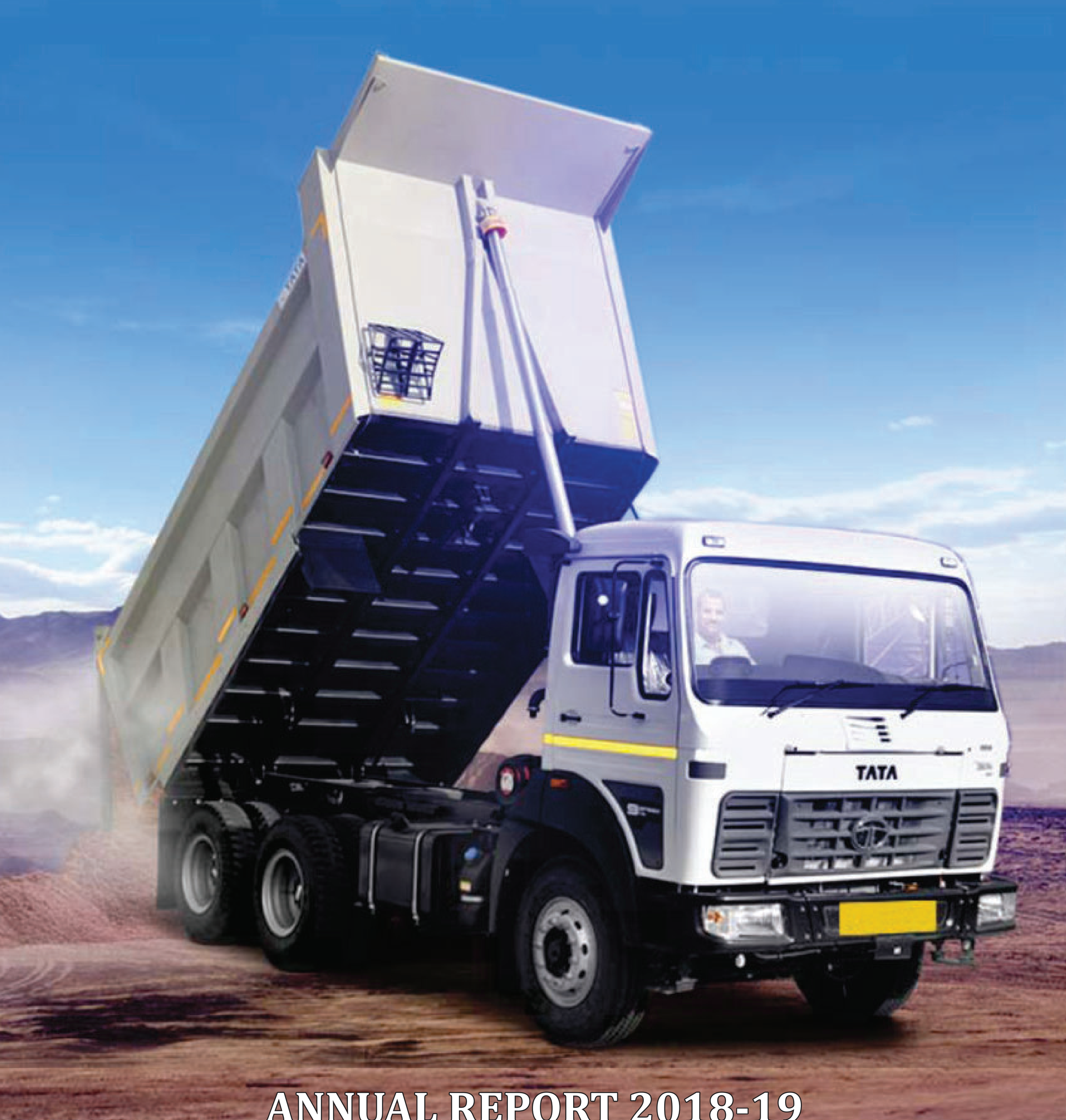
CEBCO
...bodies in motion...



ANNUAL REPORT 2018-19

Forward Looking Statement

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 underlaying 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.

