



COMMERCIAL ENGINEERS
& BODY BUILDERS
CO LIMITED

BUILT TO GROW

ROAD. RAIL. POWER.





Contents

01	Built to Grow
08	Directors' Message
10	Our Visiting Card
12	Financial Highlights
14	Corporate Social Responsibility
17	Notice of the 32 nd Annual General Meeting of the Shareholders
19	Director's Report
21	Management Discussion & Analysis
25	Report of Corporate Governance
36	Auditor's Report
40	Balance Sheet
41	Statement of Profit and Loss
42	Cash Flow Statement
44	Notes forming part of the financial statements

BUILT TO GROW

WE ARE A FAST GROWING COMPANY. OUR GROWTH IS DERIVED FROM THE OPPORTUNITY WE REPRESENT. AND ACROSS EVERY OPPORTUNITY, WE SEE POTENTIAL TO KEEP GROWING FOR MANY, MANY, MANY YEARS.

At CEBBCO, growth is life.

We are a fast growing Company. Our growth is derived from the opportunity we represent. And across every opportunity, we see the potential to keep growing for many, many, many years.

Let's take the Fully Built Vehicles (FBV) opportunity first.

The entire industry is expected to grow multiple times in the next five years! We are the largest player in the FBV industry. In 2011-12, our volumes and revenue grew by 100% and we operated close to full capacity utilization.

The FBV industry is built to grow.

Now, take the railway wagon manufacturing opportunity.

India needs ~29,000 wagons every year (India Railway Vision 2020 document) for the next 10 years. This industry is besieged by supply constraints and shortage of modern facilities. Every year, the Indian Railways get lesser wagons than what it orders for. We are the latest entrant in the wagon manufacturing space. But that's not all. Besides wagon manufacturing, we also cater to the entire rolling stock programme of the Indian Railways and that includes components and wagon refurbishments.

The railway opportunity that we represent is built to grow.

And then is the power opportunity.

A cursory visit by L&T to our facility and their belief in our fabrication strength led to a new, but large opportunity opening up for us : Structurals for the power industry. Though currently small, this opportunity is massive given the current scenario and under investment in the Indian power sector.

At CEBBCO, we are fortunate to be part of not one but three opportunities that are at an inflection point of high growth.

We have built an organization and a team that is equally passionate and motivated to take a larger share of this high growth.

We are built to grow.



**BUILT TO
GROW**



HOW OFTEN DO YOU SEE AN INDUSTRY THAT IS EXPECTED TO GROW SIX TIMES IN THE NEXT FIVE YEARS?

Welcome to the FBV industry.

Currently, of the ~ 700,000 total commercial vehicles produced in India annually, about ~100,000 are passenger coaches. We do not service them. Of the remaining 600,000 ~50% are small commercial vehicles. The remaining are large, medium and heavy commercial vehicles. This is our addressable market.

Most people have been unable to understand our industry and the

business that we are into. Typically, everyone looks at us as an auto component supplier wherein the basic assumption is that the growth at CEBBCO shall equal the growth of the CV industry. This is untrue in our case. It is correct to say that we are part of the automobile supply chain but the growth of our business (body building for commercial vehicles) is greater and faster than the growth of the commercial vehicle industry.

Our industry was historically a garage industry and the model followed in the commercial vehicle industry was that the OEMs like Tata Motors and Ashok Leyland used to sell the chassis through their dealer network to fleet owners and first time buyers. These customers used to then go to small garages and get the bodies built to suit their requirements.

In the last couple of years, OEMs like Tata Motors and Ashok Leyland have started getting bodies built by organized players like CEBBCO and selling the complete application to the final customer as a FBV. Even today, a very small percentage of the CV is sold as FBV. The incremental need by OEMs to sell FBV rather than chassis is driving the growth already demonstrated by CEBBCO. We expect and anticipate this growth will continue for several years.



