

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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# **AUTOMOBILE CORPORATION OF GOA LIMITED** **18th Annual Report 1998**





## AUTOMOBILE CORPORATION OF GOA LIMITED

### BOARD OF DIRECTORS

S. V. Salgaocar — Chairman

D. N. Naik

J. S. Mascarenhas — Nominee UTI

Dr. M. Modassir

Andrew Gonsalves — Managing Director

### COMPANY SECRETARY

Ananth Prabhu

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### AUDITORS

C. C. Chokshi & Co.

### BANKERS

State Bank of India

Central Bank of India

Syndicate Bank

### REGISTERED OFFICE

Honda, Sattari,  
Goa 403 530.

### 18TH ANNUAL GENERAL MEETING

29th September, 1998

Tuesday

3.00 P.M.

Honda, Sattari, Goa 403 530.

**Note :** Shareholders/Proxies attending the meeting are requested to make use of transport leaving from Sujay Apts., 18th June Road, Panaji, Goa at 1.00 p.m. on 29.9.1998 and returning after the meeting.



## NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of AUTOMOBILE CORPORATION OF GOA LIMITED will be held on Tuesday, the 29th September, 1998 at 3.00 p.m. at the Registered Office of the Company at Honda, Sattari, Goa to transact the following business:

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date and the schedules and notes attached thereto.
2. To declare a dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. S. V. Salgaocar, who retires by rotation and is eligible for reappointment.
4. To consider and, if thought fit, to pass the following Resolution as a Special Resolution.

"RESOLVED that pursuant to Section 224A and other applicable provisions if any, of the Companies Act, 1956, M/s C. C. Chokshi & Co., Chartered Accountants, Mafatlal House, Backbay Reclamation, Mumbai 400 020 be and are hereby appointed Auditors of the Company to hold office from this meeting until the conclusion of the next Annual General Meeting of the Members of the Company, on a remuneration of Rs. 1,25,000/- (Rupees one lac twenty five thousand only) plus out of pocket expenses incurred by the Auditors for the purpose of Audit."

By order of the Board of Directors

**ANANTH PRABHU**  
Company Secretary

Registered Office :

Honda, Sattari,  
Goa 403 530.

Dated : 1st July, 1998.

### NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- (b) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the

business under item no. 4 set out above is annexed hereto.

- (c) The Register of Members and Transfer Books of the Company will remain closed from Tuesday, the 15th September, 1998 to Tuesday, the 22nd September, 1998 (both days inclusive).
- (d) The Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 1998 if declared at the Meeting, will be payable on or after 15th October, 1998 to those Shareholders whose names appear on the Register of Members as on 22nd September, 1998.
- (e) Pursuant to Section 205 (A) of the Companies Act, 1956, an amount of Rs. 1,39,919/- towards unclaimed dividend for the year ended 31st March, 1994 has been transferred to the General Revenue Account of the Central Government. Those Shareholders who have not encashed their Dividend Warrants for the said year, are requested to claim their amounts from the Registrar of Companies, Goa Daman & Diu, Daulat Building, St. Inez, Panaji, Goa 403 001.

### Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

#### Item No. 4

Section 224A of the Companies Act, 1956 provides that in case of a Company of which not less than 25% of the Subscribed Capital is held either singly or in any combination by Public Financial Institutions, Government Companies etc., the appointment or reappointment of an Auditor of that Company has to be made by a Special Resolution. Since the holding of the shareholders falling in the aforesaid category exceeds 25% of the Subscribed Capital of the Company, the resolution appointing the Auditors is proposed as a Special Resolution.

None of the Directors is interested or concerned in the above resolution.

By order of the Board of Directors

**ANANTH PRABHU**  
Company Secretary

Registered Office :

Honda, Sattari,  
Goa 403 530.

Dated : 1st July, 1998.

## AUTOMOBILE CORPORATION OF GOA LIMITED

## DIRECTORS' REPORT

To the Members of Automobile Corporation of Goa Limited.

Your Directors present their 18th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1998.

