



Annual Report 2014-15

## Forward Looking Statement

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In this annual Report, we have disclosed forward-looking information to enable investors to understand our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in making the assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumption prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Chairman's Message

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### **Dear Shareholder,**

It's a pleasure to connect with you to reflect on the performance of CEBBCO in the last year and share our thoughts on CEBBCO's journey to grow in the future.

Clearly, 2014-15 has been a subdued year for the company. On one hand commercial vehicle industry has not fully recovered from the preceding years of slow down and on the other hand, our wagon manufacturing business has also not taken off as expected due to extremely competitive price pressures. Further, new power plants have also been coming up at slower pace than expected affecting our sales of fabricated steel structures (Heavy Fabrication) to Power projects.

The company has also suffered severe working capital challenges impacting our sales in the year 2014-15.

Overall macro-economic performance of the Indian Economy and infrastructure growth will continue to play an important role in creation of opportunities for the Company and the Company hopes to leverage these.

### **Future Opportunities:**

The expected improvements in the market sentiments and infrastructure growth are likely to drive to the growth in volumes in the coming years.

In the Commercial Vehicle – Fully Built Vehicle industry (FBV) the company is planning to consolidate its position by regaining market shares and becoming a leading player among authorized FBV manufacturers.

The Company's wagon manufacturing capability continues to be unutilized as the current level of prices do not support viable business proposition. We are looking at other opportunities in terms of wagon refurbishment and components/parts supply to Railways.

The Company's Heavy Fabrication business (manufacture of steel structures for power plants) is also expected to grow in view of expected increased spending on power generation projects.

During the year, the Company recorded gross sales of ₹ 15238.40 lacs, which is 18% lower compared to the previous financial year. Loss before tax and exceptional items stood at ₹ 6030.08 lacs compared to loss before tax of ₹ 6773.11 Lacs in the previous financial year. The loss after exceptional items and tax for the year stood at ₹ 10254.61 lac against the previous years loss of ₹ 7043.08 lacs. The loss for the year includes an exceptional item

representing provision for impairment in the value of the fixed assets of ₹ 6300 lac. This is a non-cash provision and has been done in accordance with the Accounting Standard AS-29.

In view of challenges faced, we have been rationalizing costs and optimising production across our various plants. The Company will continue its efforts to improve cost structure, improve working capital management and strengthen its balance sheet. We are positive about the future with Government and policymakers in India serious about revitalising the growth process.

The company is also planning to augment funds for working capital.

The Company continues to maintain its thrust on improving its share of business from its customers and on exploring new products / applications / variants of current products for growth.

On the background of extremely challenging conditions over the past couple of years, we have indeed strengthened our resolve to grow the company from its current levels. The company continues to enjoy support from its major customers viz. Tata Motors, VE Commercial Vehicles (VECV), Ashok Leyland and Man trucks in FBV segment, and engineering giants like L&T Power and BHEL in heavy engineering.

I would like to convey my appreciation to the entire CEBBCO team for their determination and efforts in this journey of the company.

The continuing support and co-operation of our loyal family circle of customers, dealers, suppliers, financial institutions, partners have been valuable to Your Company's well-being and the same is much appreciated. I thank all of them for continued patronage.

**Anil Joshi**  
Chairman  
DIN: 0019927

## Financial Highlights

### Profit & Loss Statement

(₹ in Crore)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<b>Income</b>					
Net Sales	212.16	463.06	497.97	131.57	110.76
Other Operational Income	4.57	5.57	4.93	7.29	7.68
Other Income	2.85	2.27	1.38	2.69	2.40
<b>Total Revenues</b>	<b>219.59</b>	<b>470.90</b>	<b>504.28</b>	<b>141.55</b>	<b>120.84</b>
<b>Expenditure</b>					
Manufacturing Expenses	176.38	368.01	392.59	140.62	113.54
Personal Cost	10.52	14.95	12.86	10.52	8.53
Selling & Admin Cost	12.30	15.47	32.49	9.12	17.31
EBIDTA	17.54	70.20	64.96	(21.40)	(20.94)
EBIDTA Margin (%)	8	15	13	(16)	(19)
Depreciation	3.85	6.37	16.70	30.06	20.26
EBIT	16.54	66.10	49.64	(48.78)	(38.80)
Interest Expenses	9.27	9.32	16.14	18.95	21.57
Profit Before Exceptional Item & Tax (PBT)	7.27	56.78	33.50	(67.73)	(60.36)
Exceptional item - Impairment of Assets	-	-	-	-	63.00
Tax	1.01	8.59	5.42	-	-
Deferred Tax	0.56	7.39	9.57	2.70	(20.81)
<b>Profit After Tax (PAT)</b>	<b>5.70</b>	<b>40.80</b>	<b>18.51</b>	<b>(70.43)</b>	<b>(102.55)</b>

