



AUTOMOBILE CORPORATION OF GOA LIMITED

38TH ANNUAL REPORT | 2017 - 2018

WE CRAFT
THE CONVENIENCE
IN YOUR TRAVEL

ACGL PRODUCT RANGE IN BUS SEGMENT



ELANZA SCHOOL



AGILE



BEST



CLASSIC ICV AC



COMFORT EX INTERCITY



PLEASURE

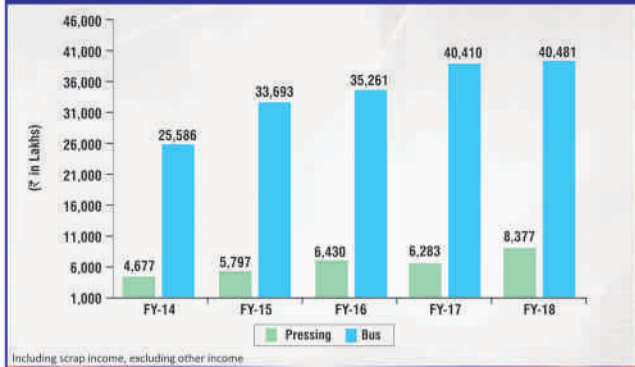
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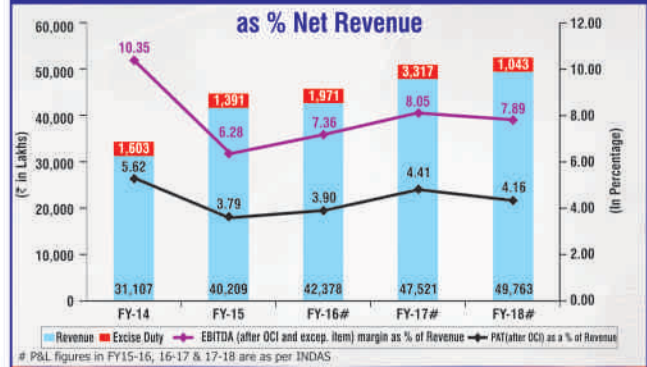




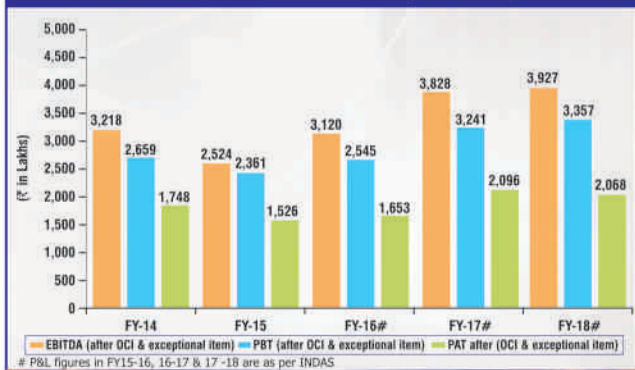
SEGMENT TURNOVER (Net of Duty and Taxes)



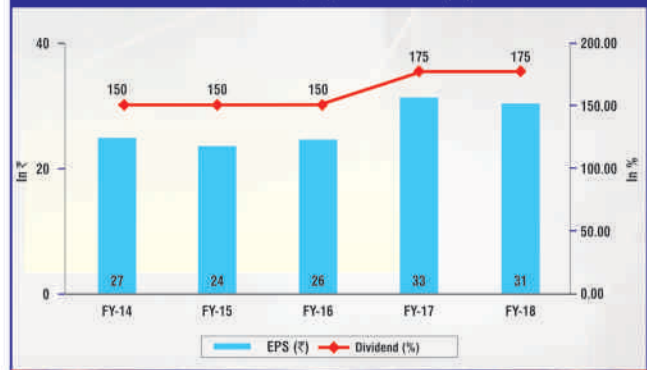
Net Revenue (inclgd. Other Income), EBITDA And PAT (after OCI & Excep. Item)



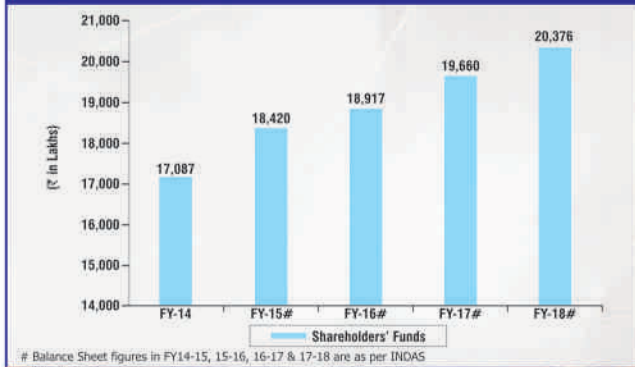
EARNINGS AND PROFITS (after OCI)



