

Automobile Corporation of Goa Limited

September 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	5.00 (Reduced from 10.00)	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	8.00 (Enhanced from 3.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Automobile Corporation of Goa Limited (ACGL) reflect consistent improvement in its operating and financial performance, supported by healthy growth in volumes, better realisations, and improved profitability. Ratings also factor in the strong operational and managerial linkages with Tata Motors Limited (TML; rated CARE AA+; Stable/CARE A1+), which holds 48.98% stake in ACGL as on August 25, 2025. ACGL remains a strategic supplier to TML, catering to 1/3rd of its bus body requirements, leading to a significant portion of ACGL's revenue coming from TML. The company is also undertaking a capex to upgrade its facilities, positioning itself to benefit from evolving industry trends in the bus segment.

However, the ratings remain constrained by exposure to volatile commodity prices, cyclicity in the commercial vehicles industry, and competition from global players in the bus segment.

Additionally, the demerger of TML is not expected to have any impact on ACGL's operations, as the company's business will continue seamlessly under TML's commercial vehicle business segment post-demerger.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in capacity utilisation leading to sharp improvement in revenue and operating margins around 10% on a sustained basis.
- Substantial increase in the proportion of TML's buses supplied by ACGL.

Negative factors

- Any Weakening of credit profile or weakening of linkages with TML.
- Any Large debt funded capital expenditure deteriorating its overall gearing ratio over 0.50x on a sustained basis.

Analytical approach: Standalone

Factoring the strong operational and managerial linkages with TML. For arriving at ratings, CARE Ratings Limited (CareEdge Ratings) has used its notch-up framework, considering the support derived from being part of TML.

Outlook: Stable

CareEdge Ratings has assigned a Stable outlook to ACGL's facilities, supported by its strong operational and managerial linkages with TML, sustained business growth, and a healthy financial profile. The company's scale is expected to further improve, driven by higher bus demand from TML.

Detailed description of key rating drivers:

Key strengths

Strong linkages with Tata Motors Limited (TML)

ACGL maintains strong operational linkages with Tata Motors Limited (TML), serving as one of its key suppliers for bus body requirements and catering to 1/3rd of TML's ICE bus body needs. Girish Wagh, Executive Director of TML, also serves as a Non-Executive, Non-Independent Director on the Board of ACGL. The company derives a substantial portion of its revenue from TML, which accounted for ~89% of total revenue in FY25. Aligned with these strong linkages, the analytical approach for rating TML factors in the consolidation of ACGL.

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

Consistent improvement in operational performance

The company reported healthy growth in its Total Operating Income (TOI), which increased by 13.02% to ₹662.55 crore in FY25 (PY: ₹586.23 crore), supported by better realizations and higher volumes. During FY25, bus sales touched an all-time high of 7,265 units (PY: 6,511 units), further improving capacity utilization. PBILDT margins improved to 8.17% in FY25 (PY: 7.62%). In Q1FY26, total income stood at ₹260.75 crore (PY: ₹206.75 crore), with PBILDT of ₹32.21 crore (PY: ₹25.50 crore) and PBILDT margin of 12.35% (PY: 12.20%). Going forward, healthy demand from State Transport Undertakings (STUs) and the company's readiness to cater to EV demand are expected to further boost operational performance.

Robust financial risk profile

The company is net debt-free and has no long-term debt obligations. The total debt of ₹85.74 crore in FY25 (₹62.56 crore in FY24) primarily represents outstanding customer bill discounting facilities, which are availed in the company's name but ultimately settled by Tata Motors Limited (TML). Since these facilities are on a recourse basis, they are classified as short-term borrowings in the financials until settlement by TML. The overall gearing ratio increased marginally to 0.34x, primarily on account of higher utilization of bill discounting facilities. It is expected to remain in a similar range going forward. During the year, the company declared a dividend of ₹12.18 crore, representing 26.13% of its profit after tax. CareEdge Ratings expects that the company's capital structure will remain strong in near to medium term in the absence of any major debt funded capex plans.

Liquidity: Strong

The company maintains a strong liquidity position, with cash and bank balances along with liquid investments amounting to ₹190.83 crore as at end-FY25. ACGL had temporarily invested its surplus funds in mutual funds. These investments were liquidated in April 2025, and the proceeds were subsequently placed back with Tata Motors Limited (TML) in the form of inter-corporate deposits (ICDs) amounting to ~₹120-125 crore. Fund-based working capital limit utilization stood at 4.82%, while non-fund-based working capital limit utilization stood at 33.86% during the last 12 months ended June 2025, providing additional liquidity headroom. This is apart from the bill discounting limit utilization, which is availed in the company's name but ultimately settled by Tata Motors Limited (TML). In FY25, the company generated gross cash accruals of ₹52.00 crore. ACGL has planned capex primarily for capacity expansion, repairs, and maintenance. Post-expansion, the company will be able to cater to TML's EV demand as well. The entire investment is planned to be funded through internal accruals and cash and bank balance, with no reliance on additional debt.

