

On the Path of Progressive Journey...

AUTOMOBILE CORPORATION OF GOA LIMITED

37th Annual Report
2016-2017

ACGL Product Range



ELANZA



HRTC - JUPITER



COMFORT



KIDZ



COMFORT EX



PLEASURE

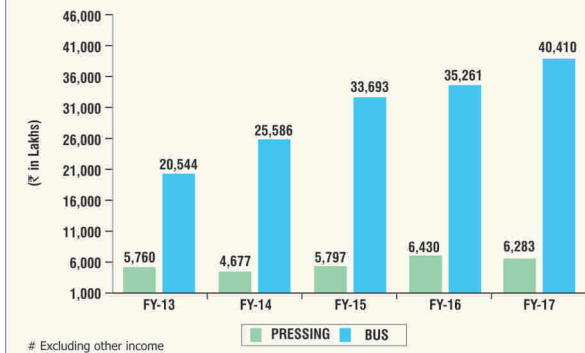
Contents

Corporate Information	02
Chairman's Message	05
Director's Message	07
CEO & ED's Message	09
Notice	11
Director's Report	20
Management Discussion and Analysis	46
Corporate Governance Report	52
Auditors' Report	67
Balance Sheet	73
Statement of Profit and Loss	74
Cash Flow Statement	75
Notes to the Financial Statement	77
Attendance Slip & Proxy Form	100

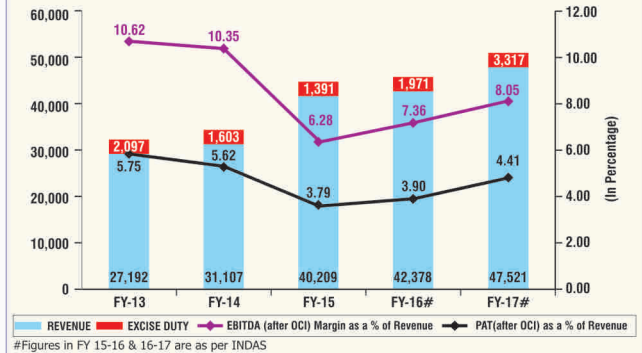




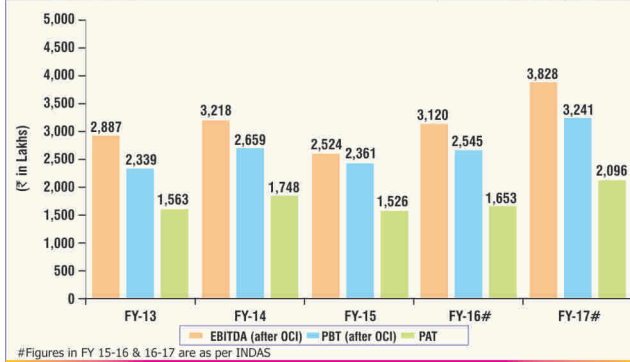
SEGMENT TURNOVER



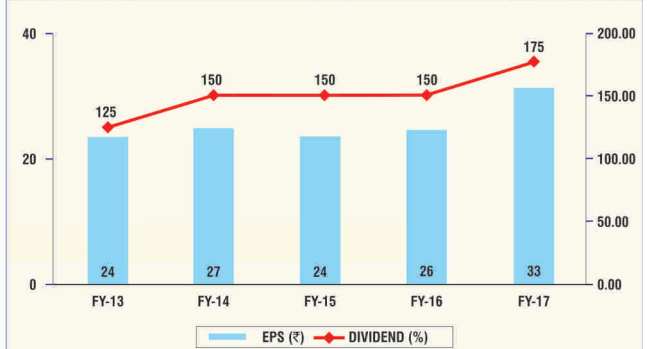
REVENUE (inclg. other income), EBITDA (after OCI) AND PAT AS% REVENUE



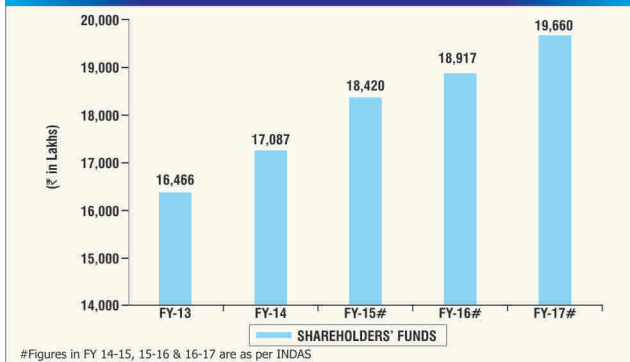
EARNINGS AND PROFITS (after OCI)



