



**Commercial  
Engineers and Body  
Builders Co Limited**

# Driving Growth

Annual Report 2010-11

## Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend 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 any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions 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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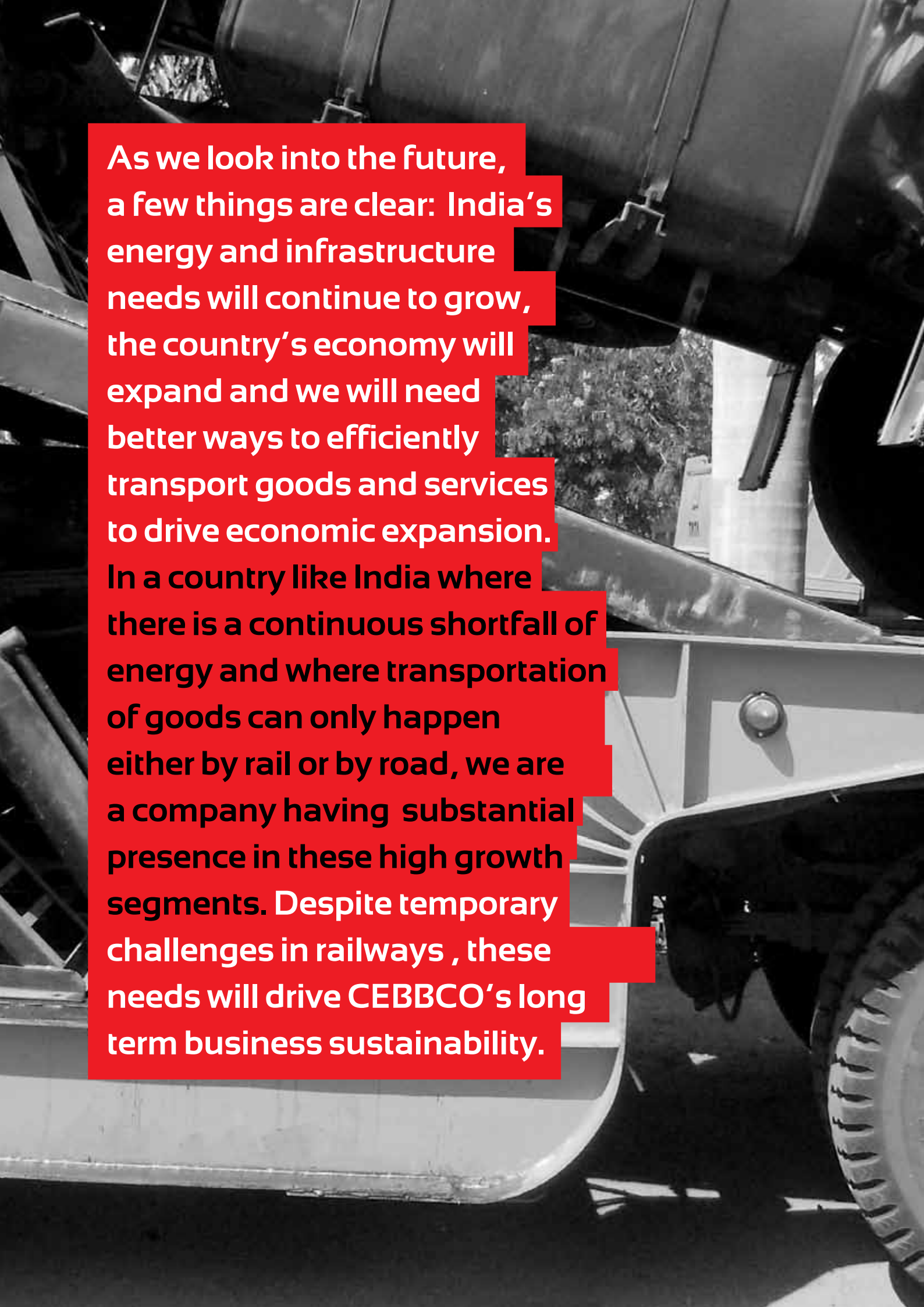
**CEBBCO**

**has emerged as  
one of India's  
leading  
designer and  
manufacturer of  
bodies for  
commercial  
vehicles in India.**

We are also engaged in refurbishment of wagons and manufacture components for wagons, coaches and locomotives, as well as setting up a facility to manufacture new wagons. We have also forayed into the manufacture of power structurals in 2011.

India is transforming like never before, and in this journey towards socio-economic development, infrastructure creation is playing a key role. Our three focus areas – Commercial Vehicles, Railways and Power – are helping drive the pace of infrastructure creation to enhance the quality of life for multitudes across the urban and rural demographic spectrum.

We are strengthening our capabilities with our experience and expertise to meet the varied demands of the discerning customer. We are putting ourselves in the customer's shoes, trying to evaluate our performance from their point of view, evolving continuously in the process, so that our products drive their profitability and create enriching relationships of trust.



**As we look into the future, a few things are clear: India's energy and infrastructure needs will continue to grow, the country's economy will expand and we will need better ways to efficiently transport goods and services to drive economic expansion. In a country like India where there is a continuous shortfall of energy and where transportation of goods can only happen either by rail or by road, we are a company having substantial presence in these high growth segments. Despite temporary challenges in railways, these needs will drive CEBBCO's long term business sustainability.**



## Advantage CEBBCO

- Leadership in the tippers and load bodies category for both defence and domestic market
- Extensive product offerings in commercial vehicles for application across diversified industries
- Presence across all three sections of railway rolling stock – locomotives, passenger coaches and wagons
- Access to all the major OEMs and fleet owners across India
- Robotic welding for tipper bodies, enhancing productivity and cost effectiveness
- Ability to manufacture superior quality structures, using one of the most stringent industry guidelines
- Raw material sourcing from reputed vendors such as ESSAR, SAIL and Lloyds
- In-house welding training centre with assistance from PUM, the Netherlands
- One of the best quality index in India for Tata Motors Limited
- A state-of-the-art railway Wagon plant (under implementation)
- On track to gaining a foothold in the fabrication of power structurals where we have already executed one order from L&T and have repeat orders in the pipeline.

**30  
year+**

Relationship with  
TATA Motors

**1500+**

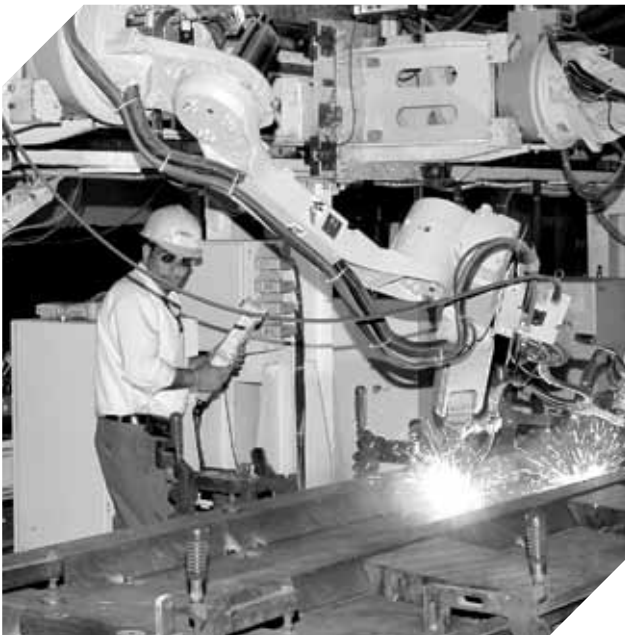
Monthly production  
of tippers

BSE code: 533272  
NSE ticker: CEBBCO

### Manufacturing facilities

The Company operates through five manufacturing facilities spread across four locations in two states:

- 1) Madhya Pradesh (Jabalpur – two facilities, Mandla – one, Pithampur – one)
- 2) Jharkhand (Jamshedpur – one)
- 3) A new facility at Deori (Madhya Pradesh) is also coming up for Railway wagon and EMU coaches.



### Quality certifications

- ISO/TS 16949:2002 accreditation from TUV SUD Management Service GmbH
- ISO 9001:2008 certification from Moody International Certification Limited
- RDSO approved Quality Assurance Plan for fabrication of side walls, end walls and flap doors of BOXNR Wagons
- Welder certification under IS 7310 Part-I of the Welder Qualification & Welding Procedure Qualification by SGS India Private Limited
- RDSO approval for WD-16 for the refurbishment of BOXNR Wagons

## Awards and accreditations

- 'Best Medium Enterprise of the Year, 2008' by Dun & Bradstreet in association with Fullerton India
- 'Excellence Award, 2008' in SME category under the Corp Excel Awards instituted by Corporation Bank
- Nominated for 'Truck application builder' 2010 by CV Magazine
- Received letters of appreciation from the Indian Railways in 2010 for orders executed towards the refurbishment of BOXNR Wagons



मुख्य कारखाना प्रबन्धक  
CHIEF WORKSHOP MANAGER,  
NORTHERN RAILWAY,  
JAGADHRI WORKSHOP-135 002  
Ph : 01732-252444 Fax : 01732-252403  
E-mail : cwmjudw@hotmail.com

L. No. 6-S/141/Tender/2008-09

Dt. 21.07.10

M/s CEBSCO Pvt. Ltd.  
124, Napier Town,  
Jabalpur-482001.

Sub: Rehabilitation of BOXNR wagons.

Ref: Works Contract Agreement No. 6-S/141/Tender/2008-09 dt. 10.08.10.

\*\*\*\*\*

Vide above referred contract, work for supply & erection of pre-fabricated side walls, end walls & flap doors for rehabilitation of BOXNR wagon were awarded by Jagadhri Workshop. The total quantity of works was 250 Nos. of BOXNR wagons.

So far now 180 wagons have been completed by the firm satisfactory and all the wagons have been put in service. Quality of work has been found to be satisfactory.

  
(B.K. Paswan)

Chief Workshop Manager  
N. Rly., Jagadhri Workshop

# Product and service offerings

## Commercial Vehicle



Products/services	Applications
<ul style="list-style-type: none"> <li>■ Tipper bodies</li> <li>■ Tanker bodies</li> </ul>	Mining and road constructions
<ul style="list-style-type: none"> <li>■ Load cargo bodies</li> <li>■ Refrigerator-fitted vehicle bodies and container</li> <li>■ Trailer bodies (including box trailers, tip trailers, skeletal trailers and flat bed trailers)</li> </ul>	Goods transportation
<ul style="list-style-type: none"> <li>■ Skip loaders</li> <li>■ Garbage bin collectors</li> </ul>	Solid waste management
<ul style="list-style-type: none"> <li>■ Water tanker bodies</li> <li>■ Light recovery vehicle bodies</li> <li>■ Garbage tippers</li> </ul>	Municipal applications
<ul style="list-style-type: none"> <li>■ Troop carrier vehicle bodies</li> <li>■ Prison van bodies</li> <li>■ Water bowser bodies</li> </ul>	Defence
<ul style="list-style-type: none"> <li>■ Vehicle bodies for the transportation of animals</li> <li>■ Fire engine bodies</li> <li>■ Ambulance bodies</li> </ul>	Miscellaneous

## Railway



Products/services
<ul style="list-style-type: none"> <li>■ Upgradation and refurbishment of BOXN wagons</li> <li>■ Components for locomotives</li> <li>■ Components for BOXNR wagons</li> <li>■ Components for coaches</li> </ul>

## Power



Products/services
<ul style="list-style-type: none"> <li>■ Structural for boilers and Electrostatic Precipitators (ESPs)</li> </ul>

