

January 28, 2026

Tata Cummins Private Limited (erstwhile Tata Cummins Limited): Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term Fund-based/ Non-fund Based Limits	52.00	52.00	[ICRA]AA(Stable)/[ICRA]A1+; reaffirmed
Total	52.00	52.00	

*Instrument details are provided in Annexure-1

Rationale

The reaffirmation of ratings continues to factor in the strong technological and operational support extended by both the parent companies of Tata Cummins Private Limited (erstwhile Tata Cummins Limited) (TCPL), i.e., Cummins Inc., USA (Cummins; rated A2/Stable by Moody's), and Tata Motors Limited (TML; rated [ICRA]AA+(Stable)/ [ICRA]A1+). TCPL remains the key engine supplier of TML for its medium and heavy commercial vehicle (M&HCV) segment. TML has a dominant market share in the domestic M&HCV industry (46% market share in FY2025), which provides comfort to TCPL's business profile. The ratings also continue to draw comfort from TCPL's strong wallet share in TML's M&HCV (12T+) engine requirement, which is expected to be sustained going forward.

While the company reported a modest 5% YoY revenue decline in FY2025 in line with the trends witnessed in the domestic automotive industry, there was a marginal YoY revenue growth of 3% in H1 FY2026, driven by the recovery in volume offtake. Backed by GST rate cuts prompting positive demand sentiment, the volume offtake is expected to remain healthy in H2 FY2026. While the operating profit margin (OPM) remained range-bound at 12.7% in FY2025 (PY: 11.6%), the outstanding debt level as of March 31, 2025 reduced moderately compared to that as of March 31, 2024, mainly driven by a reduction in working capital borrowings. TD/OPBITDA is likely to remain healthy at 0.6-0.8 times as on March 31, 2026, supported by limited dependence on external long-term debt and comfortable profitability. The ratings also factor in TCPL's strong pass-through arrangements in place with its principal customers, which insulate EBIT margins, to an extent, from fluctuations in raw material prices and foreign exchange rates, thereby protecting profitability.

The rating strengths are partially offset by TCPL's high customer concentration risk, with TML accounting for 71% of TCPL's total volume offtake in FY2025 (69% in H1 FY2026), and exposure to the associated cyclicity in the M&HCV segment. TML's leadership position in the Indian M&HCV market and a moderate revenue share of the Cummins Group in the power generation and industrial segments (27% in FY2025 and 29% in H1 FY2026) partially mitigate the client concentration risks. Further, the emergence of alternative fuel technologies, including electric vehicles (EVs), may have a bearing on the demand for TCPL's engines over the medium to long term. However, in this regard, the parentage of Cummins, a global market leader in engine technology, and investments in GES to align with emerging technologies can help mitigate this risk over the medium to long term.

In terms of the debt profile, a predominant share of the company's debt comprises bill discounting of TML's collections, and the company stood long-term debt-free as of March 2025 and September 2025. A sizeable buffer of around Rs. 1,475 crore, available in the form of undrawn working capital limits as well as bill discounting limits, coupled with free cash and liquid investments of around Rs. 892 crore (both as on September 30, 2025), provides comfort to TCPL's liquidity profile. Overall, ICRA expects TCPL to maintain its comfortable capitalisation and coverage indicators going forward, considering limited reliance on external borrowings and moderate capital expenditure plans, which are likely to be funded from internal accruals.

ICRA also notes the nascent stage of operations of the wholly owned subsidiary of TCPL - TCPL Green Energy Solutions Private Limited (GES), which will focus on manufacturing hydrogen internal combustion (HIC) engines for the M&HCV segment. The investment requirements in GES amidst the emergence of alternative fuel technologies in the M&HCV segment, the funding mix adopted for the said investments, and the associated credit implications remain monitorable going forward.

The Stable outlook on the rating reflects ICRA's expectation that TCPL is likely to sustain its operating metrics (such as volume offtake), aided by sufficient revenue visibility with the two principal entities. Profitability is likely to remain fairly comfortable, supported by the cost-plus arrangement with the principal entities. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that enables it to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Strong operational and technological support from parent companies – TCPL enjoys strong operational and technological support from its parents, TML (the largest M&HCV manufacturer in India) and Cummins Inc. (the largest diesel engine manufacturer in the world). TCPL's operations are closely integrated with those of its parent entities. The technological support provided by the Cummins Group to TCPL remains crucial for the latter with respect to technology upgradation and new product development..

Healthy share of business as the dominant supplier for TML's higher capacity engine requirement – After the implementation of BS-IV norms, TCPL became the dominant supplier of engines to TML's M&HCV segment. TCPL has been able to maintain this position even after the implementation of BS-VI and BS-VI 2.0 emission norms in April 2020 and April 2023, respectively. As demand for higher-capacity M&HCVs remains healthy, backed by the emergence of large-scale fleet operators in logistics and sustained demand from the infrastructure and construction sectors, TCPL is expected to demonstrate steady business performance over the near-to-medium term.

Insulated from volatility in raw material prices – TCPL's pricing agreement with TML and Cummins allows pass-through of any volatility in input costs, major foreign exchange rate fluctuations, import differentials and taxes. This arrangement ensures that TCPL's margins are safeguarded to a large extent against volatility in input costs.