**Financial Results**

	(Rs. in lacs)	
	For the Year	For the Previous Year
Profit for the year before providing for Depreciation and Taxes	569.63	1202.68
Provision for Depreciation	355.73	345.58
Provision for Taxes	63.00	359.00
	418.72	704.58
Profit for the year after providing for Depreciation and Taxes	150.91	498.10
Short Provision for Taxes of earlier years	(16.19)	(22.54)
Balance brought forward from the previous year	763.26	543.54
	897.98	1019.10

**Appropriations :**

1. Debenture Redemption Reserve	—	65.00
2. General Reserve	18.00	55.00
3. Proposed Dividend	123.49	123.49
4. Tax on Dividend	12.35	12.35
	153.84	255.84
Balance carried to Balance Sheet	744.14	763.26

**DIVIDEND**

Your Directors recommend payment of 25% Dividend on the Share Capital of the Company.

**Operations****Sheet Metal Division**

1. The automobile industry has been in the turmoil of its worst ever recession over the past 18 months. Paradoxically, instead of the growth thrust liberalisation should have given the economy, the

recessionary impact has been particularly acute for the auto ancillary industry which had in anticipation geared up investments in capacity to meet the compounded demand growth forecast.

2. Nevertheless, your Company firmly believes that, the country's basic infrastructure itself needs large long term development investments. Transportation, a fundamental support system to infrastructural development therefore has an enormous growth potential .... the recession is therefore to be considered as a peculiar aberration. Indian road transport industry is nowhere near saturation levels, your Directors are therefore of the opinion that the current recession is a phase that has to be endured and given the right atmosphere for investments in infrastructure, the industry is bound to get back to the growth path again..... there is no alternative for the survival of the Indian economy. The Company has the requisite fundamental strengths to wait out this recession; Technology upgradation and change in systems and attitude are the facets to be prioritized for development. Your Company has therefore taken up this development as a major thrust area.

3. However the imperatives brought up by recession on competitiveness will necessarily remain entrenched customer expectations. Your Company has therefore taken steps to upgrade product quality, cut costs and offer improved service to the customer through better supply management :

The Sheet Metal Division at Honda, Goa, has been awarded Certification under ISO 9002 by TUV Cert.; a warehouse has been established at Pune to provide 'just in time' supply to Telco at Pune; a Press Shop is being established at MIDC, Jejuri — 40 kms. from Pune to cut transportation cost and enhance supply reliability of both; raw material to the plant; and component supply to the customer. Your Company will take such further steps as are deemed necessary to ensure that it retains its attractiveness as a reliable supplier of cost optimised, quality products to its customer.

**Bus Body Division**

4. Labour unrest in the first half of the year under review drastically affected the performance. Only



498 buses were produced during the year under review. The labour agitation also seriously hampered both market share development, and the implementation of the plan for introduction of Monocoque buses during the year. The prototype Monocoque bus has only now been sent to FHI, Japan for road simulator tests to certify the validity of design parameters used to establish vehicle performance on real travel time.

5. Over the last several years, the Company's buses have not undergone major changes in model styling. This resulted basically, due to prohibitive tool development costs. The Company has found through its collaborator an alternative in FRP technology — facilitating quicker and economical development of model styling changes without affecting the safety and reliability of the bus engineering/design parameters. A new range of buses with aesthetically appealing Front & Rear structures have been introduced during the year and have received an enthusiastic response from the customers.
6. 'Ashiyana Autobodies Ltd.', the joint venture with M/s. Pandit Automotive Ltd., Pune, commenced production of LP 609/407 vehicles at its newly established factory at Satara, Maharashtra, during the year.
7. As commuter awareness of safety and expectations of basic comfort standards rise, buses such as those built by the Company will have increasing demand vis-a-vis those built by conventional methods. As the size of the market is large and given its spread across the country, your Company proposes to enter into strategic alliances with interested parties widely distributed geographically to expand body building capacity using its in-house technology — now fully indigenised.

#### Directors

8. Mr. S. V. Salgaocar, Director, retires by rotation and being eligible, offers himself for reappointment.

#### Particulars of Employees

9. Information in accordance with Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of this report is given in the Annexure.

#### Auditors

10. The Members are requested to appoint Auditors for the year and fix their remuneration. M/s. C. C. Chokshi & Co., the present auditors retire and have furnished eligibility certificate as required under Section 224 (1) of the Companies Act, 1956.