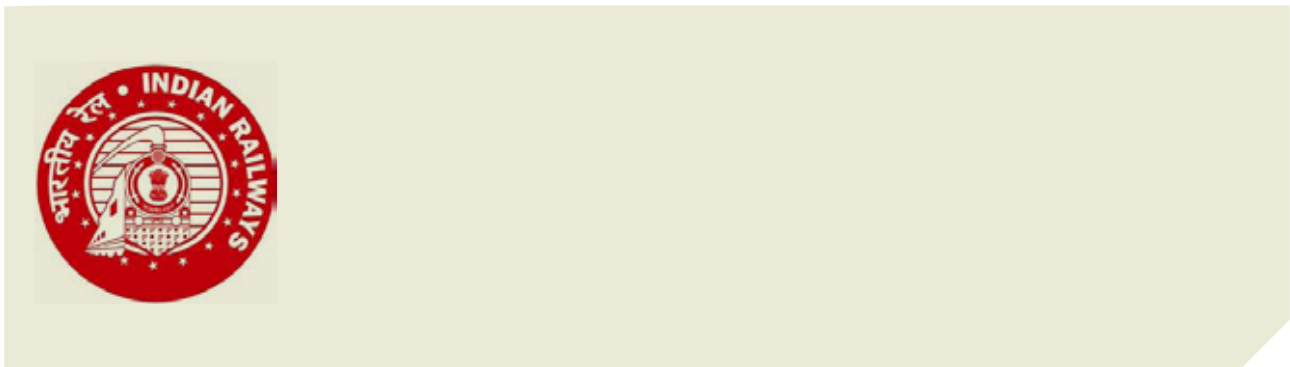


# Impressive marquee clientele in all areas of work

## Commercial Vehicles



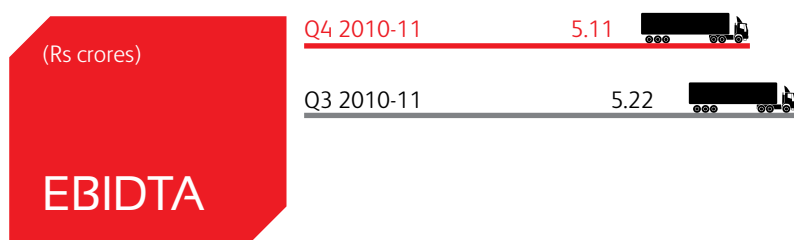
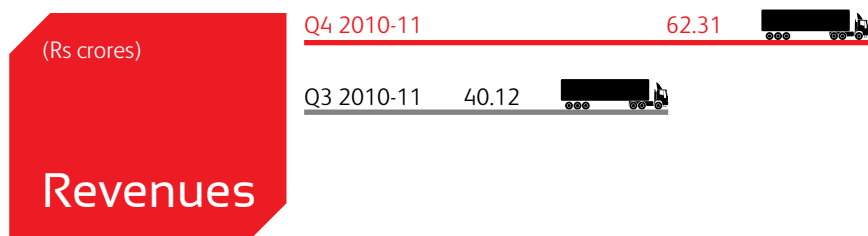
## Government Sector



## Power Sector



# Quarter-wise financial performance



## Post IPO initiatives

### Commercial Vehicles

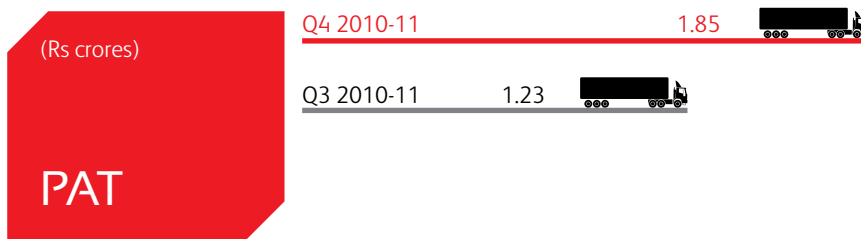
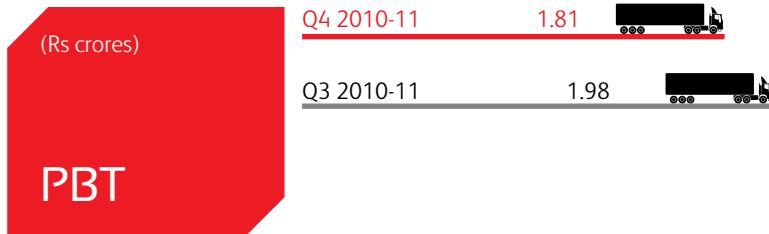
- Received increased business from clients, namely Ashok Leyland, Volvo Eicher, MAN Force and Tata Motors
- Increased production at the Jamshedpur Plant from April 2011
- Drawn up detailed action plan with customers, which shall result in increasing revenues substantially

### Railways

- Worked aggressively to target various zones for getting delayed orders
- Focused on the development of Deori facility to make it ready for commercial production in 2011-12

### Power

- Made inroads into the power sector by undertaking heavy fabrication work for building power structurals, especially for ESPs and boilers
- Received orders from L&T Power
- Secured a vendor code from BHEL



Note: Graphs not to scale

**CEBSCO's cost of procurement reduced drastically as a result of robust vendor relationships**

**10%**  
Hardware  
(includes bolts, nuts, washers)

**7%**  
Paints  
(Expensive PU paint, ESO)

**18%**  
Carbon dioxide gas and argon gas

\*(The cost of reduction has been calculated based on the figures of June 2011 and June 2010)

## Management's review

We are aggressively working on reducing our Net Current Assets in the next fiscal and bring it down from the current levels of Rs. 10,708.69 lakhs. CEBBCO has also started lean manufacture; we are also commencing Six Sigma activities, the benefits of which shall reflect in the organisation's performance in the coming quarters.



**Dr. Kailash Gupta,**  
Chairman and Managing Director



**Mr. Ajay Gupta,**  
Whole Time Executive Director

### Dear Shareowners,

We are witnessing one of the world's most remarkable economic miracles in India. The country is widely acclaimed as a potential economic superpower with an enormous market and a plethora of opportunities for businesses across multiple sectors. Leveraging the economic vigour and creating opportunities for business expansion remains the overriding focus of CEBBCO.

Our business has slowly evolved over the decades. Historically, OEMs only produced chassis for commercial vehicles (CV) and sold it to the end customer, who would then take it to various unorganised players to complete the body building process. The result: body building was largely of poor quality, leading to repeated customer complaints, hurting OEM brands. In response, OEMs, began to produce Fully Built Vehicles (FBV), combining their in-house technological expertise as well as that of select body builders like CEBBCO. This has considerably benefited the CV industry, since the CV is built to a higher pre-determined standard, enhancing OEM profits.

As India's leading manufacturer of bodies for commercial vehicles and now entering aggressively into the railway rolling stock, your Company has come a long way since inception in 1979. Today, we produce commercial vehicle and Railway rolling stock bodies for varied applications to facilitate road transportation and railways. Tata Motors (TM), which controls 65% of India's domestic commercial vehicle industry, is our largest customer in the commercial vehicles sector apart from other top-notch OEMs like Volvo Eicher, Ashok Leyland, and MAN Force, among others. At present, OEMs have a very small share of their business volumes from FBVs but they target to progressively raise it to 100 per cent, which will further translate into an attractive growth opportunity for CEBBCO.

Overall, our visibility in the commercial vehicle industry is significant. However, it is relevant to mention here that our financial performance in fiscal 2010 was impacted by market forces largely beyond our control. There are certain models for which CEBBCO is the exclusive body builder for our OEM customers. Due to a change in emission norms, there were virtually no orders for those models from TATA Motors between August to November. This, in turn, led to our numbers being drastically reduced and our production figures took a hit.

We had detailed discussions with our customers and arrived at a joint decision to increase our contribution in their businesses of FBVs substantially .

Besides, the railway contracts, which were supposed to generate substantial revenues, were deferred owing to fiscal disciplinary measures of the Indian Railways, leading to a significant dip in revenues. To combat this situation we aggressively pursued the Ministry of Railways, and are expecting a few large orders shortly. Also to secure more business we have bid for the new wagon tender for approximately 15,000 wagons and are hopeful of getting a development order as per Railway norms. Going forward, railways will prove to be a substantial contributor to our order book and revenues. In addition, refurbishment of wagons, along with the manufacture of components for coaches and locomotives in the railways division, is a margin-accretive business.

Most importantly, we saw a jump in steel prices and other various sizable inputs. Negotiations for price revisions with customers were not entirely successful, which affected the company's profitability. We have now secured the desired price variation and the effect on the profitability can be seen in the first quarter results of the financial year 2011-2012.

With the above measures, the Company has undertaken various activities that should contribute to better productivity and a healthier balance sheet. We have taken a firm stance in cost cutting and are aggressively re-negotiating with all our vendors to bring down costs substantially and therefore increasing our operating margins. A good example of this has already been stated above.

We are aggressively working on reducing our Net Current Assets in the next fiscal and bring it down from the current levels of Rs. 10,708.69 lakhs. CEBSCO has also started lean manufacture; we are also commencing Six Sigma activities, the benefits of which shall reflect in the organization's performance in the coming quarters.

Indian Railway's Vision 2020 document has communicated the need for 2,90,000 wagons, which will be required over the next 10 years. In response to this demand we are setting up a new facility (1,200 wagon capacity) at Deori near Jabalpur to manufacture all types of wagons with the help of our IPO proceeds. Considering full capacity utilisation, this facility will only contribute a miniscule portion of the overall demand. We will progressively focus on more capacity enhancement to address this colossal demand. CEBSCO's revenue visibility from this business is expected to be significant.

We would like to share with you some of the brighter aspects of our business performance in 2011-12. CEBSCO's first quarter PAT in fiscal 2011-12 is higher than the PAT of fiscal 2010-11,

all four quarters combined. We are aiming to drive nearly four-fold revenue growth by 2014.

In view of the growth objective, we have forayed into the power sector this year, building power structural for boilers and ESPs for L&T. We are setting a target to manufacture 2000 tons a month over the next 18 months. To enhance our customer reach in this segment, we would be leveraging our existing strengths in fabrication as well as build strong relationships with multiple clients.

In view of the inherent optimism of our business model, New York Life Private Equity and Tata Capital Private Equity have retained their stakes. In addition, we received investments from GIC (Government of Singapore), Jardine Fleming, Legg Mason, Kotak and Monsoon capital in our IPO.

With the government's enhanced focus on infrastructure development, CEBSCO is well poised to attain greater heights in future. We are focusing on better resource management to extend superior value to the customer. Our people are trained to embrace challenges and excel in areas of specialisation. CEBSCO's Board is empowered by Independent Directors, who bring their rich insight and industry-specific experience to strengthen our brand.

Across its multiple facilities, CEBSCO employs local people and enables social uplift. Social responsibility is at the heart of our business strategy. It represents an everyday experience both on the job and in the local communities where our employees are based. Our social and business responsibilities are enabling us to move forward towards a brighter future.

On behalf of the Board of Directors, we thank all our employees, shareholders, customers and business associates for their unstinted support and guidance. In addition, we are thankful to all our investors who have subscribed our IPO for the confidence they have shown in our capabilities. If we all take small steps towards business sustainability and responsible growth, we can make a big difference.

