

# AUTOMOBILE CORPORATION OF GOA LIMITED



WE **CRAFT**  
THE **CONVENIENCE**  
IN YOUR **TRAVEL**



## ACGL PRODUCT RANGE IN BUS SEGMENT



**JUPITER LCV SCHOOL**



**ZEAL SCHOOL**



**AGILE**



**NOVA SNOOZER<sup>ZZZ</sup>**



**JnNURM 12 mtr. STD.**



**MOBILE BLOOD BANK**

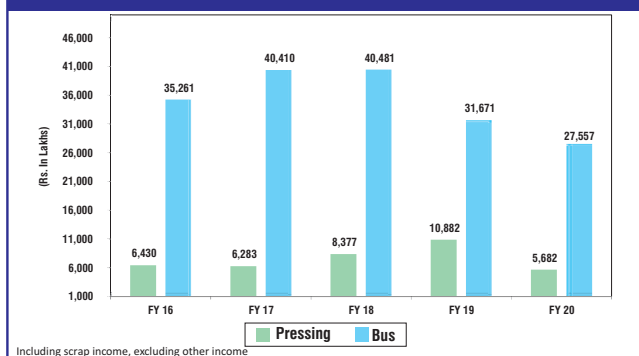
# CONTENTS

Financial Trends	01
Corporate Information	02
Chairman's Message	04
Director's Message	05
CEO & ED's Message	06
Notice	07
Director's Report	22
Management Discussion and Analysis	48
Corporate Governance Report	55
Independent Auditors' Report	72
Balance Sheet	80
Statement of Profit and Loss	81
Cash Flow Statement	82
Notes to the Financial Statement	85

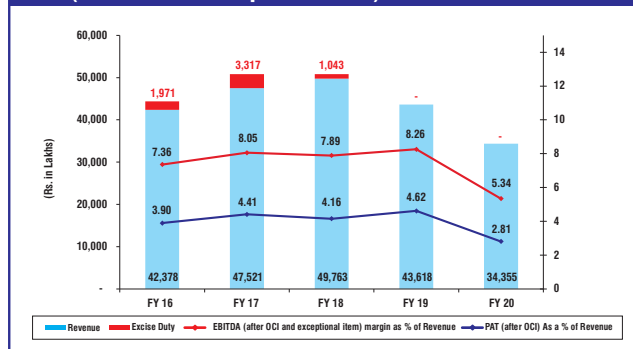




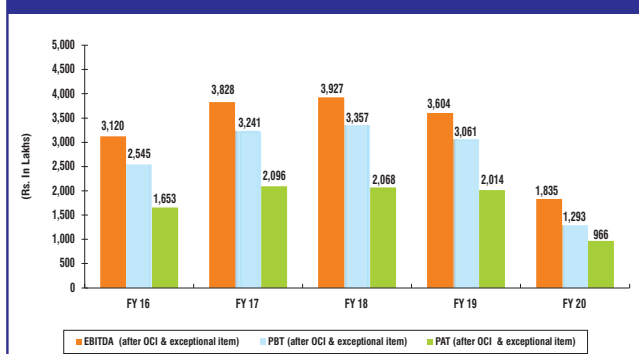
### SEGMENT TURNOVER (Excluding Taxes)



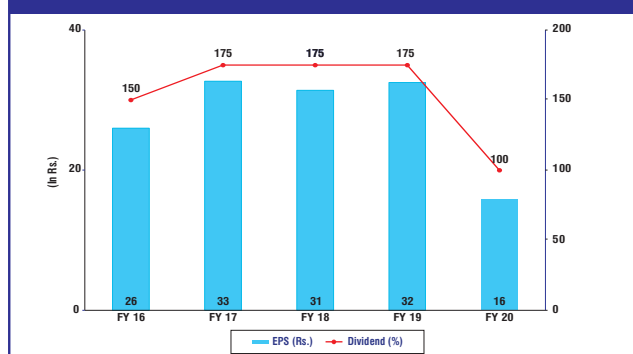
### Net Revenue (inclgd. Other Income), EBITDA AND PAT (after OCI & exceptional item) as % Net Revenue



