



**Annual Report 2016-17**

## 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.

## Contents

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Message from Board of Directors	1-2
Financial Highlights	3-4
Key Facts	5-6
Management Discussion and Analysis	7-12
Cover Note to the Notice	13
Notice for AGM	14-20
Director's Report 2015-16	21-46
Report on Corporate Governance	47-62
CEO & CFO Certificate	63
Independent Auditor's Compliance Certificate	64-65
Independent Auditor's Report	66-76
Audited Financial Statements	77-113
Attendance Slip and Proxy (Form No. MGT-11)	113-116
Route Map for the venue of AGM	117



## Message from the Board of Directors

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**Dear Shareholder,**

We wish to place before you, the performance of your Company, in the year gone by and share thoughts on Company's growth journey in the future.

During the year, the Company recorded gross sales (gross of excise duty) of Rs. 15115.5 lakhs, which is 1.53% higher compared to the previous financial year. Loss before tax and exceptional items stood at Rs. 3305 lakhs, as compared to loss before tax of Rs. 4719 lakhs in the previous financial year.

The Company continues to be severely constrained by shortage of working capital.

The schedules from the major commercial automotive OEM customers of the Company had been improving starting from quarter 1 for the year under review. The Company had started to increase the volumes at Jamshedpur plant, beginning May 2016. However, in September 2016, the Company received a severe setback on account of action initiated by one of the banks by stopping renewal of certain rotating working capital funding arrangement. Since then the Company has been struggling to make arrangements for working capital funds, which has met no success. With support received from the OEM customers, the Company has been able to achieve some sales, which are significantly lower as compared to potential demand.

Further, there has been some drop in demand for fabricated steel structures from power plant, as erection of thermal plants are going slow. On the other hand there has been increase in demand of ESP due to strict norms of pollution. We foresee good orders with ESP manufacturers. In year 2016-17, we were not able to take advantage of this requirement again due to working capital challenges.

The Company has continued to incur cash loss during the year and have been facing cash flow challenges throughout the year

The Company is caught in a liquidity trap caused by the lower volumes, higher level of fixed cost and debt servicing.

The lenders have initiated Strategic Debt Restructuring (SDR) to explore possibility of revival of the operations. While the SDR is in process as of this date, the Company is hopeful of positive outcome to resume the normal operations.

The overall macro-economic performance of the Indian Economy and infrastructure growth is expected to continue. While this will enable the Company to regain the volumes, considering its potential, much will depend on the outcome of SDR as explained above.

The company continues to enjoy support from its major customers viz. Tata Motors, VE Commercial Vehicles (VECV), and Man trucks in FBV segment, and engineering giants like L&T Power and BHEL in heavy engineering

We acknowledge the unfailing support of our extended family of customers, dealers, suppliers, financial institutions and partners and thank them for their hard work and commitment in this critical phase of the company.

Finally, we thank you for your continued trust, confidence and support.

Thank you,

Yours sincerely,

**On behalf of Board of Directors**

**P.Y. Gurav**

Director

DIN: 02004317

**M.V. Raja Rao**

Director

DIN: 00110363

## Financial Highlights

### Profit & Loss Statement

(₹ in Crore)

Particulars	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	F.Y. 2017
<b><u>Income</u></b>						
Net Sales	463.06	497.97	131.57	110.76	101.18	104.56
Other Operational Income	5.57	4.93	7.29	7.68	6.98	1.41
Other Income	2.27	1.38	2.69	2.40	1.13	0.44
<b>Total Revenues</b>	<b>470.90</b>	<b>504.28</b>	<b>141.55</b>	<b>120.84</b>	<b>109.29</b>	<b>106.42</b>
<b><u>Expenditure</u></b>						
Manufacturing Expenses	368.01	392.59	140.62	113.54	92.73	93.32
Personal Cost	14.95	12.86	10.52	8.53	7.21	5.84
Selling & Admin Cost	15.47	32.49	9.12	17.31	21.08	5.92
EBIDTA	70.20	64.96	(21.40)	(20.94)	(12.86)	1.34
EBIDTA Margin (%)	15	13	(15)	(17)	(12)	1.26
Depreciation	6.37	16.70	30.06	20.26	14.51	10.46
EBIT	66.10	49.64	(48.78)	(38.80)	(26.24)	(9.12)
Interest Expenses	9.32	16.14	18.95	21.57	20.95	23.92
Profit Before	56.78	33.50	(67.73)	(60.36)	(47.19)	(33.05)
Exceptional Item & Tax						
(PBT) Exceptional	-	-	-	63.00	53.67	0.00
Tax	8.59	5.42	-	-	3.90	0.00
Deferred Tax	7.39	9.57	2.70	(20.81)	-	0.00
<b>Profit After Tax (PAT)</b>	<b>40.80</b>	<b>18.51</b>	<b>(70.43)</b>	<b>(102.55)</b>	<b>(104.76)</b>	<b>(33.05)</b>