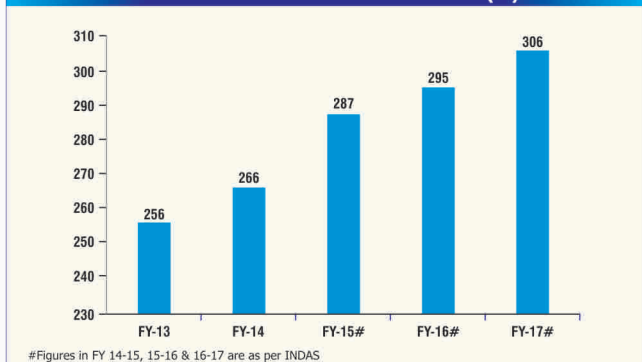
DIVIDEND (%) AND EPS



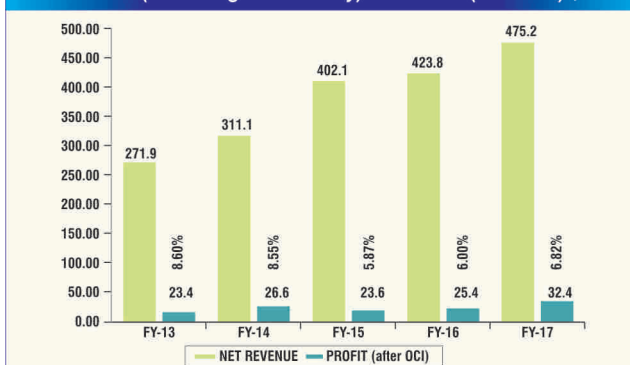
SHAREHOLDERS' FUNDS



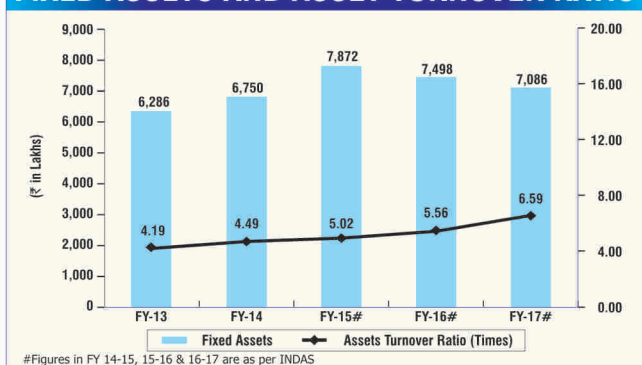
BOOK VALUE PER SHARE (₹)



Net Revenue (excluding Excise Duty) and Profit (after OCI) (₹ In Crs.)



FIXED ASSETS AND ASSET TURNOVER RATIO





CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Shrinivas Dempo
Chairman - Independent Director

Mr R Pisharody
Non-Executive Director

Mr Steven Pinto
Independent Director

Mr P F X D'Lima
Independent Director (upto 6.12.2016)

Mr A Gajendragadkar
Non-Executive Director (upto 30.11.2016)

Mr R Ramakrishnan
Non-Executive Director

Dr Vijayanti Pandit
Independent Director

Mr Yatin Kakodkar
Additional Independent Director (w.e.f. 7.12.2016)

Mr Abhay Bawale
Additional Non-Executive Director (w.e.f. 26.06.2017)

Mr O V Ajay
CEO & Executive Director

OTHER SENIOR EXECUTIVES

Mr Raghwendra Singh Butola
Chief Financial Officer

Mr Mahesh Pawaskar
Sr General Manager - Sheet Metal Pressings

Mr Smarajeet Tripathy
Sr General Manager - Head Marketing

Mr Christie Gomes
General Manager - Proto/PPTI

Mr Dilip Desai
Dy General Manager - Design

Mr Deepak Kade
Dy General Manager - Quality

Mr Y B Joshi
Dy General Manager - Production

Company Secretary

Mr Pravin Satardekar

Registered Office

Honda, Sattari, Goa 403530
Tel: +91 832 6731218 Fax: +91 832 6731262
Email: sectl@acglgoa.com
Website: www.acglgoa.com

Corporate Identity Number (CIN)

L35911GA1980PLC000400

Share Registrars

TSR Darashaw Limited

6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr E Moses Road, Mahalaxmi, Mumbai 400 011
Tel: +91 22 66568484 Fax: +91 22 66568494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Bankers

State Bank of India
HDFC Bank Limited

Statutory Auditors

Deloitte Haskins & Sells LLP
(Registration No. 117366W/W-100018)

Chief Internal Auditor

Mr Suraj Singh

Secretarial Auditors

Mr Shivaram Bhat
Practicing Company Secretary
(Membership No 10454)

Works

Honda (Goa)
Bhuimpal (Goa)
Jejuri (Maharashtra)
Dharwad (Karnataka)

37th ANNUAL GENERAL MEETING

July 27, 2017
3.30 p.m.
Honda, Sattari, Goa - 403 530.



