

June 30, 2026

Tata Passenger Electric Mobility Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital limits	1,200.00	1,200.00	[ICRA]AA+(Stable); reaffirmed
Short-term – Non-fund based – Working capital limits	600.00	600.00	[ICRA]A1+; reaffirmed
Commercial paper programme	500.00	500.00	[ICRA]A1+; reaffirmed
Total	2,300.00	2,300.00	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of ratings for Tata Passenger Electric Mobility Limited (TPEML) factors in its strong parentage as a subsidiary of Tata Motors Passenger Vehicles Limited (TMPVL; rated [ICRA]AA+(Stable)/[ICRA]A1+). TMPVL is among the top three domestic passenger vehicle (PV) manufacturers with a market share of 13.6% in FY2026 and has a well-established global presence through its subsidiary – Jaguar and Land Rover Automotive PLC (JLR). The company enjoys high operational, managerial and financial linkages with TMPVL. It enjoys strong financial flexibility on account of being a part of the Tata Group. TPEML is the market leader of the domestic electric vehicle (EV) industry with a market share of 40.2% and offers a wide range of products covering the hatchback, sedan and utility vehicle (UV) segments. It sold over 92,000 EVs in FY2026, registering a growth of 43.4% over FY2025.

The ratings factor in TPEML's strong financial risk profile, driven by a healthy growth in revenues, improving profitability and minimal external debt. Its revenues (including intercompany sales) grew by 62.8% to Rs. 24,329 crore in FY2026, aided by the healthy growth in EV volumes. Moreover, TPEML and TMPVL enjoy fungibility in manufacturing of EV and internal combustion engine (ICE) versions of the same models. TPEML has benefited from an increase in the sales of ICE versions to its parent. Its sale of products to its parent and fellow subsidiaries increased to Rs. 9,907 crore in FY2026 against Rs. 6,662 crore in FY2025. TPEML's operating profit margin (OPM) improved to 3.8% in FY2026 from 0.3% in FY2025, backed by its growing scale, cost reductions and an increase in the incentives accrued under the production linked incentive (PLI) scheme for the sale of EVs. It recognised incentives of Rs. 1,044 crore in FY2026 against Rs. 352 crore in FY2025.

The company had earlier raised \$1 billion (around Rs. 7,500 crore) from TPG Rise through the issue of compulsorily convertible preference shares (CCPS). Part of the investment (around Rs. 2,500 crore) is convertible into a varied number of equity shares and is thus classified as a financial liability and is fair valued through profit and loss. TPEML recorded a gain of Rs. 178 crore in FY2026 on account of a decrease in the fair value of the liability during the period. Aided by the investment, TPEML has maintained a strong liquidity, despite its low profitability over the past few years. It had cash, cash equivalents and liquid investments of Rs. 4,064 crore as on March 31, 2026. Its external borrowing (excluding any liability towards the CCPS but including lease liabilities and acceptance) was minimal at around Rs. 74 crore on the same date.

TPEML's profitability, however, is expected to remain restricted over the medium term on account of a relatively nascent stage of operations, high product development expenses and mainstreaming of EVs with a focus on the mass market through affordable models with competitive pricing. That said, the company is likely to benefit from the PLI incentives over the next few years. ICRA notes that the company had previously envisaged investments of Rs. 16,000 -18,000 crore for the EV business between FY2025 to FY2030. Currently the overall investment spends are fungible between EV and ICE businesses and funding of same is well secured despite TPEML's moderate profitability. The company is also exposed to commodity price cycles,

geopolitical developments and regulatory interventions that may impact its operations. The auto industry has been impacted by the West Asia crisis and the resulting commodity price inflation. To mitigate the impact of the rising input costs, TMPVL announced a price increase of 0.5% effective April 01, 2026, and another 1.5% effective July 1, 2026. ICRA shall monitor the developments in this regard, including any further inflationary pressures or component shortages.

The Stable outlook on the long-term rating reflects ICRA's expectation that TPEML will command a healthy market share in the domestic EV segment, supported by new model launches and remain strategically important to TMPVL, thus continuing to receive strong managerial and financial support.