Warm Regards,

**Dr. Kailash Gupta**, Chairman and Managing Director

**Ajay Gupta**, Whole Time Executive Director

Administrative staff getting a health check-up



15th August Celebrations



## Responsible and sensitive

**Social commitment is woven into the culture of our organisation and we routinely undertake various measures to help make a difference.**

### Welfare activities for employees

- Undertaking responsibility for educating the children of our employees
- Providing financial assistance for medical treatment
- Canteen facility to all employees including contracted labour
- Transportation facility to all employees including contract labour
- Safety equipment to all employees including contract labour
- Visits by doctors for free check-up of employees

### Welfare activities outside the establishment

- Providing donations to United Education Social & Welfare Trust
- Distributed stationery items to school children on Independence Day and Republic Day
- Facilitated water supply by water tankers to neighbouring villages on occasions of marriages and other social gatherings

Drinking water arrangement



Villagers registering for health check-up



### Other social activities

- Conducted health check-up camps for the villagers
- Provided water arrangements (Piyau) at two locations for a summer period of two months
- Distributed sports kit for school children in the neighbouring schools
- Conducted in-plant tree plantation drives and other locations
- Undertook periodic visits and distribution of suggested items at help-age homes
- Conducted old age home and school related social service on Annual Day

### The Company was also involved in certain programmes as follows:

#### Jabalpur Deaf Association

The programme had been organised by Jabalpur Deaf Association, Honourable Mayor Mr. Prabhat Sahu and Dr. Jamdar appreciated the efforts of CEBSCO regarding the employment preference given to the deaf students. CEBSCO had assured them to introduce new schemes regarding welfare of such kind of students.

Mr. Amit Mahrolia (Manager - HRD) represented CEBSCO in this programme.

#### Nasha Virodhi Saptah

CEBSCO conducted an anti-intoxication campaign from 15th November, 2010 to 21st November, 2010 to generate awareness on the ill effects of intoxication.

# Management discussion and analysis

## Indian economy review

India emerged as one of most attractive investment destinations across the globe, with a vigorous 8.6 per cent GDP growth in 2010-11, outperforming the developed nations. The six core industries recorded a growth rate of 5.9 per cent during April-March 2010-11 as against 5.5 per cent in the previous year. However, there are considerable concerns related to high rates of inflation, triggered by enhanced commodity and energy costs, along with firming of interest rates. The Indian policy makers have undertaken suitable fiscal measures to ensure long-term growth prospects.

## Industry structure and developments

### Commercial vehicles

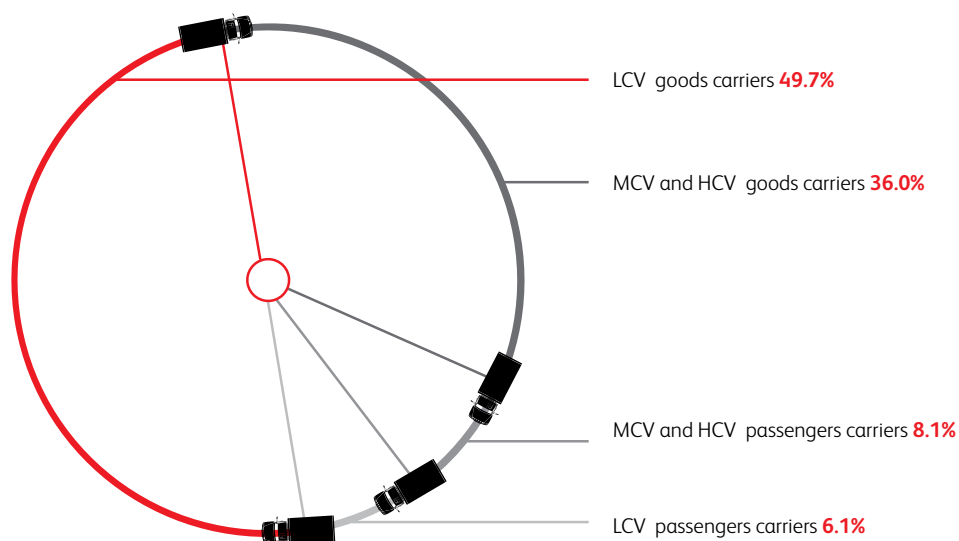
India's overall freight traffic is a function of industrial and agricultural production. High growth in GDP reflects higher economic activity, which typically results in increased volumes of freight transportation of industrial and agriculture production, translating into higher demand for Commercial Vehicles (CV). The CV industry has registered significant growth, along with economic recovery in India.

India is one of the largest markets for CVs in the world accounting for 60 per cent of freight traffic.

The CV industry is broadly categorised into Light Commercial Vehicles (LCV) which have a gross vehicle weight of less than 7.5 tonnes and Medium to Heavy Commercial Vehicles (MHCV) with a gross vehicle weight above 7.5 tonnes. Typically, MHCVs are used for long distance haulage and then goods are delivered via LCVs for the final leg of the journey.

The CV business in India is cyclical in nature and the current cycle is in an upturn mode. The MHCV segment registered a strong re-bounce in 2010-11 that registered 36 per cent y-o-y volume growth compared to the long-term average growth of 9 per cent (1971-2010). In addition, the CV market is expected to grow at 15% in the year 2011-2012.

## The Commercial vehicle industry categorisation

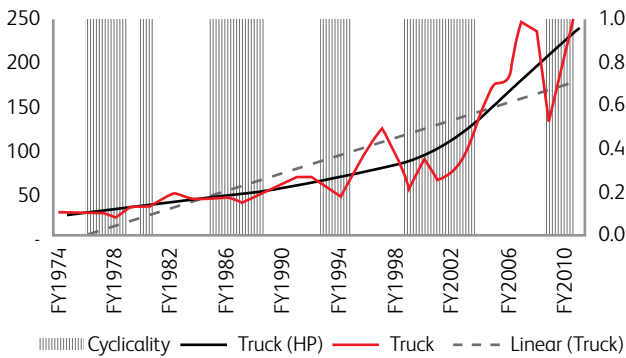


(Source: SIAM)



The MHCV segment registered a strong re-bound in 2010-11 that registered 36 per cent y-o-y volume growth compared to the long-term average growth of 9 per cent (1971-2010).

### Rebound of the MHCV segment



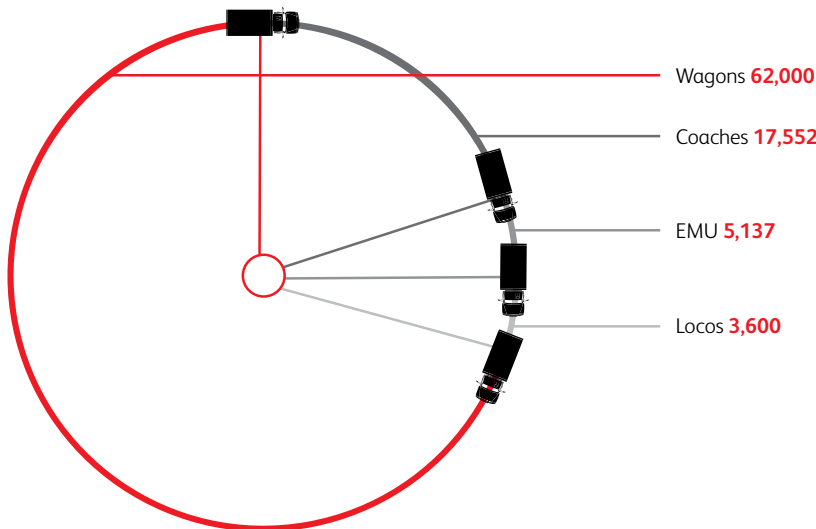
(Source: Source: SIAM, Business Beacon, Crisinfac, Centrum Research Estimates)

India's CV market is set to experience significant changes leveraging the hub-and-spoke model of transportation. With increased road infrastructure development, CV sales in India would be driven through sustained focus on application-specific vehicles.

### Railways

Indian Railways (IR) has played a critical and historical role in providing connectivity to the far corners of India's vast land mass. Its network of over 64,000 route kms has integrated markets and connected communities over extensive geographies across the length and breadth of the country.

### Projected number of wagons, coaches, EMUs and locomotives to be ordered by Indian Railways from 2007-12



[Source: The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)]

The Railway Budget 2011-12 aimed at acquiring 18,000 wagons annually to meet the targets set in the Eleventh Plan. However, in 2011, delivery has been in the region of 13,000-15,000 only due to certain budgetary constraints. The balance order was delayed by almost 1.5 years. The delay has resulted in a temporary increase in pressure over the freight traffic and has also induced the use of refurbished wagons.

### Power

India's power sector is witnessing an exciting growth phase with relatively high GDP trajectory, leading to enhanced electricity demand, capacity addition in generation, transmission and distribution, stable regulatory environment, coupled with focus on rural electrification, nuclear and renewable sources of energy. The overall power generation in India has increased from 771.551 billion units in 2009-10 to 811.143 billion units in 2010-11. Despite this generation, India has been constantly witnessing a peak hour deficit of around 12 per cent annually.

the burgeoning requirement of electricity throughout the country. With various state-owned enterprises and private sector players constructing multiple power plants, including ultra mega power projects, CEBBCO is well positioned to address their various structural needs.

### Human resources and industrial relations

Industrial relations continue to remain cordial and peaceful at all the five manufacturing units. All the employees and labour working at the manufacturing units have a common objective of Profit, Growth and Excellence.

### De-risking at CEBBCO

Risks	Mitigation
Cyclical nature of the commercial vehicle industry	The demand for CEBBCO's end products is closely linked to overall industrial growth. This makes the Company vulnerable to cyclicity in the commercial vehicle industry. Entry into the railways and power sector will also help in reducing this risk.
Single-customer dependence	The Company's established relationship with Tata Motors ensures a steady stream of revenues. It has also forayed into the attractive railways and power sectors, which would reduce the revenue dependence on Tata Motors.
Increase in key raw materials costs	The Company has been constantly leveraging its negotiating powers with the vendors to keep the raw material cost in line with the end price of the product. In certain cases, the Company passes on the price increase to the customers. Besides, it is also focusing on cost-cutting measures.
Entry into relatively new sectors – railways and power	CEBBCO is leveraging its rich fabrication expertise to cater to the requirements of the railways and power sector. The approval from the RDSO and receipt of orders from big players in the power sector has enhanced confidence of the Company considerably.

The Government of India (GOI) has targeted an addition of 78 GW of capacity in the Eleventh Five-year Plan (2007-12). It is estimated that approximately 51 GW of generation capacity would be successfully achieved by the end of this Plan.

### Opportunities

The Eleventh Five Year Plan (2007-2012) has outlined a multitude of infrastructure expansion projects, including those in the rail and road sectors. The CV industry and the railway transportation network will benefit from the pan-sector investment in infrastructure as CVs and trains are an integral part of the construction process – from sourcing of raw materials, their transportation to installation and fabrication. This will not only provide impetus to the growth of fabrication/body building sector, but also lead to high revenue growth for CEBBCO in near future.

The Government has proposed to set to a target of one lakh MW power generation under the Twelfth Five-Year Plan to meet

# Notice

## Of the 31st Annual General Meeting of the Shareholders

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Commercial Engineers & Body Builders Co Limited will be held on Saturday, the 24th September, 2011 at 3.00 PM. at Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.), to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2011 and the Profit and Loss A/c for the year ended on that date and the Reports of the Board of Directors and the report of the Auditors thereon.
2. To appoint Directors in place of Mr. Sevantilal Popatlal Shah and Mr. Arun Kumar Rao, who are to retire by rotation and being eligible, offers themselves for re-appointment.
3. To re-appoint M/s Deloitte, Haskins & Sells firms' registration number-117366W, Chartered Accountant, the Statutory Auditors of the Company for the Year 2011-2012 and fix their fee/remuneration.