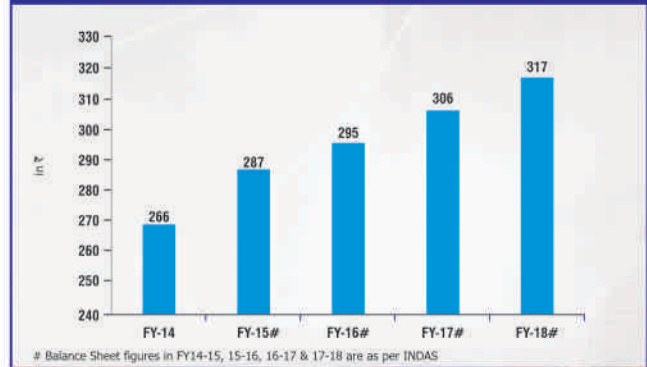
DIVIDEND (%) AND EPS (₹)



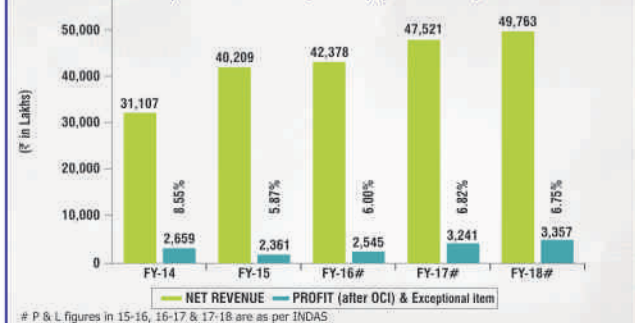
SHAREHOLDERS' FUNDS (₹ in Lakhs)



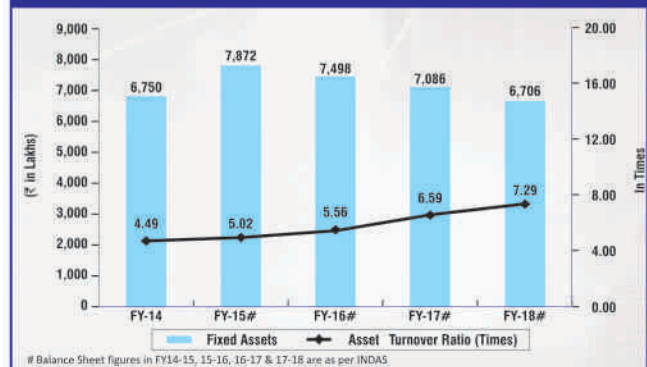
BOOK VALUE PER SHARE (₹)



Net Revenue (excluding Excise Duty) and Profit (after OCI & Excep. item) (₹ in Lakhs)



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 R Ramakrishnan
Non Executive Director

Dr Vijayanti Pandit
Independent Director

Mr Yatin Kakodkar
Independent Director

Mr Abhay Bawale
Non Executive Director

Mr Girish Wagh
Non Executive Director (w.e.f. 30.10.2017)

Mr Rohit Srivastava (w.e.f. 27.04.2018)
Non Executive Director

Mr O V Ajay
CEO & Executive Director

OTHER SENIOR EXECUTIVES

Mr Raghendra Singh Butola
Chief Financial Officer

Mr Mahesh Pawaskar
Sr General Manager - Sheet Metal Pressing

Mr Prakash Awati
General Manager - Sheet Metal Pressing

Mr Christie Gomes
General Manager - Operations

Mr Dilip Desai
Dy General Manager - Design

Mr Deepak Kade
Dy General Manager - Quality

Mr Dattatray Sinari
Dy General Manager - Materials

Mr Y B Joshi
Dy General Manager - Production

Company Secretary

Mr Pravin Satardekar
(up to 30.09.2017)
Mrs. Manisha Naik Shirgaonkar
(w.e.f. 08.01.2018)

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

BSR & CO. LLP
(Registration No. 101248W/W-100022)

Secretarial Auditors

Mr Shivaram Bhat
Practicing Company Secretary
(Membership No A10454)

Chief Internal Auditor

Suraj Singh

Works

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

38th ANNUAL GENERAL MEETING

July 28, 2018
3.30 p.m.
Honda, Sattari, Goa - 403 530.



BOARD OF DIRECTORS



SHRINIVAS DEMPO
Chairman



RAVINDRA PISHARODY
Director



STEVEN PINTO
Director



GIRISH WAGH
Director



YATIN KAKODKAR
Director



DR. VAIJAYANTI PANDIT
Director



R. RAMAKRISHNAN
Director



ABHAY BAWALE
Director



ROHIT SRIVASTAVA
Director



O. V. AJAY
CEO & Executive Director



Message From Chairman

Dear Shareholders,

It gives me immense pleasure to connect with you over yet another financial year at Automobile Corporation of Goa! Although this year has been quite challenging, the company finds itself nestled in a vibrant era where all efforts are being made by India, to emerge at par with the other powerful nations globally, thereby carving paths for opportunities.