BOARD OF DIRECTORS



SHRINIVAS DEMPO
Chairman - Independent Director



RAVINDRA PISHARODY
Non-Executive Director



STEVEN PINTO
Independent Director



YATIN KAKODKAR
Additional Independent Director



R RAMAKRISHNAN
Non-Executive Director



DR. VAJAYANTI PANDIT
Independent Director



ABHAY BAWALE
Additional Non-Executive Director



O V AJAY
CEO & Executive Director



MANAGEMENT TEAM



Seated Left to Right : Dilip Rane, Deepak Kadkade, Raghendra Butola, O. V. Ajay, Mahesh Pawaskar, C. G. Gomes, Y. B. Joshi
Standing Left to Right : Dattatraya Sinari, Smarajeet Tripathy, Prakash Naik, Carlton Colaso, Pravin Satardekar, James D'soza, Dilip Desai, Pradip Panjikar



Message From Chairman

Dear Shareholders,

I am pleased to be connecting with you in the matter of your Company's performance and prospect relating to yet another year.

The transport network is often called as the lifeline and arteries of modern society. Good transport network and logistics is crucial for sustained economic growth and development of any nation. Transport network is necessary for connecting villages with towns, markets, industrial & educational hubs, and in bringing together remote & developing regions closer to one another.

Recently, in April 2017, NITI Aayog released a three-year action agenda setting out India's development strategy. Infrastructure is a key component of the action plan which is for the period 2017-18 to 2019-20. For infrastructure, the agenda focuses on targets for the next three years as well as the possible action to be taken by the Central and the State Governments to achieve these targets. The action plan has focused quite extensively on the maintenance aspects of the road sector. The allocation towards capital expenditure for the construction and maintenance of roads is proposed to be increased from Rs. 310 billion at present to about 860 billion by 2019-20. By 2020, the Central Government aims to connect all unconnected villages with all-weather roads under the Pradhan Mantri Gram Sadak Yojana.

In the area of road safety, the strengthening of rules governed by the Motor Vehicles (Amendment Bill), 2016 is welcomed. However, the creation of road safety boards to effectively set and enforced rule is important.

The plan is certainly a sound one, as it is wide ranging in its scope and highlights some of the important policy loopholes which requires urgent attention. For the country to return to its 8% Growth trajectory in the next 2-3 years, speedy implementation of this step is not just a choice, but a necessity, especially if we are to close the infrastructure deficit i.e. constraining economic growth.

As the world is waking up to the harsh realities of the climate change, radical policies are being formulated. The situation in India is no different. After the commitment made at the Conference of Parties (COP) in Paris in 2015, India is taking strong measures to cut emissions and reduce the carbon footprint of various sources. With April 1, 2017 marking the mandatory adoption of the Bharat Stage (BS) – IV emission norms throughout the country (many parts had these in place much earlier), the Government is already working towards the next milestone – the transition from BS-IV to BS – VI emission norm by 2020, skipping the BS-V level.

We are conscious of the role that Automobile Industry play in developing India's infrastructure, and the important part that ACGL will have to play in this development. We are optimistic about the Government of India's focus on greater digitization and formalisation of the economy and such other initiatives as mentioned earlier, as these are enablers for strong and sustainable growth.

I am pleased to share with you, the commendable work that the management has done during this volatile period in a structured manner by utilizing the resources optimally. This has been an exciting year for ACGL and we have delivered a strong financial and



operational performance. We continued to focus on cost optimization and productivity enhancement while also benefiting from the recovery in bus markets during 2016-17. Together, these factors translated into strong Total Revenue of Rs.475 Crores, reflecting a growth of 12% over the previous financial year. The PBT is Rs.32.41 Crores compared to Rs.25.45 Crores in the preceding financial year. The Company has surpassed its own record of highest number of buses manufactured in a year - 4960 no. in FY 2015-16 by registering the next record of 5925 no of buses manufactured in FY 2016-17. I am pleased to mention that your Board of Directors have also recommended the declaration of an all-time high dividend for FY 2016-17 for your consideration.