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MESSAGE FROM BOARD OF DIRECTORS

Dear Shareholders,

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

During the year, the Company recorded sales (Net of Excise Duty/GST) of Rs. 21,655 Lakhs as compared to Rs. 9,717 lakhs for FY 2017-18, which is about 122% higher. The profit for the year was Rs 8867 lakhs as compared to loss of Rs. 3691 lakhs the previous financial year.

During the previous year, the company continued it's operations with severe working capital constraints. On the other hand automobile industry in general saw demand pick up which forced us to fall in line to meet higher volumes and restore customer confidence. Because of company's good reputation and customer confidence we were extended moral & financial support by our major OEMs which helped us to tide over financial constraints to a large extent.

Our industry is highly dependent on medium and heavy duty commercial vehicle (M&HCV) industry. Automobile industry progressed well with the new emission norms and saw good volume growth till the month of October 18' of the financial year. Post November there was downward trend in commercial vehicle market which affected our business in last quarter and hence the growth in this last quarter was not in line with the first three quarters.

In Railways vertical we were able to get the company re-registered and got qualified for G-105 registration. With this we were able to participate in Indian Railways tender and received an order for 500 wagons amounting to Rs. 15,000 lakhs. Besides this in Railway business we were able to get further order from a private lease company for 55 car carrier wagons. This segment gives us a big opportunity for growth during the current financial year and with the working capital constraints removed we are confident of achieving higher growth.

As you are aware the Company had been facing liquidity crisis. With an intention to find a resolution for the stressed asset, Axis Bank ran a competitive bidding process to identify an investor for implementation of the resolution plan involving change in ownership of the Company in accordance with the provisions of the circular dated February 12, 2018, issued by the Reserve Bank of India on resolution of stressed assets. Jupiter Wagons Limited, submitted an offer to acquire a majority shareholding of the Company, subject to certain terms and conditions. The Lenders gave their approval for implementing the resolution plan, involving change in ownership of the Company, in accordance with the Stressed Asset Circular,.

Agreement was executed on December 1, 2018 between the Company, the Lenders and the Investors to effect change in ownership and control of the Company and restructure the Existing Debt in accordance with the provisions of the Stressed Assets Circular and other applicable laws pursuant to the Resolution Plan

With successful implementation of this the company is now carrying forward Rs. 2387 lacs debt which is required to be paid in 7 years. Besides this, we have substantial amount for capital expenditure, which needs to be incurred for the pending projects. Further fresh working capital has been provided by the lenders to run our business smoothly.

As an ongoing exercise management continues to focus on cost reduction and optimization of resources and is working on proper restructuring of organization to be lean and effective to achieve set objectives of the company. Severe pressure on cost remains a challenge for the company.

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	**Abhishek Jaiswal**
Director	Whole Time Director & C.E.O.
(DIN: 02004317)	(DIN: 07936627)

Financial Highlights

Profit & Loss Statement (₹ in Crores)

Particulars	As per Indian GAAP Accounting					As per Ind AS	
	F.Y. 2014	F.Y. 2015	F.Y. 2016	F.Y. 2017	F.Y. 2017	F.Y. 2018	F.Y. 2019
Income							
Net Sales	131.57	110.76	101.18	104.56	103.93	95.87	212.73
Other Operational Income	7.29	7.68	6.98	1.41	1.41	1.29	3.07
Other Income	2.69	2.40	1.13	0.44	0.44	1.16	0.76
Total Revenues	**141.55**	**120.84**	**109.29**	**106.41**	**105.78**	**98.33**	**216.56**
Expenditure							
Manufacturing Expenses	140.62	113.54	92.73	93.32	84.64	77.84	177.94
Personal Cost	10.52	8.53	7.21	5.84	5.84	4.95	6.79
Selling & Admin Cost	9.12	17.31	21.08	5.92	13.25	14.31	19.16
EBIDTA	(21.40)	(20.94)	(12.86)	0.89	1.61	0.06	11.90
EBIDTA Margin (%)	(16.27)	(18.91)	(12.71)	0.85	1.55	0.06	5.60
Depreciation	30.06	20.26	14.51	10.46	10.36	10.35	10.38
EBIT	(48.77)	(38.80)	(26.24)	(9.13)	(8.30)	(9.13)	2.28
Interest Expenses	18.95	21.57	20.95	23.92	27.30	27.78	22.14
Profit/(Loss) Before Exceptional Items &Tax (PBT)	(67.72)	(60.37)	(47.19)	(33.05)	(35.60)	(36.91)	(19.86)
Exceptional Items-(Gain)/Loss, net	0.00	63.00	53.67	0.00	0.00	0.00	(108.53)
Tax	0.00	0.00	3.90	0.00	0.00	0.00	0.00
Deferred Tax	2.70	(20.81)	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) After Tax (PAT)	**(70.42)**	**(102.56)**	**(104.76)**	**(33.05)**	**(35.60)**	**(36.91)**	**88.67**