## Financial Highlights

### Balance Sheet

(₹ in Crore)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
<b>Sources of Funds</b>					
Share Capital	54.94	54.94	54.94	54.94	63.94
Reserves & Surplus	162.35	203.15	219.09	151.23	48.69
Total Shareholder's Fund	217.29	258.09	274.03	206.17	112.63
Total Loan Funds	46.12	110.97	162.89	135.70	137.12
Deferred Tax Liability	1.15	8.54	18.11	20.81	-
<b>Total Sources of Funds</b>	<b>264.56</b>	<b>377.61</b>	<b>455.03</b>	<b>362.69</b>	<b>249.75</b>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Gross Block	57.80	198.95	349.61	357.13	366.01
Less: Accumulated Depreciation	15.15	21.46	37.90	67.83	151.05
Net Block	42.65	177.49	311.71	289.30	214.96
Capital Work in Progress	76.46	67.50	12.15	14.65	13.82
Investments	38.37	0.69	0.60	0.00	0.00
<b>Current Assets</b>					
Inventories	69.16	49.70	67.01	37.62	16.57
Sundry Debtors	30.64	103.75	146.74	23.52	25.21
Cash & Bank Balance	25.96	7.09	35.74	11.47	4.69
Loans & Advances	43.75	61.16	49.47	46.51	47.48
Total Current Assets	169.51	221.70	298.96	119.12	93.95
<b>Current Liabilities</b>					
Sundry Creditors	61.76	84.93	160.08	55.21	69.75
Provisions	0.67	4.84	8.31	5.18	3.23
Total Current Liabilities	62.43	89.77	168.39	60.39	72.98
Net Current Assets	107.08	131.93	130.57	58.73	20.97
<b>Total Application of Funds</b>	<b>264.56</b>	<b>377.61</b>	<b>455.03</b>	<b>362.69</b>	<b>249.75</b>

## Key Facts

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With a broad range of product offerings in the commercial vehicle, railways and heavy fabrication (for power plants) categories, CEBBO's business is intertwined with the infrastructure development of the country.

CEBBO is one of the leading manufacturers in India of vehicle bodies for commercial vehicles with an extensive portfolio of product offerings. Further the Company has a facility for making freight wagons and is engaged in carrying out refurbishment of freight wagons and manufacturing of components for wagons and locomotives.

### **Commercial Vehicle / Fully Built Vehicle (FBV)**

One among large players manufacturing various applications on the commercial vehicle (CV) chassis with a major share of business with major CV manufacturers - Tata Motors, Volvo Eicher Commercial Vehicles Limited, MAN Trucks India and Vehicle Factory, Jabalpur (Ministry of Defense).

### **Railways**

Engaged in wagon refurbishment business since the year 2008 which includes refurbishments of wagons, supplies and fitting of side-walls, end-walls, floor plates, flap floor, door-plates etc. We are one of the few RDSO registered manufacturer for refurbishment of Wagons. We are also approved supplier to Railways production units like ICF, DLW and BHEL-Locomotive plant.

We had completed a trial order of 247 wagons from Braithwaite & Co. (Indian Railways' subsidiary) and we have got the Initial Audit Certification for G-105 Specifications by RDSO which is mandatory to become a wagon manufacturer.

### **Heavy fabrication**

CEBBO fabricates steel structures for Power Plants including Electrostatic Precipitators / Boiler structures. Major clients are L&T Power and BHEL Trichy. Resources of this segment can be used for fabrication of components for Railway bridges.

### **Strengths**

- Economies of scale in its FBV business due to strong track record and long standing relationships with all major OEMs.
- Wide range of product offerings in commercial vehicles for applications across diversified industries.
- State-of-the-art technology and certifications for design, production standards and quality assurance.



- Well qualified and experienced design team of mechanical engineers engaged in developing new solutions for customers to suit their business needs.
- Ability to manufacture superior quality structures.
- Manufacturing facilities located close to some of key customers for commercial vehicle bodies, giving competitive advantage over other manufacturers of commercial vehicle bodies.
- Heavy engineering unit based in central India - where major power plants are coming up – provides logistics advantage to customers.
- Industrial relations climate quite conducive in Central India which also makes available cost-competitive work force.

### **Manufacturing Plants**

The company has six manufacturing facilities strategically located in Central India at Jabalpur (4 facilities), Indore and Jamshedpur. The strategic location provides an advantage to the company in terms of :

- Proximity to customers as Jabalpur is a central location to all major OEMs.
- Indore and Jamshedpur units are near their key customers namely VE Commercial Vehicles and Tata Motors respectively.
- Manufacturing units located close to steel suppliers manufacturing locations or their key distribution hubs.
- Jabalpur offers a cost competitive location.
- Benefit under the TRIFAC scheme of state of Madhya Pradesh.

## Key Customers

Business	Customers
Commercial Vehicles / FBV	Tata Motors Ltd. (Domestic & Export) VE Commercial Vehicles Ltd. (VECV) Man Force Trucks Pvt. Ltd. Asia Motor Works Ltd. Ministry of Defence (Vehicle Factory Jabalpur) Reliance Petroleum Ltd. Reliance Industries Ltd.
Railways	Indian Railways Zonal workshops Integral Coach Factory Chennai Diesel Locomotive Workshop Varanasi Diesel Modernization Works Patiala RCF Kapurthala Chitranjan Locomotive Works
Heavy Fabrication	L&T Power BHEL Trichy BGR Energy Thermax

## Well Diversified Product Portfolio

### Mining & Road Construction

1. Tipper Bodies
2. Tanker Bodies

### Goods Transportation

1. Cargo load Bodies
2. Refrigerated and insulated containers
3. Trailer Bodies - Box Trailers, Tip Trailers, Skeletal Trailers and Flat Bed Trailers
4. Explosive Vans
5. Petroleum Tankers

### Solid Waste Management

1. Skip - Loaders
2. Garbage - Bin Collectors