Key weaknesses

Cyclicality in the Commercial Vehicle (CV) Industry

The company's revenue remains closely linked to the bus segment of the commercial vehicle (CV) industry, which is inherently cyclical and influenced by government budget allocations for public transportation as well as broader economic conditions. Demand volatility in this segment often results in underutilized capacity, higher fixed cost absorption, and delays in achieving operational efficiencies, thereby exerting pressure on cash flows.

Intense competition

The bus body-building industry is witnessing increasing competitive intensity with the entry of global players and the expansion of domestic manufacturers. This trend could put pressure on established OEMs such as TML, which in turn may impact ACGL's performance in the future, despite the company's current strong growth trajectory. Moreover, ACGL's revenue concentration remains high, with ~89% of its FY25 turnover derived from TML. While this dependence on a single customer limits diversification and heightens exposure to industry-wide risks, it also provides revenue stability and long-term growth visibility, given TML's strong market position and ACGL's role as a key strategic supplier.

Environment, social, and governance (ESG) risks

Particulars	Risk Factors
Environmental	The company has installed an electric oven, eliminated the use of diesel-operated ovens and reduced the direct burning of fossil fuels. At its Jejuri plant, a 780 kWp solar power project has been commissioned to create a clean energy source, which will reduce dependence on the state grid and eliminate ~148 lakh kWh of electricity consumption over the next 15 years. This initiative will also result in annual savings of ~745 tons of CO ₂ emissions, and a minimal 0.7% annual degradation rate. To promote water conservation, an artificial water body with a storage capacity of 72 lakh litres is being constructed to harvest rainwater in the monsoon, ensuring sustainable water supply to the plant in summer. In addition, the company has installed an Organic Waste Composter to treat food waste and generate compost, preventing direct disposal into landfills and further reinforcing its commitment to a greener and more sustainable future.

Social	The company conducts monthly safety training sessions for employees and workers, aimed at spreading awareness on critical topics and reinforcing a culture of Zero Harm. As a part of its CSR initiatives in FY25, ACGL contributed towards the construction of a science laboratory at the Government High School, Bhuimpal, Sattari-Goa. This facility will enrich the learning experience of students by providing a hands-on environment to explore scientific concepts. The company supported the education of differently abled students through the National Association for the Blind, Goa State Branch, enabling visually impaired children to pursue learning and realise their potential. The company's total CSR expenditure stood at ₹59.18 lakh in FY25, reflecting its continued commitment to community development and inclusive growth.
Governance	As of FY25, ACGL's Board continues to have a strong independent representation, with four independent directors of nine.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipments

ACGL was incorporated in 1980 and was jointly promoted by the Economic Development Corporation of Goa Limited (EDC), a Government of Goa undertaking, Tata Motors Limited (TML: CARE AA+; Stable/CARE A1+), and Tata Motor Finance Limited (TMFL, now merged to Tata Capital Limited: CARE AAA; Stable), a Tata Group entity. TML holds a 48.98% direct stake in the company, while TCL holds 0.79% and EDC holds 6.66%. The company operates through two business segments: the Pressing Division and the Bus Body Building Division. The Pressing Division is engaged in the manufacture of pressed parts, components, sub-assemblies, and assemblies, while the Bus Body Building Division focuses on the manufacture of bus bodies and component parts. The product portfolio includes staff transport buses, luxury buses, city transport buses, defence buses, airport buses, school buses, sleeper coaches, special application vehicles, and sheet metal products.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	586.23	662.55	260.75
PBILDT	44.68	54.13	32.21
PAT	38.37	46.60	23.07
Overall gearing (times)	0.29	0.34	NA
Interest coverage (times)	526.29	600.75	NM

A: Audited UA: Unaudited NA: Not available NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

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
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE AA-; Stable
Non-fund-based - ST-BG/LC		-	-	-	8.00	CARE A1+

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	5.00	CARE AA-; Stable	-	1)CARE AA-; Stable (20-Aug-24)	1)CARE AA-; Stable (02-Aug-23)	1)CARE AA-; Stable (05-Aug-22)
2	Non-fund-based - ST-BG/LC	ST	8.00	CARE A1+	-	1)CARE A1+ (20-Aug-24)	1)CARE A1+ (02-Aug-23)	1)CARE A1+ (05-Aug-22)

LT: Long term; ST: 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	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

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.

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