CSR is fundamentally an inspirational exercise, and it is difficult to legislate aspirations. In April 2014, India became the only country to fix the quantum for Corporate Social Responsibility by law. Indian companies need to go beyond traditional CSR and catch up with the emerging needs of the society. Considering this need of the hour, your Company has been making organized and structured efforts targeting new social priorities such as sanitation, environment, education, women empowerment, gender parity and skill enhancement at the grass roots level.

Today, individuals and businesses need to embrace thought leadership-which is about coming up with new ways of thinking and reinventing as a strategy for growth. Furthermore, we need to fortify our thinking by providing cutting edge offerings that will distinguish us from the competition while working on counter-intuitive perspective, new value generating processes and operational practices that accelerate the transition from idea to reality. The ability to make connections that others cannot see creates new worlds of possibility. As a much-needed strategy, your Company needs to focus on the retail marketing and I am eager to see the results of our efforts in this direction.

We are excited about the opportunities in FY 2017-18 and beyond. We concluded FY 2016-17 on a strong note delivering on our strategic priorities and generating positive momentum across the board. We

continue to be guided by our mission, strong ethics, principles of humility, transparency, respect and continuous learning and adaptability. The Board believes that ACGL is certainly on a growth path and is prepared to discharge its performance in fulfilling the aspiration and expectations of its stakeholders.

There is visible growth across all sectors of the economy, which bodes very well for the Automobile sector and especially for ACGL's operating plan. We are encouraged by reforms including the Goods and Services Tax (GST), initiatives to develop infrastructure and focus on providing affordable housing. These are all transformative steps, designed to strengthen the country from within and unleash its full economic potential.

I am thankful to the board members for their continued sound guidance and contribution in making ACGL stronger and more efficient with each year that passes. During the year, Mr PFX Dlima and Mr Abhijit Gajendragadkar have separated from the services of the Board. We truly acknowledge their services and the contribution made in the growth of the Company. I am happy to introduce you to our new Directors-Mr Yatin Kakodkar and Mr Abhay Bawale who have wide and varied industry experience which would be an asset to the functioning of the Board. I would like to congratulate our committed and hardworking people whose innovation and initiatives have contributed to the Company's growth and sustainability. We will continue to seek our shareholders' participation and support, as we walk further on our journey to explore more fulfilling and enriching successes. I thank our principal shareholder on the Tata Group, the Government of Goa, our suppliers and commercial partners for their continued support during the year.

I am confident about the future we are contemplating for ACGL.

Sincerely,
Shrinivas Dempo
June 29, 2017



Message From Director

Dear Shareholders,

It has been a very challenging year for the Indian automobile industry with demonetization, uncertainty over GST implementation and later the BS IV transition affecting an already depressed market. However, I am happy to note that your Company has performed extremely strongly in this environment and continues to look to the future with confidence.

Bus penetration in India is woefully low and continues to lag behind many other emerging economies. However, in recent years successive governments, both at the central as well as state level, have outlined investments to improve the public transport networks. The Smart City initiative of the Government of India emphasizes on improved public transportation systems. This will lead to the expansion of BRTS, feeder, intracity and intercity bus networks that will drive a spurt in bus volumes.

The bus business in India is highly cyclical during the year. For example almost the entire school business, which constitutes 30-32% of total bus sales, takes place in only 4 months (April – July). Another example is the State Transport Undertaking (STU) business, which is entirely dependent on tenders and fund availability. This is the uncertainty that we need to be prepared to deal with if we are to be successful.

Until a decade ago, State transport undertakings (STUs) accounted for nearly 75 per cent of bus buying with the private sector's share being minuscule in contrast. Since then, there has been a huge shift to private acquisition thanks to the growth of captive segments like schools. While State buying has been stagnant and actually going down substantially, the private segment has proliferated with manufacturing factories and IT companies requiring buses to ferry their employees.

Looking forward we expect to see a number of changes in the regulatory and market environment that will fundamentally change our business. The push to greener emission norms globally and in India will see the emergence of hybrid and electric buses as preferred alternatives for public transport programs. We are already seeing indications of this through increasing tenders and requests for information (RFIs) for green buses from government undertakings across India. Your company, under the leadership of Tata Motors, is working on projects to introduce hybrid and full electric buses across various platforms. As an initial order, we are in the middle of fulfilling an order for 25 Hi-Tech Hybrid buses to the MMRDA to be deployed in Mumbai. Uniquely engineered for ease of operation, the Tata Starbus Diesel Series Hybrid Electric Bus uses diesel & electric in series hybrid mode, to propel the vehicle that complies with all UBS-II (Urban Bus Specifications), AIS 051 (Automotive Industry Standards) and CMVR (Central Motor Vehicle Rules). The vehicle works on