



**Annual Report 2017-18**

## 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 and forward-looking statements, whether as a result of new information, future events or otherwise.



Commercial Engineers & Body Builders Co. Ltd.

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## MESSAGE FROM BOARD OF DIRECTORS

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**Dear Shareholders,**

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 sales (Net of Excise Duty/GST) of Rs. 9,717 Lakhs as compared to Rs. 10,534 lakhs for FY 2016-17, which is 7.8% lower. The loss for the year was Rs 3,691 lakhs as compared to loss of Rs 3,560 lakhs during the previous financial year.

Our fortunes mainly depend on Medium and Heavy Duty Commercial vehicle (M & HCV) industry. On account of change in emission norms and partly due to change in indirect tax regime, demand from M & HCV OEMs during the first two quarters of fiscal 2018 did not grow. Post this period and in the recent past, the demand has been robust.

However, the Company continues to be severally constrained on the working capital front and hence we were unable to take benefit of market expansion.

We could get the funding support from our major OEM customers. Post introduction of GST, demand for tippers from OEM dealers and other market players has started getting diverted to organized players. We could get sizable orders from this segment, during the last two quarters of fiscal 2018. Despite this, our performance continues to be suboptimal.

Over the past few years, the Company is unable to generate free cash on for its business needs and finally resulted defaults in servicing of debts.

The lenders had initiated Strategic Debt Restructuring ("SDR") on 11 January 2017. However, the SDR could not be completed within the timeframe prescribed by RBI and the loans given by the lenders to the Company have been classified Non-Performing Assets in the books of lenders.

Currently, the lenders are in the process of identifying revival measures, including debt restructuring and other structural changes.

In the meanwhile, the management continues to focus on improvement in volumes and cost optimisation. The Company continues to work closely with key OEMs to gain



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higher volumes and funding support, and is targeting volumes from other customers. This has resulted in improvement in operations during the recently concluded quarter. During the quarter ended June 30, 2018, the Company recorded net sales of Rs 4,584 Lakhs, representing growth in sales of 24% over immediately preceding quarter.

However, considering the current debt level, there is need for strategic restructuring, working capital support and other revival measures.

The management is confident about positive outcome of the restructuring process.

We thank our lenders, customers and suppliers for their continued support and most importantly we appreciate the efforts taken by employees in this critical phase.

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

**Abhishek Jaiswal**

Executive Director & Cheif Executive Officer

DIN : 07936627



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## Financial Highlights

### Profit & Loss Statement

( ₹ in Crores)

Particulars	As per Indian GAAP Accounting					As per Ind AS	
	F.Y. 2013	F.Y. 2014	F.Y. 2015	F.Y. 2016	F.Y. 2017	F.Y. 2017	F.Y. 2018
<b>Income</b>							
Net Sales	497.97	131.57	110.76	101.18	104.56	103.93	95.87
Other Operational Income	4.93	7.29	7.68	6.98	1.41	1.41	1.29
Other Income	1.38	2.69	2.40	1.13	0.44	0.44	1.16
<b>Total Revenues</b>	<b>504.28</b>	<b>141.55</b>	<b>120.84</b>	<b>109.29</b>	<b>106.41</b>	<b>105.78</b>	<b>98.33</b>
<b>Expenditure</b>							
Manufacturing Expenses	392.59	140.62	113.54	92.73	93.32	84.64	77.84
Personal Cost	12.86	10.52	8.53	7.21	5.84	5.84	4.95
Selling & Admin Cost	32.49	9.12	17.31	21.08	5.92	13.25	14.31
EBIDTA	64.96	-21.40	-20.94	-12.86	0.89	1.61	0.05
EBIDTA Margin (%)	13.04	-16.27	-18.91	-12.71	0.85	1.55	0.06
Depreciation	16.70	30.06	20.26	14.51	10.46	10.36	10.35
EBIT	49.64	-48.77	-38.80	-26.24	-9.13	-8.30	-9.13
Interest Expenses	16.14	18.95	21.57	20.95	23.92	27.30	27.78
Profit Before Exceptional Item & Tax (PBT)	33.50	-67.72	-60.37	-47.19	-33.05	-35.60	-36.91
Exceptional item – Impairment	-	-	63.00	53.67	-	-	-
Tax	5.42	-	-	3.90	-	-	-
Deferred Tax	9.57	2.70	-20.81	-	-	-	-
<b>Profit After Tax (PAT)</b>	<b>18.51</b>	<b>-70.42</b>	<b>-102.56</b>	<b>-104.76</b>	<b>-33.05</b>	<b>-35.60</b>	<b>-36.91</b>