Key rating drivers and their description

Credit strengths

Strong parentage of Tata Group with high operational, managerial and financial linkages – TPEML is expected to remain a strategically important entity within the Tata Motors Group on account of being the main entity operating the EV space. The company is a 100% subsidiary of TMPVL, which shall have an equity share of 85-89% in TPEML on a fully diluted basis even after the conversion of the investment of \$1 billion by TPG Rise in the form of CCPS. The presence of common directors and key management personnel, oversight of a central treasury team, and fungibility within the manufacturing operations provide further comfort about the strategic importance of TPEML for the Group. ICRA expects the company to continue to benefit from the financial flexibility of the Group.

Market leader in domestic passenger EV segment – Despite increasing competition, TPEML has maintained its leadership in the EV market with a market share of 40.2% in FY2026, driven by its wide and diverse offerings across segments including UVs (through Punch, Nexon, Curvv and Harrier), Sedans (Expres-T) and hatchbacks (Tiago). Its volumes sold grew by 43.4% to more than 92,000 in FY2026. Despite growing competition within the EV market, ICRA expects TPEML's volumes and market share to remain healthy over the near to medium term, aided by a strong pipeline (including Sierra EV and Safari EV over the near term). That said, the actual performance of the new launches would remain a key monitorable.

Comfortable financial risk profile – TPEML has a comfortable financial risk profile characterised by strong liquidity and minimal dependence on external debt. Excluding the CCPS (a large portion of which is classified as debt as per ICRA's policy), the company has minimal financial liabilities with acceptances of Rs. 56 crore and lease liabilities of Rs. 18 crore. Moreover, its liquidity is strong with cash, cash equivalents and liquid investments of Rs. 4,064 crore as on March 31, 2026. ICRA expects TPEML to sustain its comfortable financial risk profile, aided by a steady increase in earnings and a favourable capital structure.

Credit challenges

Company yet to achieve material profitability (excluding PLI incentives) due to nascent stage of operations – TPEML's profitability has been constrained by its nascent stage of operations, high product development expenses and mainstreaming of EVs with a focus on the mass market through affordable models. While its OPM improved to 3.8% in FY2026 against 0.3% in FY2025, this was primarily supported by PLI incentives of more than Rs. 1,044 crore during the year. While the company shall benefit from the PLI scheme till FY2028 aided by its strong focus on localisation, its ability to meaningfully increase its profitability and continue to generate sustained earnings shall remain a key monitorable. However, ICRA notes the company's plans towards improving the profitability over the medium term supported by deepening localisation, cost optimisation, increasing scale and improving product mix.

Sizeable investment requirement towards product development, manufacturing capabilities and localisation in an evolving market – TPEML had previously envisaged investments of Rs. 16,000 -18,000 crore for the EV business between FY2025 to FY2030. Currently the overall investment spends are fungible between EV and ICE businesses and ICRA expects a large part of the investments under TPEML over the next few years to be funded from internal accruals, incentives and the funds raised from TPG Rise. However, its ability to generate sufficient internal accruals from operations over the medium to long term remain a key for meeting its long-term investment targets. Thus, ICRA shall monitor the requirement of any additional funding support and the funding mix adopted for the same.

Susceptible to commodity price cycles, geopolitical developments and regulatory interventions – The company imports several important parts such as key aggregates in battery, motors and power electronics. Any change in regulations related to import of components, supply chain disruptions or changes that can impact demand and viability of the vehicles sold can affect TPEML’s growth prospects and profitability. To mitigate such risks, the company is looking to increase the localisation content in its products, which includes cell manufacturing through group company, Agratas. The domestic automotive market is susceptible to commodity price cycles and has been impacted by the input price inflation following the West Asia crisis. To mitigate the impact of the same, TMPVL announced a price increase of its PVs by up to 0.5% effective April 01, 2026, and another 1.5% effective July 1, 2026. However, the company’s ability to maintain/improve its earning profile amid inflationary pressures, while continuing to grow its volumes at a healthy rate shall remain important for maintaining a healthy credit profile.