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgoings

11. The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this report is appended hereto.

On behalf of the Board of Directors

**S. V. SALGAOCAR**  
Chairman

Place : Panaji,  
Dated : 1st July, 1998.

## AUTOMOBILE CORPORATION OF GOA LIMITED

## ANNEXURE TO DIRECTORS' REPORT

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**A. Conservation of Energy**

About one third of monthly 1,50,000 KWH electrical energy at the Sheet Metal Division is consumed by operation of compressed air generating units. In view of the changed production pattern, the compressed air requirement has been reworked and a monthly saving of 19,138 KWH has been achieved, resulting in the saving of nearly Rs. 5 lacs annually.

**B. Form of Disclosure of Particulars with respect to Absorption of Technology, Research and Development (R&D)****FORM B****I. Research & Development**

1. i) Development of buses through introduction of technology change, with Aluminium roof and skirt panels.
- ii) Development of New Front & Rear Structure styling in FRP in the 1510/1313 models.
- iii) Development of a CNG (Compressed Natural Gas) Engine city operation bus.
- iv) Adoption of new models of AC units such as Thermoking (Shuttle — Air S40) and Konvecta.
2. Benefits derived as a result of the above Research & Development:
  - i) Export market has widened significantly with the introduction of Aluminium roof buses.
  - ii) Opening up of domestic market for larger segment of luxury buses with the introduction of new models.
3. Future Plan of Action :
  - i) Fixturing and Process Development for mass production of New Model buses.

- ii) Inclusion of aggregates for automatic transmission; Direct drive Air conditioner; Heater systems, and indigenous Air suspension for Monocoque buses.

**4. Expenditure on Research and Development :**

a) Capital	Rs. 5,53,405
b) Recurring	Rs. 11,00,089
c) Total	Rs. 16,53,494
d) Total R&D expenditure as a percentage of total turnover	0.20%

**II. Technology Absorption, Adaptation and Innovation**

- a) Technology imported : Technology for building Monocoque Buses as per Technical Collaboration Agreement with Fuji Heavy Industries, Japan.
- b) Year of import : 1997-98
- c) Has technology been fully absorbed : Technical Collaboration Agreement is under implementation.

**C. 1. Exports**

The Bus Body Division executed Export orders for 290 buses during the year.

**2. Foreign Exchange used and earned**

Used — Rs. 26,18,532 towards Technical Fee, import of components and Travelling expenses.

Earned — Rs. 9,82,49,617 towards Export of buses through a Merchant Exporter.

On behalf of the Board of Directors

**S. V. SALGAOCAR**  
Chairman

Place : Panaji,

Dated : 1st July, 1998.



## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Name	Age (yrs)	Designation/ Nature of duties	Gross remuneration recd. (subject to tax) (Rs.)	Net remuneration (Rs.)	Qualification	Total Experience (yrs)	Date of commencement of employment	Last employment held, Designation, Period for which post held
Mr. A. Gonsalvez	54	Managing Director	11,82,817	4,00,475	B.E. (Mech) D.B.M., M.M.S.	30	1.4.1986	Dy. Div. Manager (Auto) Telco 2 years.
Mr. A. Prabhu	49	Company Secretary	3,08,057	2,16,105	B.Sc. A.C.S.	27	1.3.1982	Company Secretary M/s Govind Poy Oxygen Ltd., 18 months.
Mr. K. V. Mallya	40	Manager Fin. & HRD	3,28,151	2,28,120	B. Com. (Hon.) L.L.B. (Gen.) A.C.A.	15	1.8.1983	—

### NOTES:

1. Gross remuneration includes salary, commission, monetary value of perquisites as per the Income Tax Rules and Company's contribution to PF, SAF and Gratuity.
2. Net remuneration is after tax and is exclusive of Company's contribution to PF, SAF and Gratuity, monetary value of non-cash perquisites and LTA.
3. The nature of employment is contractual.



On behalf of Board of Directors

**S. V. Salgaocar**  
Chairman

Place : Panaji,  
Dated : 1st July, 1998.