Commercial Engineers & Body Builders Co. Ltd.

## Balance Sheet

( ₹ in Crores)

Particulars	As per Indian GAAP Accounting					As per Ind AS	
	F.Y. 2013	F.Y. 2014	F.Y. 2015	F.Y. 2016	F.Y. 2017	F.Y. 2017	F.Y. 2018
Fixed assets	323.86	303.95	228.78	160.52	149.68	146.67	136.52
Financial assets	0.60	0.00	0.00	0.00	0.00	0.93	0.44
Other assets (Current and Non Current)	298.96	119.12	93.95	74.99	79.26	77.52	71.57
<b>Total Application of Funds</b>	<b>623.42</b>	<b>423.07</b>	<b>322.73</b>	<b>235.51</b>	<b>228.94</b>	<b>225.13</b>	<b>208.53</b>
Equity share capital	54.94	54.94	63.94	67.94	67.94	54.94	54.94
Other equity (inclusive of Reserves and Surplus)	219.09	151.23	48.69	-56.08	-89.13	-85.26	-122.12
Other Liabilities (Current and Non Current)	349.39	216.90	210.10	223.65	250.13	255.45	275.70
<b>Total Sources of Funds</b>	<b>623.42</b>	<b>423.07</b>	<b>322.73</b>	<b>235.51</b>	<b>228.94</b>	<b>225.13</b>	<b>208.53</b>





Commercial Engineers & Body Builders Co. Ltd.

## 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 load body 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). The Company also manufactures certain type of load bodies for dealers of the major commercial vehicle OEMs.

### Railways

The Company had in the past, undertaken the business of refurbishment of old wagons and supply of assemblies for Indian Railways and its manufacturing plants. The company however has not been focusing on the Railway wagon business due to financial challenges faced during the recent years. Now, the Company is pursuing for renewal of its RDSO ( G-105 ) registration so that the opportunity in this high demand segment could be targeted.

### HEAVY FABRICATION

The Company fabricates steel structures and support columns for power plants and electrostatic precipitators (ESPs), structure for power plant boilers and ducts, and general fabrication components for power plants. The company did not aggressively pursue this business, considering comparatively higher working capital requirement for this business and funding constraints. The Company just executed an order for Clyde of around 200 MT. While, the erection of thermal power plants has slowed down, due to strict pollution norms demand of electrostatic (ESP) has gone up and expected that this trend will continue in FY 2018-19.

### 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.
- Design support capability.

### 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, MAN Trucks and Tata Motors respectively.
- Manufacturing units located close to steel suppliers manufacturing locations or their key distribution hubs.



Commercial Engineers & Body Builders Co. Ltd.

### Key Customers

Business	Customers
Commercial Vehicles / FBV	Tata Motors Ltd. VE Commercial Vehicles Ltd. (VECV) Man Force Trucks Pvt. Ltd. Ministry of Defence (Vehicle Factory Jabalpur)
Heavy Fabrication	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

#### Railway Components

1. Upgradation and Refurbishment of BOXN wagons
2. Components for Locomotives
3. Components for BOXNR wagons
4. Components for EMU Coaches
5. Railway over bridge and under bridge steel structures

#### 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