of its businesses

The automotive industry remains capital intensive due to continuous product development, technology upgrades, safety and emission compliance, electrification, alternate fuel platforms, software/digital solutions and new product launches. TML has guided for investment spends of 2-4% of revenue and FY27-FY28 capital intensity will also depend on Iveco integration and growth investments. The company's ability to generate healthy free cash flow through industry cycles while funding capex, new technologies and acquisition-related commitments remains a key monitorable.

Environment, social, and governance (ESG) risks

Environmental:

- TML has adopted a holistic approach towards net-zero, involving its business and operational impact and strategy.
- TML decarbonisation journey is driven by its products, where it focuses on clean mobility solutions aspiring to achieve net-zero in its CV business by 2045 and through its operations by focusing on maximising renewable electricity share to 100% by 2030.
- TML is embedding sustainability in its business by focusing on the three interconnected pillars of driving decarbonisation of businesses and value chain, applying a systemic circular economy approach to reduce resource consumption and waste, and preserving and restoring the natural environment.
- TML sustainability goals are aligned with global climate change mitigation targets, and the company follows universally accepted guidelines and commitments such as the Science Based Targets Initiative (SBTi) and RE100 to reach these goals.
- TML operations are reflective of its pioneering objective of enabling more individuals to access and utilise clean mobility solutions.
- TML has made considerable investments in renewable energy sources, innovations in emissions reduction technologies, sustainable materials, and circular processes.

Social:

TML also actively promotes education in the country by supporting underprivileged children and developing community health and well-being.

Governance:

TML has been practicing principles of fair, ethical, and transparent governance over the years and lays strong emphasis on transparency, accountability, honesty, integrity, and ethical behaviour.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Commercial Vehicles](#)

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[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Agricultural, commercial & construction vehicles	Commercial vehicles

TML (formerly TML Commercial Vehicles Limited) is a CV-focused entity following implementation of the scheme of arrangement effective October 01, 2025. The company is one of India's leading CV manufacturers and operates across trucks, buses, vans, passenger carriers, SCVs, pickups, electric commercial vehicles, alternate fuel platforms, downstream services and digital/logistics solutions. The company has various plants at different locations, including Pimpri, Chinchwad, Jamshedpur, Chinnat, Panthnagar, Dharwad, and Udham Singh Nagar.

Brief Consolidated Financials (₹ crore)	FY26 (A)
Total operating income	84,379
PBILDT*	8,041
Profit after tax (PAT)	3,030
Overall gearing (x)	0.53
Interest coverage (x)	9.20

A: Audited; Financials for FY25 is not available as it got demerged in FY26; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: NIL

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)		NA	NA	NA	6000.00*	CARE A1+
Debentures-Non-convertible debentures		NA	NA	NA	2000.00*	CARE AA+; Stable
Fund-based - LT-Working Capital Limits		-	-	-	3500.00	CARE AA+; Stable
Fund-based - LT/ ST-Term loan		-	-	NA	1000.00*	CARE AA+; Stable / CARE A1+
Fund-based - ST-Daylight Overdraft Credit Facility		-	-	-	1200.00	CARE A1+
Non-fund-based - ST-Working Capital Limits		-	-	-	1000.00	CARE A1+

*Proposed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Debentures-Non-convertible debentures	LT	2000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (01-Oct-25)	-	-
2	Commercial Paper-Commercial Paper (Standalone)	ST	6000.00	CARE A1+	-	1)CARE A1+ (01-Oct-25)	-	-

3	Fund-based - ST-Daylight Overdraft Credit Facility	ST	1200.00	CARE A1+	-	1)CARE A1+ (01-Oct-25)	-	-
4	Fund-based - LT-Working Capital Limits	LT	3500.00	CARE AA+; Stable	-	1)CARE AA+; Stable (01-Oct-25)	-	-
5	Fund-based - LT/ ST-Term loan	LT/ ST	1000.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable (01-Oct-25)	-	-
6	Non-fund-based - ST-Working Capital Limits	ST	1000.00	CARE A1+	-	1)CARE A1+ (01-Oct-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Fund-based - LT/ ST-Term loan	Simple
5	Fund-based - ST-Daylight Overdraft Credit Facility	Simple
6	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Tata Motors Insurance Broking and Advisory Services Limited	Full	Wholly owned Subsidiary
2	TMF Holdings Limited	Full	Wholly owned Subsidiary
3	Tata Motors Body Solutions Limited	Full	Wholly owned Subsidiary
4	TML CV Holdings Pte. Limited	Full	Wholly owned Subsidiary
5	Tata Hispano Motors Carrocera S.A.	Full	Wholly owned Subsidiary
6	Tata Hispano Motors Carrocerries Maghreb SA	Full	Wholly owned Subsidiary
7	TML CV Mobility Solutions Limited	Full	Wholly owned Subsidiary
8	TML Smart City Mobility Solutions Limited	Full	Wholly owned Subsidiary
9	AIEQU Mobility Limited	Full	Wholly owned Subsidiary
10	Tata Daewoo Mobility Company Limited	Full	Wholly owned Subsidiary of TML CV Holdings Pte. Ltd
11	Tata Daewoo Mobility Sales Company Limited	Full	Wholly owned Subsidiary of Tata Daewoo Mobility Company Limited
12	PT Tata Motors Indonesia	Full	Wholly owned Subsidiary of TML CV Holdings Pte. Ltd
13	PT Tata Motors Indonesia Distribution Ltd	Full	Wholly owned Subsidiary of PT Tata Motors Indonesia
14	TML Smart City Mobility Solutions (J&K) Private Limited	Full	Wholly owned Subsidiary of TML Smart City Mobility Solutions Limited
15	TMF Business Services Limited	Full	Wholly owned Subsidiary of TML CV Holdings Pte. Ltd

16	TML CV Holdings B.V.	Full	Wholly owned Subsidiary of TML CV Holdings Pte. Ltd
17	Automobile Corporation of Goa Limited	Moderate	Associate
18	Nita Company Limited	Moderate	Associate
19	Tata Hitachi Construction Machinery Company Private Limited	Moderate	Associate
20	Freight Commerce Solutions Private Limited	Moderate	Associate
21	Tata Motors Foundation	Moderate	Associate
22	Tata Motors Global Services Limited	Moderate	Joint Venture
23	Tata Motors Digital.AI Labs Limited	Moderate	Joint Venture
24	Tata Cummins Private Limited	Moderate	Joint Operation
25	TCPL Green Energy Solutions Private Limited	Moderate	Subsidiary of Tata Cummins Private Limited

Annexure 7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754 3453 E-mail: ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Hardik Manharbhai Shah Director CARE Ratings Limited Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in
	Arti Roy Associate Director CARE Ratings Limited Phone: +91-22-6754 3657 E-mail: arti.roy@careedge.in

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