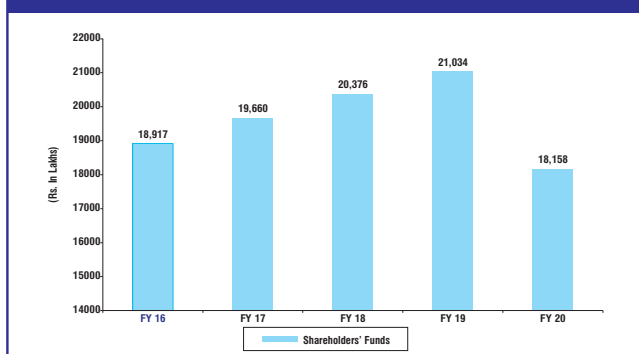
### EARNINGS AND PROFITS (after OCI)



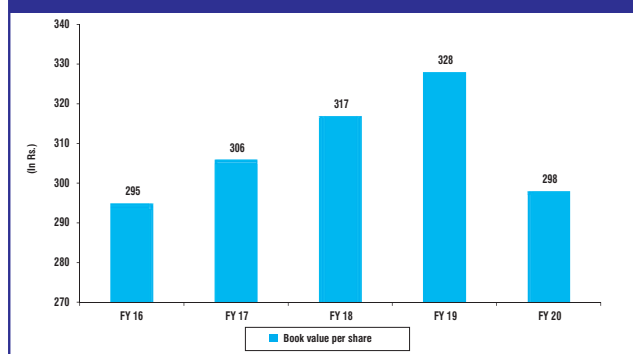
### DIVIDEND (%) AND EPS (Rs)



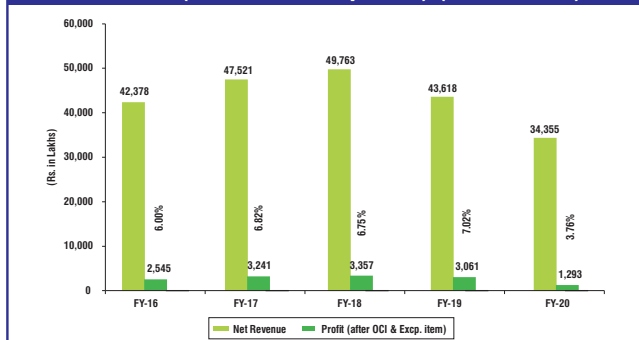
### SHAREHOLDERS' FUNDS (Rs. in Lakhs)



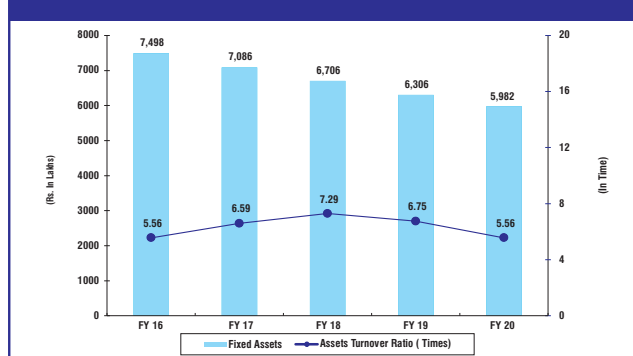
### BOOK VALUE PER SHARE (Rs.)



### Net Revenue (Excluding Taxes) and Profit (after OCI & Excp. item) (Rs. in Lakhs)



### FIXED ASSETS AND ASSET TURNOVER RATIO





## BOARD OF DIRECTORS

### Mr Shrinivas V Dempo

Chairman - Independent Director

### Mr Steven Pinto

Independent Director

### Dr Vaijayanti Pandit

Independent Director

### Mr Yatin Kakodkar

Independent Director

### Mr Abhay Bawale

Non Executive Director (upto 27.06.2019)

### Mr Girish Wagh

Non Executive Director

### Mr Rohit Srivastava

Non Executive Director

### Mr Aasif Malbari

Additional Director (w.e.f. 08.07.2019)