The transportation industry has inherently been a robust component of the economy. It provides mobility in business, accessibility to opportunities and connectivity to the economy. To build a strong economy, a sturdy foundation comprising of the transport infrastructure sector is inevitable. The transport infrastructure sector in India is expected to grow at a Compounded Annual Growth Rate of 5.9% by 2021, thereby becoming the fastest-expanding component of the country's infrastructure sector. As of April 2018, there were 1,529 PPP projects in India, of which 740 were related to roads.

The premier policy 'Think Tank' of the Government of India, 'NITI Aayog', in line with its three year action agenda for India's development strategy, has mandated its Infrastructure-Connectivity vertical to provide an integrated approach to transport sector by promoting efficient, environmentally sustainable and regionally balanced transportation system. The signing of Statement of Intent with the Geneva based International Road Federation (IRF) in September 2017, for the purpose of developing a National Intelligent Transportation Systems Policy is a welcome step towards building an innovative transportation management system, including electronic enforcement of traffic rules and regulations.

The key to an all inclusive development of the country lies in the growth of India's rural economy. Interestingly, contrary to the common perception about predominance of agriculture in the rural economy, more than half of the value added in manufacturing sector in India is contributed by rural areas. The government acknowledging this has increased its budget allocation in rural infrastructure, thereby creating new business opportunities for your company.

The Pradhan Mantri Gram Sadak Yojana (PMGSY), has made considerable contribution in connecting far flung and scattered areas of the country, having completed more than 5 lakh km of road length during 2017-18, with an expenditure of more than Rs. 1.63 lakh Crore, connecting 1,45,158 habitations and proposals have been approved for all the remaining habitations to be connected.

Considering the red flag waived, signaling the harsh realities of climate change and the broad public sentiment against the air pollution, India intends to leapfrog from the Bharat Stage (BS) IV emission norms to the BS VI norms by 2020. Although challenging, the intention is a noble one. However, the key to successful implementation of the BS VI emission standard is making BS VI fuel available PAN India by the end of 2019.

Further, to address the environment concerns and over dependence of oil imports, the government's thrust towards a sustainable transportation system, based on an increased use of electric buses is eminent. A clear momentum is building in the nation to welcome an electric epoch of vehicles! In Dec '17, Department of Heavy Industry announced granting of Rs 437 Crore subsidy to 11 cities under its scheme FAME India, for



boosting the launch of electric buses, taxis and three-wheelers as a multi-modal public transport system. For India's electric drive to be a success, the EV strategy must imbibe in its ambit, incentives, subsidies and regulatory mandates. Fundamentally, innovation will have to play a centric role in building up the EV market, so that it draws on local expertise and is globally competitive.

Your company is screening these challenges with a resilient spirit, with an intention to transform them into opportunities for growth. I am thrilled to inform you that your company has been awarded with IATF 16949 QMS Certification for its Goa and Jejuri Plants and ISO 9001 certification for the Dharwad Plant. Our success lies in the culmination of embracing changing technologies and committing towards impeccable quality.

I am pleased to share with you the laudable performance of the management and the versatility it has displayed in managing its business operations. The company has shown its resourcefulness in an exigent year and has delivered a consistently good financial performance. The total revenue including other income (net of taxes) for the year earned by the company was Rs. 497.63 Crore, with a PBT (after OCI) of Rs. 33.57 Crore as compared to the previous financial year's total revenue including other income (net of taxes) and PBT (after OCI) of Rs. 475.21 Crore and Rs. 32.41 Crore respectively. The main challenge which the company continues to face is increase in the commodity prices, a part of which the company was able to mitigate by certain cost reduction.

The number of buses produced for the year decreased to 5,734 buses, as against 5,925 buses for the previous year, due to lower demand owing to BS IV transition and also to the lull in STU demand. Moving ahead, with an In-house R&D recognition status, focused efforts are being made by your company towards innovation, technology development and product enhancement, using modern tools of styling and 3D techniques, for meeting the expected surge in demand from the STUs as well as private players in the market.

Moreover, your company is escalating its pace in its sheet metal pressing division and has identified new opportunities for business in the Shipbuilding Industry, with a head start of an initial order for weather & water tight doors from Goa Ship Yard and is under discussions with other ship building companies as well.

To quote Mr. Ratan Tata "Businesses need to go beyond the interest of their companies to the communities they serve". In this regard I am exuberant to highlight the CSR initiatives taken up by the company during the year. Efforts were made by the company, under the direction of the CSR committee of the Board, towards 3 focus areas for this year- education, health & sanitation and special aid provided for children with special needs. Further structured efforts shall be made to continue the good work and at the same time target new thrust areas as per the social needs assessed by the company.