Liquidity position: Strong

TPEML has a strong liquidity position, supported by improvement in its earnings, free cash, cash equivalents and liquid investments of Rs. 4,064 crore as on March 31, 2026 and no repayment obligations owing to no outstanding term debt. Further, ICRA expects TPEML to incur capex/ investments in product development of Rs. 16,000-18,000 crore between FY2025 and FY2030. However, ICRA notes that currently the overall investment spends are fungible between EV and ICE businesses and the investments under TPEML shall largely be funded from the existing sources of liquidity and continued funding support from the parent.

Rating sensitivities

Positive factors – The long-term rating could be upgraded in case of a further improvement in the parent’s credit profile.

Negative factors – Pressure on the ratings could arise in case of significant weakening of the company’s market position in the domestic electric PV industry, resulting in a sustained weakening in earnings, or in case of large debt-funded capex or investments that have an adverse impact on TPEML’s credit metrics and liquidity profile on a sustained basis. Any material change in the parent’s credit profile or committed support from the parent could trigger a downward revision in the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies 9 Bold	Corporate Credit Rating Methodology Passenger Cars
Parent/Group support	The ratings are based on implicit support from TMPVL. ICRA expects TMPVL to extend timely financial support to TPEML, should there be a need, given the strong operational, financial and managerial linkages between them.
Consolidation/Standalone	Standalone

About the company

TPEML was incorporated in CY2022 to design, manufacture and sell a wide range of automotive passenger electric vehicles. At present, the company is the leader in the domestic EV segment with a market share of 40.2% in FY2026. As on March 31, 2026, TPEML is a wholly-owned subsidiary of TMPVL. However, TPG Rise has invested \$1 billion in TPEML in two tranches of \$500 million each in March 2022 and January 2023 in the form of CCPS, aggregating to around Rs. 7,500 crore approximately and on conversion of these CCPS, the shareholding of TMPVL in TPEML is expected to reduce to 85-89%.

The company’s products are manufactured in Sanand, Gujarat (commissioned in January 2024) and in the manufacturing facilities of its parent, TMPVL. Its plant at Sanand has an initial manufacturing capacity of 3 lakh units per annum, scalable up to 4.2 lakh units per annum, with manufacturing capacity fungible between EVs and ICE vehicles.

Key financial indicators (audited)

TPEML (standalone)	FY2025	FY2026
Operating income	14,942.0	24,329.0
PAT	95.0	773.0
OPBDIT/OI	0.3%	3.8%
PAT/OI	0.6%	3.2%
Total outside liabilities/Tangible net worth (times)	1.0	1.1
Total debt/OPBDIT (times)	53.1	2.6
Interest coverage (times)	3.4	38.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

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

Current rating (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	June 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital limits	Long term	1,200.0	[ICRA]AA+ (Stable)	June 04, 2025	[ICRA]AA+ (Stable)	August 27, 2024	[ICRA]AA+ (Stable)	-	-
Non-fund based – Working capital limits	Short term	600.0	[ICRA]A1+	June 04, 2025	[ICRA]A1+	August 27, 2024	[ICRA]A1+	-	-
Unallocated limits	Long term/ Short term	-	-	June 04, 2025	-	August 27, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	March 13, 2024	[ICRA]AA (Stable)/ [ICRA]A1+
		-	-	-	-	-	-	Nov 07, 2023	[ICRA]AA (Stable)/ [ICRA]A1+
Commercial paper programme	Short term	500.0	[ICRA]A1+	June 04, 2025	[ICRA]A1+	August 27, 2024	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (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 Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	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.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Working capital limits	Simple
Short-term – Non-fund based – Working capital limits	Simple
Commercial paper programme	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based – Working capital limits	NA	NA	NA	1,200.00	[ICRA]AA+ (Stable)
NA	Short-term – Non-fund based – Working capital limits	NA	NA	NA	600.00	[ICRA]A1+
NA	Commercial paper programme*	NA	NA	NA	500.00	[ICRA]A1+

Source: Company; *Yet to be placed

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

Annexure III: List of entities considered for consolidated analysis: Not applicable

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