Balance Sheet

(₹ in Crores)

Particulars	As per Indian GAAP Accounting				As per Ind AS		
	F.Y. 2014	F.Y. 2015	F.Y. 2016	F.Y. 2017	F.Y. 2017	F.Y. 2018	F.Y. 2019
Fixed assets	303.95	228.78	160.52	149.68	146.67	136.52	113.10
Financial assets	0.00	0.00	0.00	0.00	0.93	0.44	0.58
Other assets (Current and Non Current)	119.12	93.95	74.99	79.26	77.52	71.57	94.90
Total Application of Funds	**423.07**	**322.73**	**235.51**	**228.94**	**225.13**	**208.53**	**208.58**
Equity share capital	54.94	63.94	67.94	67.94	54.94	54.94	89.48
Other equity (inclusive of Reserves and Surplus)	151.23	48.69	(56.08)	(89.13)	(85.26)	(122.12)	6.37
Other Liabilities (Current and Non Current)	216.90	210.10	223.65	250.13	255.45	275.70	112.72
Total Sources of Funds	**423.07**	**322.73**	**235.51**	**228.94**	**225.13**	**208.53**	**208.58**

Key Facts

Product Verticals

With a broad range of product offerings in the commercial vehicle and Railways 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 and Vehicle Factory, Jabalpur (Ministry of Defence). 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 but the company had not been focusing on the Railway wagon business due to financial challenges faced during the recent years. Last year the company pursued for renewal of its RDSO (G-105) registration and achieved it in very reasonable time and was able to participate in a very important tender of Indian Railways. The company got an order of 500 wagons, from Indian Railways by successfully participating in the tender .The new promoter coming in the Company is pursuing with full force the opportunity in this high demand segment.

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.
- Expertise of our new promoters in Railways segment

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.

Key Customers

Business	Customers
Commercial Vehicles / FBV	Tata Motors Ltd. VE Commercial Vehicles Ltd. (VECV) Ministry of Defence (Vehicle Factory Jabalpur) Mahindra Reliance
Railways	Indian Railways Trac 1

Well Diversified Product Portfolio

Mining & Road Construction

1. Tipper Bodies
2. Tanker Bodies
3. Tip Trailers

Goods Transportation

1. Cargo load Bodies
2. Refrigerated and insulated containers
3. Trailer Bodies - Box 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

Defence

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. Goods wagon BOXNHL
5. Car Carrier Wagon

MANAGEMENT DISCUSSION AND ANALYSIS

1) Indian economic scenario and industry outlook

a) Indian economy

India along with China continued to be fastest growing economies in the world. However, there has been slight slow down during the year in the world economy, on the background of rising trade tensions among certain countries.

As per second advance estimate of national income released by Central Statistical Organization (CSO) of Government of India, India's real GDP is estimated to be at 7.0 for FY 2018-19, lower by 20 basis points as compared to FY2017-18. The growth in GDP had been more than 8% in quarter 1 of FY 2018-19 and has moderated in subsequent quarters, mainly due to restricted availability of finance.

b) Commercial vehicle Industry in India and our volumes

We manufacture tippers mainly in Medium and Heavy duty segment of commercial vehicles (M&HCV). We supply load bodies of various types to OEMs, OEM dealers and other customers.