I am pleased to mention that the Board of Directors has also recommended the declaration of a consistent dividend for FY 2017-18 for your consideration. We are much enthusiastic about the financial year 2018-19. Your company continues to enjoy the strategic direction provided by a cohesive and collegial set of directors along with an experienced and able management. We are confident to move ahead with our stakeholders, on a value added journey, driven by innovation, operational excellence, sustainable gains and social development.

I conclude with a note of thanks to the board members for their sound direction and contribution in making ACGL more competent with each passing year. During the year, Mr. R. Ramakrishnan has separated from the Board. On behalf of the company I would like to thank him for his contribution and for the vision he helped shape for ACGL. I am happy to introduce you to our new directors – Mr. Girish Wagh and Mr. Rohit Srivastava, who with a very rich experience in the industry are great assets to the company. Many congratulations to the management and employees of ACGL whose hard work and professionalism speaks for itself. These combined efforts shall go a long way towards taking ACGL to greater heights.

We continue to seek the confidence our shareholders have reposed in us and shall continue our journey towards enriching, not only our stakeholders but the community as a whole. I would also like to extend many thanks to our principal shareholders- Tata Motors Limited, the Government of Goa and our business partners for their patronage and support.

I am positive about the endeavors the company is set to achieve.

Sincerely,

Shrinivas Dempo
June 18, 2018



Message From Director

Dear Shareholders,

A country's transportation system is the framework that supports its complex economic and social structures. Innovative mobility solutions play an important role in the growth of a nation, helping provide efficient methods of movement of people, goods and services. However, sustainability should be at the heart of such innovative agendas.

The Indian Automotive Industry is at cross roads, needing to enhance its engineering capabilities keeping in mind not only advancing technologies and evolving customer preferences but also competition from global players, while meeting all safety, regulatory, and environmental norms.

Various initiatives by the Government of India have the potential to transform the automotive and transportation industry in the country. The Government's growing thrust in the infrastructure sector will further boost the auto industry. The Automotive Mission Plan 2016-2026 (AMP 2026) aims to propel the Automotive Industry as an engine of the "Make in India" program, envisioning it to contribute over 12% of the country's GDP and 40% of its manufacturing sector over the next decade.

At this year's Auto Expo 2018, electrification of mass urban transportation was quite pronounced and electric buses in urban applications are fast becoming new realities. India's vision for a 'shared, electric, and connected' mobility future can be realized by leapfrogging traditional mobility architectures, and has the potential of enhancing access, reducing congestion, and improving urban air quality, while significantly lowering our energy demand and carbon

emissions. Formulating strategies for maintaining a clean, green, and healthy environment is a priority today, reflected in many Government and corporate initiatives.

The customer should be at the core of our business and various innovations and advancements should be built around his/her evolving preferences. With increasing per capita income and purchasing power, customers are able to demand increasingly higher levels of comfort, quality and technology in all the products they consume. It is thus increasingly important for an OEM to build capabilities to meet the needs of their customers while simultaneously optimally utilizing resources to remain cost competitive.

Every opportunity comes with its own set of challenges, each needing a different key to unlock successes. Your company is one of the oldest and most experienced players in the bus body industry in India and is well poised to enhance its capabilities to tackle various challenges. Over the course of the next year, we will launch a number of new products displaying a renewed understanding of the bus industry. These launches will not only add to the attractiveness of the ACGL product range, but will also be proof of the company's robust craftsmanship and engineering capabilities. I am confident that ACGL, in association with Tata Motors Limited will unlock the technological challenges and emerge successful.

This year was particularly challenging, given the transition from BS III to BS IV, implementation of the Goods and Service Tax (GST) regime, and the implementation of the Bus Body Code (Type



Approval). In FY 2017-18, the Indian bus market declined by 13% compared to the previous year largely due to pre-purchases to avoid price increases due to the BSIV emission norm changeover and muted demand from various State Transport Undertakings (STU). However, I am delighted to note that your Company has met these challenges in its stride, delivering a strong performance while continuing to work towards enhancing stakeholders' value in a sustained manner.

Looking forward, the industry outlook has been revised upwards and is positive. It is expected that this year will see increased investment by the Government in bus transportation with an emphasis on alternate fuels and electric vehicles and your company has plans in place to meet these requirements.

ACGL, with an improved product portfolio, adoption of innovative techniques, and use of modern engineering practices, is leaving no stone unturned towards setting new benchmarks for itself and creating value for its business partners, shareholders and the community at large. I would like to acknowledge the collective efforts of the management and employees, under the guidance of a resourceful board of directors, towards delivering yet another strong year and I am confident that your company will always strive to be successful in all its endeavors.

I would like to thank all the shareholders for reposing their confidence in the company.

Best Regards,

Girish Wagh
June 12, 2018