Strong financial position – TCPL continues to exhibit a strong financial position, supported by various factors. The presence of strong pass-through arrangements with customers ensures adequate operating profits and coverage indicators, thereby strengthening the financial profile. Further, demand prospects remain steady for the domestic and overseas CV markets, providing comfort to the asset turnover ratio as well as profitability and return indicators.

Credit challenges

Exposed to high customer and industry concentration risks – TCPL's revenues primarily track broader trends in the Indian M&HCV industry, TML's performance in the industry, and its own wallet share with TML. In FY2025, supplies to TML accounted for around 71% of TCPL's sales volumes (69% in H1 FY2026), with the M&HCV industry continuing to dominate TCPL's revenue contribution. While TCPL benefits from having assured customers (TML and Cummins) for its production, high concentration risk with TML and the M&HCV segment, along with the associated cyclicity of revenues and earnings, continues to be a credit concern.

Limitations on acquiring new customers due to contours of joint venture agreement – As per the joint venture (JV) agreement, sales are to be made to TML or Cummins Group entities, thereby restricting client diversification. Nevertheless, the strong market positions of TML and Cummins in their respective businesses partially mitigate this risk.

Exposed to inherent cyclicity in M&HCV segment; impending risk of electrification may impact demand for IC engines – TCPL mainly supplies engines to the M&HCV segment, which exposes its revenues to the inherent cyclicity of this segment. However, EBIT margins are partially insulated by the pass-through agreements with the JV partners. The impending risk of

electrification and the emergence of alternative fuel technologies in the automotive sector may also impact demand for TCPL's engines over the medium to long term. However, with the formation of GES and access to technology from Cummins, TCPL is likely to adapt to emerging technologies over the medium to long term as these gain acceptance in the Indian market.

Liquidity position: Strong

TCPL's liquidity profile is strong, supported by cash flows of Rs. 400-600 crore from operations (for FY2026-FY2027), cash and liquid investments of over Rs. 890 crore and buffer of around Rs. 1,475 crore from undrawn working capital lines, as on September 30, 2025, at a consolidated level. The average working capital utilisation remained low, at 16% of sanctioned limits, for the 12-month period ended September 2025. These are expected to remain sufficient to meet its capital expenditure funding of Rs. 200-300 crore per annum over the near to medium term. The company presently remains long-term debt-free, which lends further support to the liquidity profile.

Rating sensitivities

Positive factors – A substantial and sustained improvement in the scale of operations and earnings leading to an improvement in the credit metrics could result in ratings upgrade.

Negative factors – Any sustained decline in the scale of operations and/or deterioration in earnings, leading to weakening of credit metrics may lead to ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Stand-alone	The ratings are based on the consolidated financial statements of TCPL

About the company

Incorporated in July 1993, TCPL is a 50:50 JV between TML and Cummins Inc., US, manufacturing B-series and L-series engines for M&HCVs, industrial applications and power generation. While TML is TCPL's key customer, the company gets technological assistance from Cummins Inc., following its global manufacturing/ operational processes. Additionally, it receives all product-related technological support exclusively from Cummins, although the same can be localised in India with necessary modifications (with approval from Cummins Inc.) based on customer requirements. Starting with a greenfield project in Jamshedpur (Jharkhand) for manufacturing 60,000 automotive engines, it commenced production in January 1996. TCPL has a production capacity of 3,00,000 engines per annum.

TCPL is the largest independent manufacturer of automotive diesel engines in the country. Its main products are four and six-cylinder Cummins B-series engines (75-285 HP) used in automotives (100-350 HP), industrial projects (50-350 HP) and power generation (gensets 30-300kVA) applications. Automotive engines are sold to TML, while Cummins procures automotive, power generation and industrial engines from TCPL. In FY2023, TCPL incorporated a wholly owned subsidiary, GES, which will focus on developing engines using alternative fuel technologies, mainly HIC technology.

Key financial indicators

TCPL (Consolidated)	FY2024	FY2025	H1 FY2026
Operating Income (Rs. crore)	7,478.1	7,133.8	3,410.7
PAT (Rs. crore)	519.3	535.2	207.3
OPBDIT/OI (%)	11.6%	12.7%	11.4%
PAT/OI (%)	6.9%	7.5%	6.1%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	1.1	1.1
Total Debt/OPBDIT (times)	0.7	0.5	0.8
Interest Coverage (times)	68.2	43.3	46.2

Source: TCPL, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 28, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based/ Non-fund Based Limits	Long term/ Short term	52.0	[ICRA]AA (Stable)/ [ICRA]A1+	Oct 25, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Jul 07, 2023	[ICRA]AA (Stable)/ [ICRA]A1+	May 31, 2022	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Fund-based/Non Fund-based 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-1: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund Based / Non Fund Based Facilities	NA	NA	NA	52.0	[ICRA]AA(Stable)/ [ICRA]A1+

Source: Company

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

Annexure-2: List of entities considered for consolidated analysis

Company Name	TCPL Ownership (March 31, 2025)	Consolidation Approach
TCPL Green Energy Solutions Private Limited	100.00%	Full Consolidation

Source: TCPL

ANALYST CONTACTS

Jitin Makkar

+91 124 4545368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Mythri Macherla

+91 22 6114 3435

mythri.macherla@icraindia.com

Yashowardhan Swami

+91 20 6606 9923

yashowardhan.swami@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.