### Special Business:

4. To consider and if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:  
  
"RESOLVED that pursuant to the provisions of Section 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ravi Gupta who was appointed as an additional Director of the Company by the Board of Directors pursuant to Section 260 read with the Articles of Association of the Company and who holds the Office under the Articles and under Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting and in respect of whom the company has received a notice from him specifying his consent and intention to

propose himself as a candidate for the office of a director, be and is hereby appointed as a Director of the company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Akhil Awasthi who was appointed as an additional Director of the Company by the Board of Directors pursuant to Section 260 read with the Articles of Association of the Company and who holds the Office under the Articles and under Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting and in respect of whom the company has received a notice from him specifying his consent and intention to propose himself as a candidate for the office of a director, be and is hereby appointed as a Director of the company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Shyam Mani who was appointed as an additional Director of the Company by the Board of Directors pursuant to Section 260 read with the Articles of Association of the Company and who holds the Office under the Articles and under Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting and in respect of whom the company has received a notice from him specifying his consent and intention to propose himself as a candidate for the office of a director, be and is hereby appointed as a Director of the company liable to retire by rotation."

### Registered Office:

84/105 A, G T Road,  
KANPUR (UP)

Date: 10th August, 2011

For and on behalf of the Board  
**Commercial Engineers & Body Builders Co Limited**

By Order of the Board

**Dr. Kailash Gupta**  
(Chairman and Managing Director)

## NOTES: -

1. A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the company.
2. The proxy form duly stamped and executed should be deposited at the Registered Office / Head Office of the Company at least 48 hours before the time fixed for the commencement of the meeting. A blank proxy form is annexed to Annual Report.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
4. Please bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall. Members are requested to bring their copies of Annual Report for reference at the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 21st September, 2011 to Saturday, 24th September, 2011 (both days inclusive) in connection with the Annual General Meeting.
7. The explanatory statement pursuant to Section 173 of the Companies in relation to the special business No. 4, 5 & 6 of the notice is annexed herewith as required under the Act.
8. Members are requested to intimate to the Company changes, if any, in their registered addresses quoting their folio number immediately.
9. The equity shares of the company are listed at the National Stock Exchange Limited [NSE] at Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 and Bombay Stock Exchange Limited [BSE] at 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. It is informed that the Company has paid the annual listing fees of the above Stock Exchanges for the financial year 2011-12.
10. The National Securities Depository Limited, Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 and Central Depository Services (India) Limited, 28th Floor, P J Towers, Dalal Street, Fort, Mumbai – 400023 are the custodian of the equity shares of the company.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS OF THE NOTICE

### Re: Item NO.4:

The Board of Directors of the Company ("The Board"), at its meeting held on 27.10.2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article 82 of the Articles of Association of the Company, appointed Mr. Ravi Gupta as an additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Ravi Gupta will hold the Office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member under provisions of Section 257 of the Act along with deposit of Rs. 500 proposing the candidatures of Mr. Ravi Gupta as a Director liable to retire by rotation.

Brief resume of Mr. Ravi Gupta, nature of his expertise, names of companies in which he holds directorship, number of shares held in the Company and membership/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement executed with the Stock Exchange in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board accordingly recommends the Ordinary Resolution set out at item no. 4 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company, other than Mr. Ravi Gupta, is in any way concerned with or interested in the said resolution.

### Re: Item NO.5:

The Board of Directors of the Company ("The Board"), at its meeting held on 27.10.2010 pursuant to the provisions of

Section 260 of the Companies Act, 1956 ("the Act") and Article 82 of the Articles of Association of the Company, appointed Mr. Akhil Awasthi as an additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Akhil Awasthi will hold the Office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member under provisions of Section 257 of the Act along with deposit of Rs. 500 proposing the candidatures of Mr. Akhil Awasthi as a Director liable to retire by rotation.

Brief resume of Mr. Akhil Awasthi, nature of his expertise, names of companies in which he holds directorship, number of shares held in the Company and membership/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement executed with the Stock Exchange in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board accordingly recommends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company, other than Mr. Akhil Awasthi, is in any way concerned with or interested in the said resolution

**Re: Item NO.6:**

The Board of Directors of the Company ("The Board"), at its meeting held on 10.08.2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article

82 of the Articles of Association of the Company, appointed Mr. Shyam Mani as an additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Shyam Mani will hold the Office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member under provisions of Section 257 of the Act along with deposit of Rs. 500 proposing the candidatures of Mr. Shyam Mani as a Director liable to retire by rotation.

Brief resume of Mr. Shyam Mani, nature of his expertise, names of companies in which he holds directorship, number of shares held in the Company and membership/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement executed with the Stock Exchange in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board accordingly recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company, other than Mr. Shyam Mani, is in any way concerned with or interested in the said resolution

**Registered Office:**

84/105 A, G T Road,  
KANPUR (UP)

Date: 10th August, 2011

For and on behalf of the Board  
**Commercial Engineers & Body Builders Co Limited**

By Order of the Board

**Dr. Kailash Gupta**  
(Chairman and Managing Director)

## Directors' report

### To the Members of

The Commercial Engineers & Body Builders Co Ltd

The Directors take pleasure in presenting the 31st Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2011.

### Financial Highlights

(₹ in Lakhs)

Particulars	2010-11	2009-10
Gross Sales	295,33.84	240,96.30
Other Income	7,42.95	4,78.76
Profit Before Tax	7,27.11	30,80.11
Provision for Tax	1,57.17	10,50.19
Profit After Tax	5,69.94	20,29.92
Balance Brought Forward From Previous Year	28,09.01	15,67.01
Capitalised on issue of bonus shares	--	7,87.92
Balance c/f to Balance Sheet	33,78.95	28,09.01

### Performance at a Glance

Your Company has recorded gross sales of Rs. **295,33.84** lakhs in the closed financial year 2010-11, which is **22.57%** higher as compared to the previous financial year. Further your Company has recorded profit before tax of Rs. **7,27.11** lakhs (PY: Rs **30,80.11** lakhs). The Profit after tax is at Rs. **5,69.94** lakhs in the current year (PY: Rs. **20,29.92** lakhs).

### Dividend

No dividend is recommended for distribution to the members for the year under review in view of the expansion plans ahead of the company.

### Directors

The Board of Directors comprises of Dr. Kailash Gupta – Chairman and Managing Director, Shri Ajay Gupta – Whole Time Executive Director, Sri Bharat Bakhshi – Non-Executive Nominee Director (Resigned on 10th August, 2011), Shri Sevantilal Popatlal Shah – Independent Director, Shri Arun Kumar Rao – Independent Director, Shri Sudhir K Vadehra – Independent Director, Shri Akhil Shri Prakash Awasthi – Non-Executive Nominee Director, Shri Ravi Gupta – Independent Director, Shri Shyam Mani – Non-Executive Additional Director.

The Company has recorded gross sales of Rs. **295,33.84** lakhs in the closed financial year 2010-11, which is **22.57%** higher as compared to the previous financial year.

### Auditors

M/s Deloitte Haskins & Sells, registration number-117366W, Chartered Accountants, 12 Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai, Statutory Auditors of the Company would retire at the conclusion of this Annual General Meeting. Being eligible, the Auditors offer themselves for re-appointment.

“The Co, has received a letter , from them to the effect that their appointment , if made,would be within the prescribed limits under section 224(1B) of the Companies Act, 1956. You are requested to consider their appointment.”

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company has been continuously making efforts to conserve energy in all possible ways.

During the year under review, the Company has not absorbed any Foreign Technology.

During the year under review, the Company has had no Foreign Exchange Earnings of and a Foreign Exchange outgo of Rs. 0.27 lakhs.

## Employee

The list of employees whose particulars are required to be disclosed under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given as Annexure A forming a part of this report.

## Directors Responsibility Statement

Pursuant to Section 224 (1B) of the Companies Act, 1956, the Directors confirm:

- i) That in preparation of accounts for the financial year ended 31st March, 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.

- iii) That the Directors have taken proper and sufficient care towards maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- iv) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

## Acknowledgements

Your Directors take this opportunity to express their gratitude to the vendors, investors, banks and financial institutions for their continued support and guidance.

## Annexure –(A) to Director’s Report

Name	Age	Designation	Qualifi-Cation	Date of Commencement of Employment	Experience of No. of Years	Employment Held, Name of The Company and Designation	Remuneration Received	% of shares held
Mr. Ajay Gupta	39	Whole Time Executive Director	B.Com	01.10.2005	12 years		89,44,320.00	20.53
Dr. Kailash Gupta	65	Chairman and Managing Director	Ph. D. M.Sc. (Physics)	28.09.1979	32 years		32,52,000.00	23.02

### Note:

- Nature of employment (whether contractual or otherwise) :
  - a) the employment of Shri Ajay Gupta is contractual. The terms and conditions are subject to the contract (executive director’s agreement) entered between the company and the director.
  - b) the employment of Dr. Kailash Gupta is contractual. The terms and conditions are subject to the contract (executive director’s agreement) entered between the company and the director.
- Relative Directors – Dr. Kailash Gupta, Chairman cum Managing Director of the Company is father in law of Shri Ajay Gupta.
- Remuneration of Shri Ajay Gupta includes salary and commission.

For and on behalf of the Board,  
**Commercial Engineers & Body Builders Co Ltd.,**

Place: Jabalpur  
 Date: 10th August, 2011

**Dr. Kailash Gupta**  
 Chairman and Managing Director

# Report on corporate governance

## 1. A brief statement on Company's philosophy on code of Corporate Governance

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability, equity in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. We believe that "learning is a continuous exercise" and will enshrine ideals and values, which have been guiding force of Company's philosophy on corporate governance in all activities of the Company.

## 2. Board of Directors

### a) The composition of the Board of Directors is as follows:

In line with the revised Clause 49 of the Listing Agreement on Composition of Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors. The Chairman cum Managing Director and Whole Time Executive Director manages the day to day affairs of the Company.

The Board met 10 times during the year 2010-11 i.e. on 26th May 2010, 20th July, 2010, 25th August, 2010, 3rd September, 2010, 27th September, 2010, 4th October, 2010, 12th October, 2010, 13th October, 2010, 30th November, 2010 and 3rd February, 2011.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sr. No.	Designation	Name of Director	Position	No of Board Meetings (Attendance)	Last AGM Attendance
1	Chairman and Managing Director	Dr. Kailash Gupta	Promoter Executive Director	9	Present
2	Whole Time Executive Director	Mr. Ajay Gupta	Promoter Executive Director	10	Present
3	Director	Mr. Bharat Bakhshi	Non-executive Nominee Director	7	Absent
4	Director	Mr. Akhil Shri Prakash Awasthi (Appointed w.e.f. 27th October, 2010)	Non-executive Nominee Director	2	N.A.
5	Director	Mr. Sevantilal Popatlal Shah	Non-Executive Independent	5	Absent
6	Director	Mr. Arun Kumar Rao	Non-Executive Independent	8	Absent
7	Director	Mr. Sudhir Kumar Vadehra	Non-independent Non-Executive	2	Absent
8	Director	Mr. Ravi Gupta (Appointed w.e.f. 27th October, 2010)	Non-Executive Independent	1	N.A.



**b) Details of Directorships/ Board Committee memberships held by the Directors of the Company in other companies:**

Sr. No.	Name of Director	Directorship held in other companies (including Private Companies)	Position held as Chairperson of Board Committee	Position held as Board Committee member
1	Dr. Kailash Gupta	12	-	-
2	Mr. Ajay Gupta	1	-	-
3	Mr. Bharat Bakhshi	3	-	3
4	Mr. Akhil Shri Prakash Awasthi	1	-	-
5	Mr. Sevantilal Popatlal Shah	3	-	-
6	Mr. Arun Kumar Rao	-	-	-
7	Mr. Sudhir Kumar Vadehra	4	-	-
8.	Mr. Ravi Gupta	2	-	-

**c) No. of Shares held by the Directors:**

Sr. No.	Designation	Name of Director	Position	No. of Shares held	%
1	Chairman and Managing Director	Dr. Kailash Gupta	Promoter Executive	12,645,780	23.02
2	Whole Time Executive Director	Mr. Ajay Gupta	Promoter Executive	11,281,270	20.53
3	Director	Mr. Bharat Bakhshi	Nominee Director	NIL	-
4	Director	Mr. Akhil Shri Prakash Awasthi	Nominee Director	NIL	-
5	Director	Mr. Sevantilal Popatlal Shah	Non-Executive Independent	NIL	-
6	Director	Mr. Arun Kumar Rao	Non-Executive Independent	NIL	-
7	Director	Mr. Sudhir Kumar Vadehra	Non-independent Non-Executive	NIL	-
8	Director	Mr. Ravi Gupta	Non-Executive Independent	NIL	-

**d) Code of Conduct for Board Members and Senior Management :**

A declaration regarding compliance by the Board and Senior Management as defined in Clause 49 I (A) of the Listing Agreement for/regarding Code of Conduct is separately annexed to this report.