Of the 300,000 L, M and HCV, only ~60,000 vehicles are converted from chassis into FBV by organized players. The rest go to unorganized garages for conversion.

The big change is the approach by the OEMs like Tata Motors, Ashok Leyland, Volvo Eicher and Force Motors among others. All OEMs are increasingly in favor of selling FBV than chassis. This trend is fast catching up in India.

Customers benefit because they get full funding on the FBV (as opposed to only for chassis if they buy chassis) and their vehicle starts generating revenue from day one as opposed to the time-lag the garage would take for conversion as the vehicle is idle. Even the Government of India benefits as most garages are blamed for making vehicles suitable for over loading which degenerates the Government's investment in road infrastructure. The Government, in an effort to encourage FBV sales, has placed a 2% excise duty differential for buyers who buy FBV as against chassis.

The result.

In the next five years, we expect the CV industry to grow between 10-12% per annum on the lines of India's 7% plus expected GDP growth over the next five years. Our ~300,000 addressable CV market is expected to grow to ~450,000 vehicles in the next five years. The FBV industry is currently at approximately 20% of the total CV industry. Even if it attains 80% share of the CV industry by 2017, the FBV opportunity would grow from ~60,000 vehicles to over 360,000 vehicles.

That is six times growth in the next five years!

**That's the industry we represent.
FBV.Built to grow.**



IN OUR ESTIMATE AND UNDERSTANDING, EVEN IF THE FBV INDUSTRY ATTAINS 80% SHARE OF THE CV INDUSTRY BY 2017, ITS OPPORTUNITY WOULD GROW FROM ~60,000 VEHICLES TO OVER 360,000 VEHICLES .

**BUILT TO
GROW**



**INDIAN RAILWAYS NEED
MORE WAGONS. WITH THE
NEW FREIGHT CORRIDOR
COMING UP, THEY NEED
EVEN MORE. WHO WILL
MANUFACTURE?**



Welcome to the Indian Railway wagon manufacturing opportunity.

India has a wagon base of ~220,000 freight wagons. Given that the average life of the wagon is 25 years, India needs to replace at least 9,000 wagons every year. Add to this the demand for new wagons with GDP growth, India needs ~29,000 wagons every year as per the Indian Railways Vision 2020 document.

Besides, the new freight corridor is coming up. And 40% of the Indian wagon units need overhaul.

The opportunity is huge.

We believe that given the nature of finances at Indian Railways, the Government is coming out with innovative schemes to give a fillip to wagon manufacturing. Schemes like wagon leasing (which is the norm globally), privatization of container traffic movement, AFTO and SFTO will help in generating substantial demand for wagons by the private sector too.

We see railways as a huge growth opportunity.

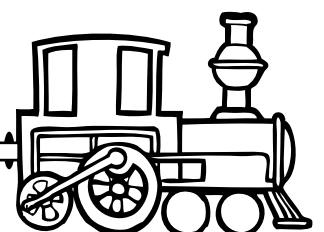
We believe that if India grows, more goods will need to be transported. It would happen either by rail (economical and current share at 33%) or road (growing and current share at 62%). CEBBCO captures the road share through the FBV opportunity. Now with the wagon manufacturing for Indian Railways, it will also capture the rail opportunity. So long as India grows, we are there to benefit from both. We are probably the only Comapny present in both these sectors to leverage this growth.

However, we do not see railways as just a wagon manufacturing opportunity like our peers. We have devised a comprehensive strategy to address the entire rolling stock programme. We are amongst the only listed Comapny that is enlisted with the Indian Railways for wagon refurbishment. We are also entering railway components and passenger coaches. As the FBV opportunity matures over the next five years, we believe we will be ready with experience to grow and lead the Indian Railways opportunity.

Built to grow!



WE ARE PROBABLY THE ONLY COMPANY
PRESENT IN BOTH THE RAIL AND ROAD
SECTORS TO LEVERAGE THIS GROWTH.