The Industry sale of M&HCVincreased to 2,74,750 units in FY 2018-19 from 2,47,659 units in FY 2017-18, a growth of 10.9%. On the background of stabilization of GST, the increase was mainly driven by strong demand from infrastructure and mining sector, and fleet replacement.

The first two quarters of FY 2018-19 experienced very strong growth on year-on-year basis.

However, the growth rate in the second half of the year moderated mainly due to revised axel norms, liquidity crunch and uncertainties due to upcoming general elections. The availability of credit tightened in the second half due to NBFC crisis led by fall out of IL&FS.

The axle norm increased the freight carrying capacity of medium and heavy commercial vehicles (M&HCV) by 20 per cent that led to lower demand for new trucks. According to research firm ICRA, the demand of cargo trucks started seeing volume contraction post the implementation of revised axel norms whereas the tippers trucks demand remained resilient showed a growth between 40-50 percent in FY 2019.

Our total shipments of tippers, trailers and other load bodies were 9470 units in FY 2018-19 as compared to 5413 units in FY 2017-18.

c) Heavy fabrication

The Company fabricates steel structures and support columns for Power Plants and Electrostatic Precipitator (ESPs) structure for power plant boilers and Ducts and General Fabrication components for power plants.

Considering the acute shortage of working capital faced by the Company and higher requirement of working capital funding in this segment, the Company did not pursue for new orders.

d) Railway wagons

The Company has manufacturing facility for undertaking railway business comprising manufacturing of new wagons, refurbishment of old wagons and supply of assemblies. The company however has not been focusing on this line of business due to financial challenges.

Considering the increase of planned off take in wagon procurement by Indian Railways, there exists an opportunity in the sector.

The Resolution Plan by the lenders, enabled an opportunity to the Company to re-look at this segment.

The company re-registered the wagon manufacturing facility and was qualified for G-105 registration. With this company was able to participate in Indian Railways tender and procured an order of 500 wagons amounting to approximately Rs. 150 crores. The Company was also successful in getting further order from a private leasing company for 55 car carrier wagons in the month of March 2019.

2) **Restructuring of Debt and ownership**

The Company has been facing liquidity crisis. Towards resolution of NPA and revival of the stressed assets, the Company, the lenders, erstwhile promoters and incoming investors, agreed for a resolution plan, which has been implemented upon approval by the shareholders

(For Detailed Discussion please refer Director's Report)

3) **FINANCIAL OVERVIEW**

The following table explains the financial performance for the current fiscal as compared to FY 2018-19

Financial Highlights

(Rs. in Lakhs)

Particulars	YE March 31, 2019	% to net sales	YE March 31, 2018	% to net sales
Revenue from operations	21,579.96	-	9,963.96	-
Less- excise duty	-	-	247.46	-
Net Sales	**21,579.96**	**100.00%**	**9,716.50**	**100.00%**
RM cost and change of inventory	17,794.13	82.46%	7,784.30	80.11%
Employee benefits expenses	679.10	3.15%	495.34	5.10%
Operating and other expenses	1,916.37	8.88%	1,431.37	14.73%
Operating profit	1,190.36	5.52%	5.49	0.06%
Other income	75.91	0.35%	116.43	1.20%
Depreciation and amortizations	1,037.91	4.81%	1,035.23	10.65%
Finance cost	2,214.45	10.26%	2,777.96	28.59%
Exceptional Items- (Gain)/Loss, net	(10,853.47)	-50.29%	-	0.00%
Profit/(Loss) for the Year	**8,867.38**	**41.09%**	**(3,691.27)**	**-37.99%**

The analysis of performance is explained below-

a) **Improved volumes**

The tipper industry witnessed a significant growth fueled by continued infrastructural push by the government. This enabled the Company to get increased share of business from one of its major OEM customer and could achieve 122% increase in net sales. However, the industry demand has started moderating from the second of the FY 2018-19.