## Financial Highlights

### Balance Sheet

(₹ in Crore)

Particulars	March 31 2012	March 31 2013	March 31 2014	March 31 2015	March 31 2016	March 31 2017
<u>Sources of Funds</u>						
Share Capital	54.94	54.94	54.94	63.94	67.94	67.94
Reserves & Surplus	203.15	219.09	151.23	48.69	(56.08)	(89.13)
Total Shareholder's Fund	258.09	274.03	206.17	112.63	11.86	(21.19)
Total Loan Funds	110.97	162.89	135.70	137.12	147.52	157.83
Deferred Tax Liability	8.54	18.11	20.81	-	-	-
<b>Total Sources of Funds</b>	<b>377.61</b>	<b>455.03</b>	<b>362.69</b>	<b>249.75</b>	<b>159.38</b>	<b>136.64</b>
<u>Application of Funds</u>						
Fixed Assets						
Gross Block	198.95	349.61	357.13	366.01	366.03	364.57
Less: Accumulated						
Depreciation	21.46	37.90	67.83	151.05	207.51	216.88
Net Block	177.49	311.71	289.30	214.96	158.52	147.69
Capital Work in						
Progress	67.50	12.15	14.65	13.82	2.00	1.99
Investments	0.69	0.60	0.00	0.00	0.00	0.00
Current Assets						
Inventories	49.70	67.01	37.62	16.57	9.80	6.97
Sundry Debtors	103.75	146.74	23.52	25.21	12.34	15.70
Cash & Bank Balance	7.09	35.74	11.47	4.69	0.05	0.43
Loans & Advances	61.16	49.47	46.51	47.48	50.33	56.16
Total Current Assets	221.70	298.96	119.12	93.95	74.99	79.26
Current Liabilities						
Sundry Creditors	84.93	160.08	55.21	69.75	72.94	89.13
Provisions	4.84	8.31	5.18	3.23	3.19	3.17
Total Current Liabilities	89.77	168.39	60.39	72.98	76.13	92.3
Net Current Assets	131.93	130.57	58.73	20.97	(1.14)	(13.04)
<b>Total Application of Funds</b>	<b>377.61</b>	<b>455.03</b>	<b>362.69</b>	<b>249.75</b>	<b>159.38</b>	<b>136.64</b>



## Key Facts

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

CEBBCO 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 had been 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**

Though not focusing on this vertical due to working capital issues but CEBBCO had been 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 still one of the few RDSO registered manufacturer for refurbishment of Wagons.

### **Heavy fabrication**

CEBBCO 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.
- Manufacturing facilities located close to some of key customers for commercial vehicle bodies, giving competitive advantage over other manufacturers of commercial vehicle bodies.
- 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 advantages 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, MAN Trucks and Tata Motors, respectively.
- Manufacturing units located close to steel suppliers manufacturing locations or their key distribution hubs.
- Jabalpur & Jamshedpur offer a cost competitive location.

**Key Customers**

Business	Customers
<b>Commercial Vehicles / FBV</b>	Tata Motors Ltd. VE Commercial Vehicles Ltd. (VECV) Man Force Trucks Pvt. Ltd. Ministry of Defence (Vehicle Factory Jabalpur) Reliance Petroleum Ltd. Reliance Industries Ltd.
<b>Heavy Fabrication</b>	L&T Power BHEL Trichy

**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

**Municipal Applications**

1. Water Tanker Bodies
2. Light Recovery Vehicle Bodies
3. Garbage Tippers

**Defense**

1. Troop Carrier Vehicle Bodies
2. Prison Van Bodies
3. Water Bowser Bodies

**Heavy Fabrication (Steel) Power - Boilers and ESP**

1. Steel Structures for Power plants,
2. Structures for Electrostatic precipitator
3. Ducts and General Fabrication components for Power plants