### 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 Pressing

### Mr Saumyabrata Das

Marketing Head - Bus Body Business

### Mr Anish Palarpwar

Marketing Head - Pressing Business

### Mr Prakash Awati

General Manager - Sheet Metal Pressing

### Mr Christie Gomes

General Manager - Operations

### Mr Dilip Desai

General Manager - Design

### Mr Deepak Kadvade

General Manager - Quality

### Mr Y B Joshi

Dy General Manager - Production

## Company Secretary

### Mrs Manisha Naik Shirgaonkar

(up to 24.11.2019)

## Compliance Officer

### Mr Raghwendra Singh Butola

(w.e.f. 26.11.2019)

## Registered Office

Honda, Sattari, Goa 403530

Tel: +91 832 2383018 Fax: +91 832 2383062

Email: sectl@acglgoa.com

Website: www.acglgoa.com

## Corporate Identity Number (CIN)

L35911GA1980PLC000400

## Share Registrars

### TSR Darashaw Consultants Private 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)

## 40<sup>th</sup> ANNUAL GENERAL MEETING

July 24, 2020

3.30 p.m.

Honda, Sattari, Goa - 403 530.

## BOARD OF DIRECTORS



SHRINIVAS V DEMPO  
Chairman



STEVEN PINTO  
Director



GIRISH WAGH  
Director



YATIN KAKODKAR  
Director



DR. VAJJAYANTI PANDIT  
Director



ROHIT SRIVASTAVA  
Director



AASIF MALBARI  
Director



O V AJAY  
CEO & Executive Director





## Message From Chairman

Dear Shareholders,

I'm writing to you after what's been a fairly challenging year for the Indian automotive industry and your company. The Indian automotive sector was already struggling in the Financial Year 2019-20 before the Covid-19 crisis and saw an overall de-growth of nearly 15 per cent in the production of vehicles in India, as compared to the previous year on account of slow economic growth, impact of BS-VI transition, changes to the axle load norms and liquidity crunch.

As you are aware, Financial Year 2019-20 was a period for all auto manufacturers to get ready for BS VI launch by April 1, 2020. Unlike global majors, Indian manufacturers had to leapfrog from BS IV to BS VI in just 3 years. This was a steep challenge for both OEMs and the ancillary sector. In this regard, I am pleased to inform all of you that your company is ready and fully prepared to take up this change along with its key promoter Tata Motors and we see this transition as a big opportunity for growth.

The emergence of COVID-19 has resulted in an unprecedented impact on businesses across industries. However as things evolve it is clear that business scenario is poised to improve as our government is gradually opening up the industry in a phased manner and providing the necessary impetus for economic recovery. Moreover, with social distancing norms and booster support required for economic recovery, one can predictably expect the government to infuse funds for improvement of public transportation through STU's in the near future. In addition, old vehicle scrappage policy which is also slated to be introduced, is expected to see the much needed demand generation in all segments of Bus application.

Your company is making continuous efforts to help your business sustain by protecting employees, suppliers, and community and at the same time maintaining the liquidity position. Based on our experience and expertise, the management is constantly monitoring any material changes in future economic conditions and taking proactive steps to help your Company be prepared for the future.

This year your Company has sold 5221 buses, totaling to

75,312 buses since the year it first sold its bus in 1989. Further, while facing multifold challenges, your Company achieved a profit before tax of Rs. 13.33 crores, after an exceptional expense of Rs 1.35 Crore related to VRS and before other comprehensive income, as against Rs. 31.73 Crores in the preceding financial year.

Your company has always been passionate about its CSR activities. We care by demonstrating a purpose beyond profit and believe in making a meaningful change in the lives we touch. Our business priorities co-exist with social commitments to drive holistic development of communities around us. We have chosen education and women empowerment as our main focus in our CSR initiatives. The primary objective of this initiative is to reach education to the remote areas of the group that we are working with and to give occupational training to rural women and prepare them for self-employment opportunities. We work with various non-profit and non-government organizations to implement our CSR programmes. They serve as a catalyst to achieve our objectives of sustainable and inclusive development. We encourage all our employees as well to volunteer for CSR activities as this opportunity provides employees to look beyond their routine work and contribute towards the development of society.