### 3. Audit Committee

#### a) Brief description of terms of reference of the Audit Committee include

- Regular review of accounts, accounting policies and disclosures.
- Review the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Review any qualifications in the draft audit report.
- Establish and review the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- Upon completion of the audit, attend discussions with the independent auditors to ascertain any area of concern.
- Establish the scope and frequency of the internal audit, review the findings of the internal auditors and ensure the adequacy of internal control systems.
- Examine reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.
- Examine matters relating to the Director's Responsibility Statement for compliance with Accounting Standards and accounting policies.
- Oversee compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
- Examine any related party transactions, i.e., transactions of the Company that are of a material nature with promoters or management, their subsidiaries, relatives, etc., that may have potential conflict with the interests of the Company.
- Appointment and remuneration of statutory and internal auditors.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

#### b) Composition, name of members and chairperson.

The composition of the Audit Committee is as under

- i) Mr. A K Rao – Chairman
- ii) Mr. Akhil Shriprakash Awasthi (Appointed on 30th November, 2010)
- iii) Mr. Ravi Gupta (Appointed on 30th November, 2010)
- iv) Mr. Sevantilal Popatlal Shah
- v) Mr. Bharat Bakhshi (resigned on 30th November 2010)

- c) **Audit Committee Meetings were held on 20th July 2010, 04th October 2010, 30th November 2010 and 3rd February 2011. The attendances of the members are as follows:-**

Sr. No	Date of Audit Committee Meeting	Attendance of Directors				
		Mr. A K Rao	Mr. Akhil Shriprakash Awasthi	Mr. Ravi Gupta	Mr. S P Shah	Mr. Bharat Bakhshi
1	20th July, 2010	Y	-	-	Y	Y
2	4th October, 2010	Y	-	-	Y	Y
3	30th November, 2010	Y	-	-	Y	Y
4	3rd February, 2011	Y	Y	Y	N	-

Y- Attended N-Not Attended

#### 4. Remuneration Committee

- a) **Brief description of terms of references of the Remuneration Committee includes:**

- Determine the remuneration, review performance and decide on variable pay of executive Directors.
- Establish and administer employee compensation and benefit plans.
- Determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administer any stock option plan.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement

- b) **Remuneration Policy :**

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

- c) **The committee consists of following directors:**

- I. Dr. Kailash Gupta
- II. Mr. Akhil Shriprakash Awasthi
- III. Mr. A. K. Rao (Chairman of the Committee)
- IV. Mr. Bharat Bakhshi

During the year under review, one meeting of the Committee was held on 3rd February, 2011. The attendances of the members are as under:

Sr. No.	Date of Meeting	Attendance of Directors			
		Dr. Kailash Gupta	Mr. Akhil Shriprakash Awasthi	Mr. A. K. Rao	Mr. Bharat Bakhshi
1.	3rd February, 2011	N	Y	Y	Y

Y-Attended N-Not Attended

**d) Details of fixed remuneration paid to the Managing Director for the Financial Year 2010-11 :**

Name of Director	Designation	Salary, contribution to PF, perquisites & Commission (Rs.)
Dr. Kailash Gupta	Chairman and Managing Director	3,252,000
Mr. Ajay Gupta	Whole Time Executive Director	10,085,740

The above excludes amounts pertaining to gratuity and leave encashment for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

**e) Salient features of terms of appointment**

Name of Director	Terms of appointment
Dr. Kailash Gupta	
Salary	Monthly basic salary of Rs. 100,000 per month with 10% annual increment.
Housing	House rent allowance of Rs. 150,000 per month.
Mr. Ajay Gupta	
Salary	Monthly basic salary of Rs. 500,000 per month with 10% annual increment
Commission	Commission is 2.5% of the audited profit after tax for the financial year adjusted for the commission.
Communication facilities	One mobile phone and one telephone at residence and expenses on actual.
Conveyance Facilities	One Car with Driver and fuel, repairs and maintenance of car on actual.
Leave	30 days per annum
Gratuity	As per applicable laws
Contribution to Provident Fund, Super-annuation Fund & Annuity Fund	As per applicable laws
Personal Accident Insurance	Annual Cover for self for Rs.25,00,000
Club Fees	One Club Membership anywhere in India
Leave Travel	One foreign trip per Year up to Rs.5,00,000 per annum
Medical Expenses	Medical Insurance for Self and Family. Annual cover for self and Wife of Rs. 7,00,000 each and Rs.5,00,000 each for two children
Housing	One Rent Free Accommodation of Approx. 5000 square feet constructed area with lawn in Jabalpur

The above excludes amounts pertaining to gratuity for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

Note - In view of inadequacy of profits during the year managerial remuneration is subject to the limits specified in Schedule XIII of the Companies Act, 1956. Accordingly, the Company has applied to the Central Government for approval of the remuneration paid to the Managing Director and Whole Time Director, which is awaited.

Managing Director and Whole Time Director have been appointed for a term of five years upto 31st July, 2012.

**f) Details of sitting fees paid to Non-Executive Directors for the Financial Year 2010-2011:**

Name of Director	Total Sitting fees paid for attending Board Meetings (Rs.)	Total Sitting fees paid for attending Committee Meetings (Rs.)
Dr. Kailash Gupta	NIL	NIL
Mr. Ajay Gupta	NIL	NIL
Mr. Bharat Bakhshi	NIL	NIL
Mr. Akhil Shri Prakash Awasthi	NIL	NIL
Mr. Sevantil Popatlal Shah	NIL	NIL
Mr. Arun Kumar Rao	NIL	NIL
Mr. Sudhir Kumar Vadehra	NIL	NIL
Mr. Ravi Gupta	NIL	NIL

**5. Shareholders / Investors Grievance Committee**

The purpose of forming this Committee is to mainly focus on the basic rights of the shareholders including, transfer of Shares, transmission / transposition of Shares, issue of duplicate / split Certificates, sub Division / consolidation of shares, consolidation of folios, de-materialization / re-materialization of shares and such other issues relating to shares. No meeting was held during 2010 – 11.

**a) Composition:**

Mr. S. P. Shah-Chairman

Dr. Kailash Gupta

Mr. Ravi Gupta

**b) Name and designation of Compliance Officer:**

Mr. Anurag Misra designated as a Compliance Officer as per Clause 47 of the Listing Agreement entered with The Bombay Stock Exchange Limited and National Stock Exchange Limited.

**c) Details of requests received and redressed during the year 2010 - 11:**

Sr. No.	Particulars	Received	Attended	Pending
1	Postal return documents	2	2	0
2	Receipt of DD against refund order from company/Bank	1	1	0
3	Status of applications lodged for public issue(s)	5	5	0
4	Non receipt of refund order	6	6	0
5	Clarification regarding shares	1	1	0
6	<b>Total</b>	<b>15</b>	<b>15</b>	<b>0</b>

## 6. General Body Meetings

### a) Details of date, location and time of the last three Annual General Meetings:

Date	Meeting	Location	Time	Details of any Special Resolution
31.12.2008	A. G. M.	Registered Office, Kanpur	11.00 A.M.	Nil
30.09.2009	A. G. M.	Registered Office, Kanpur	04.00 P. M.	Resolution under section 257 of companies Act for appointment of Mr. S. P. Shah on the board of the Company
28.07.2010	A. G. M.	Registered Office, Kanpur	04.00 P. M.	Nil

### b) Postal Ballots:

There were no special resolutions passed in the last year through postal ballot. There is no proposal for any special resolution to be passed through postal ballot.

## 7. Disclosures

- a) There are no transactions with related parties i.e. with the Promoters, Directors, Management, Subsidiaries or relatives etc. that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in note no. 16 of schedule 20 to the Accounts of the Company in the Annual Report.
- b) The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities relating to the above.
- c) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others.

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement.

## 8. Secretarial Audit

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audits confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 9. Means of Communication

Financials results of the Company are promptly forwarded to the stock exchanges where the Company's shares are listed. The same are published within 48 hours in the newspapers namely Financial Express and Rashtriya Sahara (English & Hindi). The results are also posted on the Company's website [www.cebbco.com](http://www.cebbco.com).

**Managements' discussion and analysis forms part of the Annual Report.**

## 10. General Shareholder Information.

1.	Number of Annual General Meeting	31st Annual General Meeting
2.	Date	24th September, 2011
3.	Day	Saturday
4.	Time	3.00 P.M.
5.	Venue	Stock Exchange Auditorium , U.P. Stock Exchange , Padam Towers , Civil Lines . Kanpur , (U.P)

6.	Financial Year 2011-12	
	Particulars	Date
	First Quarter Results	On or before August 14, 2011
	Second Quarter Results	On or before November 14, 2011
	Third Quarter Results	On or before February 14, 2012
	Audited Annual Results	On or before May 30, 2012
7.	Book Closure Date (Both dates included)	21st September, 2011 to 24th September, 2011
8.	The shares of the Company have been listed on the Bombay Stock Exchange Ltd. Mumbai and the National Stock Exchange of India Limited w.e.f. October 18, 2010. The listing fees for FY 2010-11 to both these Stock Exchanges have been paid.	

Details of share price movements on the Bombay Stock Exchange Limited (in Rs.) and National Stock Exchange of India Ltd. (NSE):

Sr. No.	Month	High Rs. P.	Low Rs. P.	BSE SENSEX Highest	BSE SENSEX Lowest	High Rs. P.	Low Rs. P.	NSE Nifty 50 Highest	NSE Nifty 50 Lowest
1	April, 2010	N.A.	N.A.	18047.86	17276.80	N.A.	N.A.	5399.65	5160.90
2	May 2010	N.A.	N.A.	17536.86	15960.15	N.A.	N.A.	5278.70	4786.45
3	June 2010	N.A.	N.A.	17919.62	16318.39	N.A.	N.A.	5366.75	4961.05
4	July 2010	N.A.	N.A.	18237.56	17395.58	N.A.	N.A.	5477.50	5225.60
5	August 2010	N.A.	N.A.	18475.27	17819.99	N.A.	N.A.	5549.80	5348.90
6	September 2010	N.A.	N.A.	20267.98	18027.12	N.A.	N.A.	6073.50	5403.05
7	October 2010	144.80	104.50	20854.55	19768.96	142.55	101.00	6284.10	5937.10
8	November 2010	124.4	86.50	21108.64	18954.82	124.90	87.10	6338.50	5690.35
9	December 2010	89.00	40.50	20552.03	19074.57	90.10	40.5	6147.30	5721.15
10	January 2011	51.45	39.40	20664.80	18038.48	51.40	39.35	6181.05	5416.65
11	February 2011	41.00	27.50	18690.97	17295.62	41.90	27.40	5599.25	5177.70
12	March 2011	47.50	28.15	19575.16	17792.17	47.90	28.10	5872.00	5348.20

## 11. Registrar and Share Transfer Agents

The share transfer work of the Company is being handled by Karvy Computershare Private Limited, Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.