**2012-13 WILL SHOW RESULTS OF THE
EXPANSION THAT WE UNDERTOOK
FROM OUR IPO PROCEEDS TO BUILD
THE RAILWAY WAGON
MANUFACTURING; AND THE
EXPANSION IN FBV CAPACITY WE
UNDERTOOK IN 2011-12.**



At CEBBCO, we like to prepare in advance. We like to make the most of the immediate, and the emerging opportunity. It is now established that all the sectors we represent – FBV, Railways and Power Structural – are set to grow exponentially.

Though we have a clear leadership and dominance in the FBV space, we started our preparation to enter the railways rolling stock program in 2007-08. Having validated our strategy externally, and internally, we went public in September 2010 to set up the railway wagon manufacturing unit in Deori, Jabalpur. We set out with a moderate capacity of 1200 wagons and 150 coaches at a cost of ~Rs. 130 cr.

What sets us apart from existing competition is our attention to detail. We are proud to state that we have the most modern and advanced railway wagon manufacturing unit the country has seen. Besides, we have created a capacity with robotics and automation. More so, three fourth of this capacity is fungible. This means that in the first two years when the order from the Indian Railways will be restricted to a maximum of 500 wagons due to its order norms, the same facility will be utilized to build more FBVs.

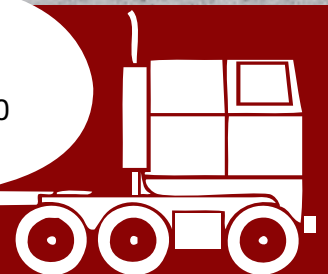
Our railway wagon manufacturing unit got its RDSO approval on 18th April, 2012. We are now eligible to bid in the next round of tenders from the Indian Railways and we will start our railway wagon manufacturing this year. We are already executing a 247 wagon order from Indian Railway subsidiary at their premises.

Given the rapid pace of growth in the FBV industry, we are in the process of raising our capacity by close to 10,000 and raised Rs. 60 cr. for the same. The capacity will come on stream in 2012-13.

It will be the first year of wagon manufacturing and will put us on the Indian Railway wagon manufacturing map. 2012-13 will also see the delivery of the power structural work. And, we will further dominate our lead in the FBV space with expanded capacity.

Time to grow, more.

WE ARE IN THE PROCESS OF
RAISING OUR FBV CAPACITY BY
CLOSE TO 10,000 AND RAISED RS. 60
CR. FOR THIS.





DIRECTORS' MESSAGE



**IN 2011-12, OUR
OUR REVENUES GREW
BY 117%. AND OUR
AFTER-TAX PROFITS
GREW BY 376%. YET,
WE FEEL WE ARE
JUST ABOUT GETTING
STARTED.**

Dear Shareholders,

We grew our volumes and revenues by over 100% and our profit after tax grew more than four times to Rs. 40.75 cr. This was a significant achievement.

To understand its relevance, it is important we shared with you how the previous year ended.

2010-11 was not the best of years since all OEM went through a much delayed euro emission norm change which delayed the chassis to CEBBCO for conversion. We lost four months of production in the last six months of 2010-11, which led to our volumes, revenues and after-tax profit decline. Not the best of starts given that this

was the year we went public. The capital markets punished us and our market capitalization plummeted by almost 70% and there was skepticism and disbelief, all around.

We remained confident.

We knew this was a temporary event over which we had no control, and that, it was only a matter of time before the volumes come back. We knew this because we had seen the response of customers preferring to buy FBV rather than a chassis and the trouble of going to a garage. Our volumes, as expected, came back in March 2011, but with a vehemence as all OEMs also wanted to cover lost ground.

WE WILL CONTINUE TO SURPRISE YOU, ON THE GROWTH TRAJECTORY THAT WE WILL TAKE IN THE COMING YEARS. WE WILL NOT DISAPPOINT YOU.