In conclusion, financial year 2019-20 has been a difficult year in which your Company has maintained profitability despite of huge downside in the sales due to multifold challenges, which is the result of focused efforts of the management and employees across the board. I would like to extend my grateful appreciation to the team and hope they will continue to excel undeterred in their endeavors'. It is equally important that we acknowledge the resolute faith and support of our extended family of shareholders, customers, dealers, suppliers, financial institutions and strategic partners who travel with us on our journey. I would like to extend my deepest appreciation to them and hope to see this bond grow even stronger under your Company's credo.

Sincerely,

Shrinivas V Dempo



## Message From Director

Dear Shareholders,

It gives me immense pleasure to connect with you as we completed yet another year, in Automobile Corporation of Goa Ltd. As you are aware, the year gone by has been a very challenging one on multiple fronts. Commercial volumes have been severely impacted this year due to simultaneous impact of both cyclical and non-cyclical factors.

With an overall drop of 18% to 21,548,494 units across all categories of vehicles, the Indian Auto Industry hit a sales speed breaker in FY2020, leaving a challenging road ahead. Major headwinds impacted the economy and automotive sector in FY20, including change in axle loading norms, BSVI transition, inadequate liquidity in the sector hindering the inflow of working capital for retail dealers and disruption caused by COVID-19 Pandemic in Q4 FY2020.

The CV Industry, which is the barometer of the economy, saw an overall de-growth of -28.75 percent in FY 2020 as the Total Industry Volumes (TIV) contracted to 717,688 units (1,007,311) in the fiscal. M&HCVs with a drop of 42.47 percent at 224,806 units (390,732) was more severely impacted than LCVs which dropped by 20.06 percent to 492,882 units (616,579). Within M&HCVs, goods carriers recorded a significant drop of 47.44% at 84,549 units (351,128), while in LCVs goods and passenger carriers registered double-digit de-growth of 20.71 percent and 13.04 percent respectively. LCV goods carrier recorded a sale of 447,513 units (564,409) while LCV Passenger carriers reported sales of 45,369 units (52,170), respectively.

FY2020 was a challenging year even in Exports of Commercial Vehicles, with core markets of SAARC, Middle East and Africa witnessing contractions in Industry Volumes.

Our focus in the financial year 2019-20 was to complete the development of new BS-VI Compliant models before the transition date and bring down the BS-IV inventories by continuously aligning production to the actual market demand.

In these uncertain times, due to the COVID-19 pandemic, we continuously engaged with our dealers and customers to better understand their expectations and future plans, and accordingly aligned our actions. We continue to monitor the

market and industry cautiously, as we are working with our dealers and other relevant stakeholders to respond to the situation appropriately. We are also taking calibrated calls to produce vehicle with precise monitoring of the demand situation with closely engaging with customers, channel partners and financiers to ensure that we are meeting the requirements of the customers. We are also committed to the safety of our employees, suppliers and society during this pandemic.

In the coming years, the demand for bus segment is likely to grow considering the imminent Scrappage policy, Urbanization & City Developments, Electrification & Gasification (CNG & LNG) of Bus City Transit and PPP model of Urban & Sub Urban stage bus operation. Your company is focusing on improving the product craftsmanship of existing as well as new vehicles, introducing new products and modernization of its engineering & designing capabilities to be concurrent to meet the future requirements.

ACGL, with improved product portfolio, adoption of innovative techniques, using modern engineering practices, aggressive cost management, is leaving no stone unturned towards setting new benchmarks for itself and creating value for its business partners, shareholders and community at large. I would like to acknowledge the collective efforts of the management and employees under the resourceful Board of Directors, towards delivering a satisfactory performance despite huge downturn in the sales due to unfavorable market conditions. 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.

Sincerely,

Girish Wagh





## Message From CEO & Executive Director

Dear Shareholders,

It is a privilege to connect with you to reflect upon the performance of your company for the financial year 2019-20 and share our aspirations as we go forward.

At the start of the FY2020, India expected a healthy GDP growth but this was put under stress due to several unforeseen events. This is expected to be challenged further due to unanticipated headwinds on account of Covid-19 and its impact worldwide. However, to boost the GDP, the regulators have come up with several measures such as providing adequate liquidity, fiscal stimulus and supportive monetary measures like operation twist, long-term repo operation (a program that amounted to INR 1 trillion (0.5% of GDP) to keep short-term rates aligned with the recently cut policy rate) and targeted credit easing.