## 12. Share Transfer System

The entire share transfer system is handled by the Registrar and Transfer Agent (RTA) of the Company at the address given above. The RTA is equipped with all required infrastructure required for share transfer – physical and demat.

The transfer requests received are processed by the Registrar and Transfer Agents and subsequently approved by the Share Transfer Committee.

### 13. Shareholding Pattern as on 31.03.2011

Particulars	Total Shares	Percentage (%)
Clearing Members	694,502	1.26
Foreign Institutional Investor	8,415,201	15.32
Foreign Venture Capital	6,561,074	11.94
H U F	249,777	0.45
Bodies Corporates	1,865,763	3.40
Non Resident Indians	41,121	0.07
Promoters Bodies Corporate	27,054	0.05
Promoter Trust	1,124,105	2.05
Promoter Individuals	27,424,670	49.91
Resident Individuals	2,532,356	4.61
Trusts	1,940	0.00
Venture Capital Fund	6,005,401	10.93
<b>Total</b>	<b>54,942,964</b>	<b>100.00</b>

### 14. Distribution of Shareholding as of 31.03.2011:

Distribution of Shares	No of Shareholders	Percentage to total no. of Shareholders	No. of Shares held	Percentage to total Shares
upto 1 - 5000	5829	83.56	828,359	1.51
5001 - 10000	635	9.10	500,394	0.91
10001 - 20000	229	3.28	352,092	0.64
20001 - 30000	82	1.18	211,684	0.39
30001 - 40000	39	0.56	139,507	0.25
40001 - 50000	40	0.57	187,400	0.34
50001 - 100000	48	0.69	372,963	0.68
100001 & ABOVE	74	1.06	52,350,565	95.28
<b>Total</b>	<b>6976</b>	<b>100.00</b>	<b>54,942,964</b>	<b>100.00</b>

### 15. Dematerialization of Shares and Liquidity

54,942,961 equity shares of the Company have been dematerialized as on 31.03.2011

Outstanding GDRs / ADRs/ Warrants or Convertible Instruments, conversion date And likely impact on Equity	The Company has not issued such instruments.
Address for Correspondence for Investor Redressal, Physical transfer and dematerialization:	Karvy Computershare Private Limited, Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
Person to be contacted for Shareholder queries	Mr. Anurag Misra, Company Secretary and Compliance Officer; 124, Napier Town, Jabalpur 482 001, Madhya Pradesh, India; Tel: +91 761 4085 924 E-mail: cs@cebbco.com; Website: www.cebbco.com



Factory / Plant location	Industrial Area, Richhai, Jabalpur (MP)
	Udaipur, Tehsil Niwas, Distt- Mandla (MP)
	Plot No 690-696,751-756, Sector -3, Pithampur, Distt - Dhar (MP)
	Plot No. 742, Phase VI, Adityapur Industrial Area, Jamshedpur – 832109
	Gram Imlai, Panagar, Jabalpur (MP)
Corporate Head Office	124, Napier Town, Jabalpur 482 001, Madhya Pradesh, India; Tel: +91 761 4085 924 E-mail: cs@cebbco.com; Website: www.cebbco.com

For and on behalf of the Board of Directors

Place: Jabalpur  
Date: 31st March, 2011

**Dr. Kailash Gupta**  
Chairman and Managing Director

## Declaration regarding compliance by board, president and senior officers with the Company's code of conduct

This is to affirm that the Company has adopted a Code of Conduct for its Board of Directors, President, Senior Officers and Company Secretary.

I Confirm that Company has in respect of the financial year ended March 31,2011 received from the Board of Directors, Executive Vice presidents, Senior Officers and Company Secretary a declaration of compliance with the Code of Conduct as applicable to them..

The said Code is also placed on the website of the Company viz. [www.cebbco.com](http://www.cebbco.com)

Sd/

Place: Jabalpur  
Date: 31st March, 2011

**Dr. Kailash Gupta**  
Chairman and Managing Director

## CEO & CFO Certification

To,  
Board of Directors,  
Commercial Engineers & Body Builders Co Limited,  
84/105-A, G T Road, **Kanpur**

Dear Sir(s),

- a. This is to confirm that we have reviewed financial statements and the cash flow statement for the year 2010-11 and that to the best of their knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to

the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the auditors and the Audit committee
  - i. That there are no significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. That there are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Commercial Engineers & Body Builders Co Limited**

**Ajay Gupta**  
Whole Time Executive Director

**Amit Jain**  
Chief Financial Officer

# Certificate to the members of Commercial Engineers & Body Builders Co Limited

We have examined the compliance of conditions of Corporate Governance by Commercial Engineers & Body Builders Co Limited for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells.**  
Chartered Accountants  
(Registration No. 117366W)

**A. B. Jani**  
Partner

Membership No: 46488

Place: Mumbai

Date: May 28, 2011

# Financial statements

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# Auditor's Report

To

The Members Of

## Commercial Engineers & Body Builders Co Limited

1. We have audited the attached Balance Sheet of **Commercial Engineers & Body Builders Co Limited** ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2011;
    - (ii) In the case of Profit and Loss Account of the profit for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
  - (f) On the basis of written representations received from the directors as on 31st March, 2011 taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**A B Jani**  
Partner

Mumbai  
Dated: May 28, 2011

Membership No. 46488

## Annexure to the Auditor's Report

Re: Commercial Engineers & Body Builders Co Limited

### (Referred to in Paragraph 3 of our report of even date)

- i) Having regard to the nature of the Company's business / activities/results clause (xiii) and (xiv) of paragraph 4 of the CARO are not applicable to the Company for the year.
- ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii) In respect of its inventory:
  - a) The inventories have been physically verified during the year by the Management at reasonable intervals.
  - b) The procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv)
  - (a) The Company has taken unsecured loans from a Company and a trust, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,055.14 lacs and the year-end balance was Rs. Nil;
  - (b) In our opinion, the rate of interest and other terms and conditions of the loan are not, prima facie, prejudicial to the interests of the Company;
  - (c) The payments of principal amounts and interest have been regular as per stipulations;
  - (d) In respect of the aforesaid loans, there are no overdue amounts.
- (e) The Company has granted unsecured loans to six parties covered in the register maintained under Section 301 of the Companies Act, 1956. At the year-end, the outstanding balances of such loans aggregated Rs. 32.41 lacs and the maximum amount involved during the year was Rs. 615.27 lacs.
- (f) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
- (g) The receipts of principal amounts and interest have been regular as per stipulations.
- v) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regards to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Therefore the provisions of clause (viii) of the Companies (Auditor's Report) Order are not applicable to the Company.
- x) According to the information and explanations given to us in respect of statutory dues:
  - (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Entry Tax, cess and any other statutory dues with the appropriate authorities during the year, where applicable except for Value Added Tax (VAT) and Central Sales Tax though the delays in deposit have not been serious.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) According to information and explanation given to us there are no dues of Income-tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty and Cess, which have not been deposited with the appropriate authorities on account of dispute except for following:

Name of statute	Nature of the dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	18.58	2001-02	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	1.10	2004-05	Commissioner (Appeals)
Excise Duty	Central Excise Act, 1944	222.00	2011-12	Central Excise Commissioner, Bhopal
Excise Duty	Central Excise Act, 1944	2,446.98	2010-11	Central Excise Commissioner, Bhopal
Excise Duty	Central Excise Act, 1944	572.96	2009-10	Central Excise Commissioner, Bhopal
Excise Duty	Central Excise Act, 1944	1,002.70	2008-09	Central Excise Commissioner, Bhopal
Excise Duty	Central Excise Act, 1944	318.98	2011-12	Central Excise Commissioner, Jamshedpur
Excise Duty	Central Excise Act, 1944	80.61	2010-11	Central Excise Commissioner, Jamshedpur
Sales Tax	M.P. Commercial Tax Act, 1994	69.32	2007-08	Additional Commissioner, Jabalpur
Sales Tax	Central Sales Tax Act, 1956	1.43	2006-07	Additional Commissioner, Jabalpur
MP Entry Tax	Entry Tax on goods purchased	45.11	January'11 to March'11	Supreme Court

- xi) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses in the current year and in the immediately preceding financial year.
- xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions.
- xiii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xv) According to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied during the year for the purpose for which the loans were obtained.
- xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register

maintained under Section 301 of the Companies Act, 1956

- xviii) The Company has not issued any debentures during the year and hence the question of creating security or charge in respect thereof does not arise.
- xix) The Management has disclosed the end use of money raised by public issue during the year and we have verified the same.
- xx) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No. 117366W)

**A B Jani**  
Partner

Mumbai  
Dated: May 28, 2011

Membership No. 46488

# Balance Sheet

as at 31st March 2011

(₹ in Lacs)

	Schedule	As at 31st March, 2011		As at 31st March, 2010
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	5,494.30		4,289.57
Reserves and Surplus	2	16,235.27		2,827.53
			21,729.57	7,117.10
<b>Deferred Tax Liabilities (Net)</b>			115.31	59.67
(Refer Note no. 17 of Schedule 20)				
<b>Loan Funds</b>				
Secured Loans	3		4,611.99	5,446.62
Unsecured Loans	4		-	30.14
<b>TOTAL</b>			<b>26,456.87</b>	<b>12,653.53</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	5,780.26		3,648.19
Less: Depreciation		1,515.10		1,147.26
Net Block		4,265.16		2,500.93
Capital Work-in-progress		7,646.33		1,995.48
			11,911.49	4,496.41
<b>Investments</b>	6		3,836.69	63.41
<b>Current Assets, Loans and Advances</b>				
Inventories	7	6,915.81		5,343.31
Sundry Debtors	8	3,064.13		5,824.86
Cash and Bank Balances	9	2,596.39		343.67
Loans and Advances	10	4,374.65		3,512.40
			16,950.98	15,024.24
<b>Less: Current Liabilities and Provisions</b>				
Liabilities	11	6,175.78		6,318.81
Provisions	12	66.51		611.72
			6,242.29	6,930.53
<b>Net Current Assets</b>			10,708.69	8,093.71
<b>TOTAL</b>			<b>26,456.87</b>	<b>12,653.53</b>
Significant Accounting Policies and Notes to Accounts	20			

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board

**A.B. Jani**  
Partner  
Mumbai, Dated: May 28, 2011

**Kailash Gupta**  
Chairman and Managing Director  
Jabalpur, Dated: May 28, 2011

**Ajay Gupta**  
Whole Time Executive Director

**Anurag Misra**  
Company Secretary



## Profit & Loss Account

for the year ended 31st March 2011

(₹ in Lacs)

	Schedule	Current Year		Previous Year
<b>INCOME</b>				
Sales and Income from Operations	13	29,533.84		24,096.30
Less: Excise Duty		8,317.63		5,809.85
Net Sales			21,216.21	18,286.45
Other Income	14		742.95	478.76
Increase in Stocks of Finished Products, Work in Progress and Scrap	15		1,650.39	921.88
<b>TOTAL</b>			<b>23,609.55</b>	<b>19,687.09</b>
<b>EXPENDITURE</b>				
Manufacturing Expenses	16		19,288.03	13,900.58
Personnel Expenses	17		1,052.14	738.57
Administration and Selling Expenses	18		1,230.13	920.76
Interest and Finance Charges	19		926.89	683.17
Depreciation and amortisation of Fixed Assets			385.25	363.90
<b>TOTAL</b>			<b>22,882.44</b>	<b>16,606.98</b>
<b>PROFIT BEFORE TAX</b>			727.11	3,080.11
<b>PROVISION FOR TAX:</b>				
Current Tax		139.70		992.46
(Including short/(excess) provision of earlier years ₹ 16.13 Lacs, Previous year ₹ (135.72) Lacs)				
Deferred Tax		55.64		57.73
MAT credit entitlement		(38.17)		-
			157.17	1,050.19
<b>PROFIT AFTER TAX</b>			<b>569.94</b>	<b>2,029.92</b>
<b>Add : Balance brought forward from previous year</b>		2,809.01		1,567.01
Less : Capitalised on issue of Bonus shares (Refer Note no. 7 of Schedule 20).		-		787.92
			2,809.01	779.09
<b>Balance Carried to Balance Sheet</b>			<b>3,378.95</b>	<b>2,809.01</b>
Earnings Per Share (Refer Note no. 19 of Schedule 20)				
Basic (In ₹)			1.18	4.73
Diluted (In ₹)			1.18	4.73
Significant Accounting Policies and Notes to Accounts	20			