Your Company is also committed for the safety of its employees, suppliers and community in this pandemic situation and also focusing on cost reduction initiatives to mitigate the adverse impact on the Company's financials.

India, is one of the fastest growing economies in the world. Transportation is the backbone of a growing nation, and our country is working aggressively to transform this sector over the coming decade. Although private-vehicle ownership in India is growing, and therefore causing major congestion problems in cities, there are however several plans to revamp the mass transit systems including buses.

In order to upgrade the bus technology to international standards, the Government has taken several measures, particularly in the area of safety, ergonomics and use of environment friendly technologies. The Bus Code with its focus on safety enhances passenger comfort, and this coupled with the thrust in Electric mobility provides a bus ecosystem delivering clean emission free transportation.

India has already emerged one of the major destinations for mass production of buses. Several international bus

manufacturers have set up operations in India not only to support the fastest growing bus transport system in the country but also to export vehicles to other regions. All this is in view of the fact that India offers local consumption in addition to being a center for low-cost manufacturing.

On a broader outlook, over the last financial year, you will be delighted to learn that your company was able to deliver new BSVI bus bodies and pressing components on schedule and at the same time remain aggressively focused on cost management to mitigate the downturn in profits due to a huge drop in sales. Your company also focused on improving the design capabilities by using modern techniques and also improved its manufacturing processes to achieve industry benchmarks for quality and craftsmanship. In the coming financial year we will continue our thrust in cost management and will be continuously enhancing the product portfolio with new models incorporating value added features for the passenger comfort & convenience.

Your Company has sold 5,221 buses in the financial year 2019-20, with an aggregate total of 75,312 buses since it sold its first bus in the year 1989. Further, while facing multifold challenges, your Company achieved a profit before tax of Rs. 13.33 crores, after an exceptional expense of Rs 1.35 Crore related to VRS and before other comprehensive income, as against Rs. 31.73 Crores in the preceding financial year.

I would like to take this opportunity to thank the Board for their continuous guidance to the company in its endeavor to perform under challenging conditions to meet the stakeholder's expectation. I would like to offer my gratitude to our shareholders, business partners for their continued support, and our employees for their commitment as we look forward to the new challenges while embarking on yet another year of manufacturing excellence.

Sincerely,

O V Ajay



## N O T I C E

[PURSUANT TO SECTION 101 OF THE COMPANIES ACT, 2013]

Dear Members,

NOTICE is hereby given that the 40<sup>th</sup> Annual General Meeting of the Members of AUTOMOBILE CORPORATION OF GOA LIMITED will be held on Friday, July 24, 2020 at 3.30 p.m. IST at the Registered Office of the Company at Honda, Sattari, Goa through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend and declare a Final Dividend for the year ended March 31, 2020.
3. To appoint a Director in place of Mr Girish Wagh (DIN 03119361), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS

4. Appointment of Mr Aasif Huseini Malbari (DIN 07345077) as a Non-Independent Non-Executive Director

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr Aasif Huseini Malbari (DIN 07345077) who was appointed as an Additional Director of the Company by the Board of Directors effective July 8, 2019 and holds office till the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a director of the Company, be and is hereby appointed a Non-Independent Non Executive director of the Company whose office shall be liable to retirement by rotation."

5. Re-Appointment of Mr Shrinivas V Dempo (DIN 00043413) as an Independent Director

To consider and if thought fit, to pass with or without modification, if any, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Code of Governance Guidelines on Board Effectiveness, Mr. Shrinivas V Dempo (DIN 00043413), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office with effect from 12<sup>th</sup> September, 2020 to 11<sup>th</sup> September, 2025, as per the recommendation of the Board and Nomination and Remuneration Committee."

6. Payment of Commission to Non-Executive and Independent Directors

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 197 (1) (ii) (A) of the Companies Act, 2013 and Regulation 17(6) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Articles of Association of the Company, in addition to the sitting fees for attending the meetings of the Board of Directors and its Committees thereof, the consent of the Company be and is hereby accorded to pay a commission upto 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 to be paid to and distributed amongst the directors other than the CEO & whole-time directors of the Company or some or any of them in such amounts or proportions and in such manner as may be directed by the Board of Directors for the Financial Year 2020-21."