In terms of our report attached  
 For Deloitte Haskins & Sells  
 Chartered Accountants

For and on behalf of the Board

**A.B. Jani**

Partner

Mumbai, Dated: May 28, 2011

**Kailash Gupta**

Chairman and Managing Director

Jabalpur, Dated: May 28, 2011

**Ajay Gupta**

Whole Time Executive Director

**Anurag Misra**

Company Secretary

## Schedules

Forming part of the Balance Sheet

(₹ in Lacs)

<b>SCHEDULE 1</b>	As at 31st March, 2011		As at 31st March, 2010
<b>Share Capital</b>			
<b>Authorised :</b>			
60,000,000 Equity Shares of ₹10/- each		6,000.00	6,000.00
5,000 Preference Shares of ₹100/- each		5.00	5.00
		<b>6,005.00</b>	<b>6,005.00</b>
<b>Issued, Subscribed and Paid-up :</b>			
54,942,964 (Previous year 42,895,720) Equity Shares of ₹ 10/- each fully paid-up (Refer Note no. 7 of Schedule 20)		5,494.30	4,289.57
Note : Out of the above:			
(i) 142,789 Equity Shares have been issued upon conversion of Mandatorily Convertible 3000 Preference Shares of ₹ 100/- each as per agreed terms in an earlier year.			
(ii) 36,767,760 Equity Shares of ₹ 10/- each were allotted during the previous year as fully paid-up bonus shares, by capitalisation of Securities Premium account and balance in Profit and Loss account. (Refer Note no. 7 of Schedule 20)			
<b>TOTAL</b>		<b>5,494.30</b>	<b>4,289.57</b>

(₹ in Lacs)

<b>SCHEDULE 2</b>	As at 31st March, 2011		As at 31st March, 2010
<b>Reserves And Surplus</b>			
<b>Securities Premium Account</b>			
As per last Balance Sheet		-	2,888.86
Add: Received on issue of Equity Shares through Initial Public offering (IPO)	14,095.28		-
Less: Capitalised on issue of bonus shares (Refer Note no. 7 of Schedule 20)		-	2,888.86
Less: IPO related expenses (Refer Note no. 20 of Schedule 20)	1,257.48		-
		<b>12,837.80</b>	<b>-</b>
<b>General Reserve</b>			
As per last Balance Sheet		9.80	9.80
<b>Capital Reserve</b>			
As per last Balance Sheet		8.72	8.72
Balance in Profit and Loss Account		3,378.95	2,809.01
<b>TOTAL</b>		<b>16,235.27</b>	<b>2,827.53</b>

## Schedules

Forming part of the Balance Sheet (Contd.)

(₹ in Lacs)

<b>SCHEDULE 3</b>		As at 31st March, 2011		As at 31st March, 2010
<b>Secured Loans</b>				
<b>From Banks</b>				
Term Loan	1		37.59	1,059.63
Cash Credit Facilities	2		1,420.24	2,094.38
Working Capital Loans	2		3,142.98	2,292.61
Vehicle Loans	3		8.40	-
<b>From Others</b>				
Vehicle Loans	3		2.78	-
<b>TOTAL</b>			<b>4,611.99</b>	<b>5,446.62</b>

Notes:

- 1 Term Loans are secured by :
  - a. Primary Security- Equitable Mortgage of land admeasuring 8062 sq. ft. bearing plot no 2(new), 14(old) part of banglow No 37D block No: 36 situated at Civil Line Ward, Civil Station, Pachpedi, Jabalpur
  - b. Collateral Security - Personal Guarantee of two directors of the company and their relatives.”
- 2 Cash Credit Facilities and Working Capital Loans are secured by either one or more of the following as per terms of Arrangement with respective banks:
 

**Primary Security:**  
First charge on Pari -passu basis on entire current assets of the company.

**Collateral Security:**

  - a. First Pari-Passu charge by way of extension of Equitable Mortgage of factory land and building and hypothecation of plant and machineries situated at Plot Nos. 21, 22, 33 and 34 at Industrial Estate, Richhai, Jabalpur
  - b. First Pasi-Passu charge on movable fixed assets of the Company
  - c. Equitable Mortgage of flat no. 14,5,2,3,6,7,9,10,8 Mouza Hathital, Gorakhpur, Jabalpur.
  - d. Equitable Mortgage of Property situated at Block No.36, Plot No.2/29, Pachpedi, South Civil Lines, Jabalpur standing in the name of Shri Arun Gupta
  - e. First and exclusive charge on the following Fixed assets of the Company situated at lease hold / free hold land by way of Hypothecation of
    - Plot Nos. (Nos. to be allotted) at Industrial Estate, Richhai, area- 105000 sq.feet, Jabalpur (leased hold)
    - Plot No.133/2 (New no.169) at Udaipura, area- 15.92 acres, Dist: - Mandla.(free hold)
    - Sector -3, Plot no. 690-693, 751-756 at MPAKVN Growth Centre, Phase-III, area 8.67 acres, Pithampur, Distt-Dhar. (leased hold)
  - f. First and exclusive charge on Fixed Assets of the proposed Railway Project of the Company at Imlai, Jabalpur.
  - g. Personal guarantees of two directors and their relatives.
  - h. Corporate Guarantee of group concerns
- 3 Secured by hypothecation of vehicles.

(₹ in Lacs)

<b>SCHEDULE 4</b>		As at 31st March, 2011		As at 31st March, 2010
<b>Unsecured Loans</b>				
Short-term loans and advances				
- From a Company			-	30.14
Repayable within one year Nil (previous year ₹ 30.14 lacs)				
<b>TOTAL</b>			<b>-</b>	<b>30.14</b>

## Schedules

Forming part of the Balance Sheet (Contd.)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at	Additions	Deductions	As at	Up to	For The	Deductions /	Up to	As at	As at
	01/04/2010			31/03/2011	31/03/2010	Year	Adjustment	31/03/2011	31/03/2011	31/03/2010
Tangible Assets										
Land										
Leasehold Land	133.01	-	-	133.01	9.03	4.43	-	13.47	119.55	123.98
Freehold Land	1.56	322.81	-	324.37	-	-	-	-	324.37	1.56
Buildings										
Factory Building	1,066.16	108.76	-	1,174.92	225.93	89.67	-	315.60	859.32	840.23
Non - Factory Building	15.49	-	-	15.49	9.53	0.60	-	10.13	5.36	5.96
Residential Flat	6.39	-	-	6.39	5.38	0.05	-	5.43	0.95	1.00
Plant And Machinery	2,104.86	1,664.16	16.95	3,752.07	744.42	231.85	16.34	959.93	2,792.15	1,360.44
Electrical Installations	111.72	18.16	-	129.88	38.37	16.99	-	55.36	74.52	73.34
Furniture and Fixtures	19.67	11.43	-	31.10	13.21	4.28	-	17.49	13.60	6.46
Office Equipments	27.48	7.32	0.01	34.78	15.28	3.59	0.01	18.86	15.92	12.20
Vehicles	76.91	1.16	0.23	77.84	30.51	12.24	0.22	42.53	35.31	46.39
Computers	67.24	11.29	0.83	77.70	48.87	14.09	0.83	62.13	15.56	18.37
Intangible Assets										
Computer Software	17.71	5.00	-	22.71	6.71	7.45	-	14.16	8.54	10.99
<b>TOTAL</b>	<b>3,648.19</b>	<b>2,150.09</b>	<b>18.02</b>	<b>5,780.26</b>	<b>1,147.26</b>	<b>385.25</b>	<b>17.41</b>	<b>1,515.10</b>	<b>4,265.16</b>	<b>2,500.93</b>
<b>Previous Year</b>	<b>3,322.56</b>	<b>353.18</b>	<b>27.56</b>	<b>3,648.19</b>	<b>806.64</b>	<b>363.90</b>	<b>23.22</b>	<b>1,147.26</b>	<b>7,646.33</b>	<b>1,995.48</b>
<b>Capital Work In Progress (including Capital Advances)</b>								<b>Total</b>	<b>11,911.49</b>	<b>4,496.41</b>

Notes :

1) Vehicles include cars aggregating to Rs. 18.30 Lacs ( Previous Year Rs. Nil ) purchased under vehicle loan cum hypothecation agreement over which the lenders have a lien.

## Schedules

Forming part of the Balance Sheet (Contd.)

(₹ in Lacs)

<b>SCHEDULE -6</b>	As at 31st March, 2011		As at 31st March, 2010
<b>Investments</b>			
<b>Long Term Investments (At cost) (non-trade)</b>			
<b>Quoted:</b>			
30,000 Equity Shares of ₹ 10/- each fully paid-up of Tirupati Services Limited		0.76	0.76
112,575 Equity shares of ₹10/- each fully paid-up of Kailash Auto Finance Ltd	7.21		7.21
Less - Provision for Diminution in value of Investment	(3.83)		(3.83)
		<b>3.38</b>	<b>3.38</b>
<b>Unquoted :</b>			
120,000 Equity Shares of ₹10/- each fully paid-up of Tirupati Equipment Pvt. Ltd., Kanpur		12.00	12.00
26,000 Equity shares of ₹10/- each fully paid-up of Saionara Foods Limited	2.60		2.60
Less - Provision for Diminution in value of Investment	(2.60)		(2.60)
		-	-
62,920 Equity Shares of ₹100/- each fully paid-up of Kailash Motors Finance Limited	62.92		62.92
Less - Provision for Diminution in value of Investment	(15.75)		(15.75)
		<b>47.17</b>	<b>47.17</b>
1,000 Equity Shares of ₹10/- each fully paid-up of Kailash Motors Pvt. Ltd.		0.10	0.10
<b>Current Investments (at lower of cost and fair value)</b>			
<b>Unquoted:</b>			
<i>In Units of Mutual Funds:</i>			
DSP Black Rock Fmp (3 Months Series) 50,00,000 Units of ₹ 10/- each		500.00	-
ICICI Prudential Interval Fund (Quarterly) 50,00,000 Units of ₹ 10/- each		500.00	-
IDFC Fixed Maturity Plan (Half Yearly) 50,00,000 Units of ₹ 10/- each		500.00	-
Kotak Floater Long Term (Daily Dividend) 1,00,99,407 Units of ₹ 10/- each		1,018.00	-
Reliance Medium Term Fund (Weekly Dividend) 73,52,946.50 Units of ₹ 10/- each		1,255.28	-
<b>TOTAL</b>		<b>3,836.69</b>	<b>63.41</b>

## Schedules

Forming part of the Balance Sheet

Notes:-

- 1) Aggregate of quoted investments

	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
Cost		4.14	4.14
Market value *		-	-
Aggregate of unquoted investments			
Cost		3,832.55	59.27

\*Market value of Tirupati Services Limited and Kailash Auto Finance Limited is not available in absence of market quote.

- 2) Statement of Current Investments purchased and sold during the year

Description	Nos.		(₹ in Lacs)
			Cost
Birla Sun Life Short Term Fmp (Series 2-dividend)	5,000,000.00		500.00
HDFC Fixed Maturity Plan-100d-nov 2010(17) 1 dividend	5,000,000.00		500.00
ICICI Prudential Interval Fund (Quarterly)	4,999,550.04		500.00
Kotak Floater Long Term (Daily Dividend)	169,117,677.49		17,046.72
Reliance Medium term fund (weekly dividend)	28,529,120.09		4,880.49

- 3) Investments in mutual funds are made out of the balance of unutilised funds raised by IPO

<b>SCHEDULE -7</b>	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
<b>Inventories</b>			
Raw Materials		2,564.31	2,633.73
Work -in-Progress		4,252.08	2,611.78
Stores and Spares		77.70	86.17
Finished Stock		-	-
Scrap		21.72	11.63
<b>TOTAL</b>		<b>6,915.81</b>	<b>5,343.31</b>

## Schedules

Forming part of the Balance Sheet (Contd.)

(₹ in Lacs)

<b>SCHEDULE -8</b>	As at		As at
	31st March, 2011		31st March, 2010
<b>Sundry Debtors</b>			
<b>(Unsecured)</b>			
Debts outstanding for a period exceeding six months			
-Considered good		392.65	329.44
-Considered doubtful		2.29	1.12
		<b>394.94</b>	<b>330.56</b>
Other Debts - Considered good		2,671.48	5,495.42
		<b>3,066.42</b>	<b>5,825.98</b>
Less: Provision		2.29	1.12
<b>TOTAL</b>		<b>3,064.13</b>	<b>5,824.86</b>
Note:			
Amounts due from concerns in which Directors are interested as Directors, Partners or otherwise		14.41	32.34

(₹ in Lacs)

<b>SCHEDULE -9</b>	As at		As at
	31st March, 2011		31st March, 2010
<b>Cash And Bank Balances</b>			
Cash on hand		8.44	9.92
Balance with Scheduled Banks in			
-Current Accounts		642.95	101.11
-Cash Credit / Bank Overdraft		-	0.29
-Term Deposit Accounts (including accrued interest ₹62.76 Lacs (Previous year ₹13.36 lacs))		1,945.00	232.35
<b>TOTAL</b>		<b>2,596.39</b>	<b>343.67</b>

Note:

- 1) Deposit receipts aggregating to ₹ 279.74 lacs (Previous Year 214.54 Lacs) are under lien with bank against Performance Guarantee and Credit facilities from Banks
- 2) Deposits receipts given as earnest money deposits aggregate to ₹ 90.95 lacs (Previous year Nil)
- 3) Balance with Scheduled Banks includes ₹ 2,100.70 Lacs ( previous year Nil) of unutilised monies raised by IPO

## Schedules

Forming part of the Balance Sheet

<b>SCHEDULE -10</b>	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
<b>Loans and Advances</b>			
<b>(Unsecured)</b>			
Advances recoverable in cash or in kind or for value to be received	1,383.18		1,349.64
Less: Provision	15.87		15.87
		<b>1,367.31</b>	<b>1,333.77</b>
Note:			
The above includes ₹ 32.41 Lacs ( Previous year ₹ 583.24 lacs ) due from concerns in which Directors are interested as Directors, Partners or otherwise			
Staff Loans		30.39	13.25
Balance with Excise Authorities		2,115.82	1,759.43
Statutory payment under protest (Refer Note no. 3 and 4 of Schedule 20)		671.94	355.31
Advance payment of Income-tax (Net of provisions)		148.11	49.63
MAT credit entitlement		38.17	-
Advance payment of Fringe Benefits Tax (Net of provisions)		2.91	1.01
<b>TOTAL</b>		<b>4,374.65</b>	<b>3,512.40</b>

Note:

Loans and advances in the nature of loans due from (in accordance with clause 32 of Listing Agreement):

### Loans and advances in the nature of loans to firms/companies in which directors are interested

	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
Commercial Auto Centre - Ghana		-	169.96
- Maximum balance outstanding at any time during the year		169.96	170.54
Kailash Auto Builders Pvt. Ltd., Kanpur		-	104.52
- Maximum balance outstanding at any time during the year		104.52	120.38
Commercial Body Builders		32.41	61.60
- Maximum balance outstanding at any time during the year		61.60	61.60
Kailash Auto Finance Ltd.		-	1.72
- Maximum balance outstanding at any time during the year		1.77	7.41
Kailash Vahan Udyog Ltd.		-	245.06
- Maximum balance outstanding at any time during the year		245.06	245.06
Shivam Motors Pvt. Limited		-	-
- Maximum balance outstanding at any time during the year		29.10	12.00
<b>Others (Interest-free loans with no repayment schedule)</b>			
- Employees		30.39	13.25
- Maximum balance outstanding at any time during the year		55.59	20.70



## Schedules

Forming part of the Balance Sheet (Contd.)

<b>SCHEDULE -11</b>	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
<b>Current Liabilities</b>			
<b>Sundry Creditors</b>			
-Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note no. 13 of Schedule 20)	9.71		15.35
-Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	6,006.05		5,991.48
		<b>6,015.76</b>	<b>6,006.83</b>
Interest accrued but not due		0.16	0.18
Other Liabilities		159.86	311.80
<b>TOTAL</b>		<b>6,175.78</b>	<b>6,318.81</b>

<b>SCHEDULE -12</b>	As at		(₹ in Lacs)
	31st March, 2011		As at 31st March, 2010
<b>Provisions</b>			
For Gratuity		11.88	6.77
For Leave encashment		45.44	32.81
For Income-tax ( Net of Advance Tax )		9.19	572.14
<b>TOTAL</b>		<b>66.51</b>	<b>611.72</b>

## Schedules

Forming part of the Profit And Loss Account

<b>SCHEDULE -13</b>			(₹ in Lacs)
	Current Year		Previous Year
<b>Sales And Income From Operations</b>			
Sale of Built Bodies		25,102.73	22,344.53
Job Work Charges		527.84	1,746.76
Other Products		3,903.27	5.01
<b>TOTAL</b>		<b>29,533.84</b>	<b>24,096.30</b>

<b>SCHEDULE -14</b>			(₹ in Lacs)
	Current Year		Previous Year
<b>Other Income</b>			
<b>Interest</b>			
- On Deposits	60.12		20.86
- On Others (Tax deducted at source ₹ 11.00 lacs, (Previous year ₹10.30 lacs))	52.75		58.07
		<b>112.87</b>	<b>78.93</b>
Dividend on current investment		123.84	-
Freight Income		262.87	158.10
Sale of Scrap		194.60	143.70
Exchange Rate Fluctuations (Net)		-	71.36
Excess provision for earlier years written back		-	2.72
Provision for doubtful debts and advances written back		-	5.17
Share of Loss in Joint Venture transferred (Refer Note no. 6 of Schedule 20)		32.00	5.59
Profit on sale of fixed assets		0.28	-
Miscellaneous Income		16.49	13.19
<b>TOTAL</b>		<b>742.95</b>	<b>478.76</b>

<b>SCHEDULE -15</b>			(₹ in Lacs)
	Current Year		Previous Year
<b>Increase In Stocks Of Finished Products, Work In Progress And Scrap</b>			
<b>Closing Stock</b>			
Work-in-progress	4,252.08		2,611.78
Scrap	21.72		11.63
		<b>4,273.80</b>	<b>2,623.41</b>
Less: Opening Stock			
Work-in-progress	2,611.78		1,694.21
Scrap	11.63		7.32
		<b>2,623.41</b>	<b>1,701.53</b>
<b>INCREASE</b>		<b>1,650.39</b>	<b>921.88</b>

## Schedules

Forming part of the Profit And Loss Account (Contd.)

<b>SCHEDULE -16</b>			(₹ in Lacs)
	Current Year		Previous Year
<b>Manufacturing Expenses</b>			
Raw Materials Consumed	16,951.35		11,950.43
Less: Sale of Raw Material	71.54		145.38
		<b>16,879.81</b>	<b>11,805.05</b>
Stores and Spares Consumed	1,198.39		935.89
Less: Sale of Stores and Spares	4.65		-
		<b>1,193.74</b>	<b>935.89</b>
Power and Fuel		189.47	135.38
Labour Charges		838.49	930.28
Excise Duty		2.03	1.09
Repairs and Maintenance :			
Building		11.53	7.97
Plant and Machinery		95.68	35.12
Others		77.28	49.80
<b>TOTAL</b>		<b>19,288.03</b>	<b>13,900.58</b>

<b>SCHEDULE -17</b>			(₹ in Lacs)
	Current Year		Previous Year
<b>Personnel Expenses</b>			
Salaries, Wages and Bonus etc.		908.63	655.09
Contribution to Provident Fund and other funds		74.50	48.40
Staff Welfare Expenses		69.01	35.08
<b>TOTAL</b>		<b>1,052.14</b>	<b>738.57</b>

## Schedules

Forming part of the Profit And Loss Account

<b>SCHEDULE -18</b>			(₹ in Lacs)
		Current Year	Previous Year
<b>Administration And Sales Expenses</b>			
Insurance		13.35	5.35
Rent		69.76	22.76
Rates and Taxes		55.90	44.33
Vehicle Expenses		28.83	17.18
Travelling and Conveyance		116.78	91.06
Postage and Telephones		16.53	13.57
Printing and Stationery		12.00	9.62
Fixed Assets Written Off		-	0.22
Loss on sale of Fixed Assets (Net)		-	1.34
Freight Charges		351.99	216.81
Provision for Doubtful Debts		1.17	-
Bad Debts and Advances written off		-	6.96
Provision for Diminution in value of Long-term Investment		-	3.83
Legal and Professional fees		136.60	78.81
Discount given		199.60	182.95
Selling Expenses		149.05	113.25
Miscellaneous Expenses		78.57	112.72
<b>TOTAL</b>		<b>1,230.13</b>	<b>920.76</b>

Note:

Miscellaneous expenses include office expenses, garden expenses, security expense etc.

<b>SCHEDULE -19</b>			(₹ in Lacs)
		Current Year	Previous Year
<b>Interest And Finance Charges</b>			
Interest			
-On Term Loans		155.20	90.27
-On Working Capital Loans and Cash Credit Facilities		524.44	311.87
-On Others		136.06	87.01
Finance Charges		111.19	194.02
<b>TOTAL</b>		<b>926.89</b>	<b>683.17</b>

## Cash Flow Statement

For the year ended 31st March, 2011

(₹ In Lacs)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	727.11	3,080.11
Depreciation	385.25	363.90
Profit on Sale of Fixed Assets	(0.28)	1.34
Interest Income	(112.87)	(78.93)
Dividend income	(123.84)	-
Provision for Diminution in value of Investment	-	3.83
Bad Debts/Advances written off	-	6.96
Exchange rate Difference	-	-
Fixed Assets/Capital Work In Progress written off	-	0.22
Excess Provision for earlier year written back	-	(2.72)
Provision for Doubtful Debts/Advances written back	-	(5.17)
Provision for Doubtful Debts/Advances	1.17	-
Interest and Finance Charges	926.89	683.17
Operating Profit before working capital changes	1,803.43	4,052.71
Increase in Inventories	(1,572.50)	(2,449.47)
Decrease/(Increase) in Trade and Other Receivable	2,038.20	(5,095.83)
Increase in Trade Payable and Other Liabilities	89.25	1,938.44
Cash generated from/(used in) operations	2,358.38	(1,554.15)
Taxes Paid	(805.37)	(568.05)
<b>Net Cash from/ (used in) operating activities</b>	<b>1,553.01</b>	<b>(2,122.20)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	112.87	78.93
Dividend Received	123.84	-
Proceeds from Sale of Fixed assets	0.89	2.78
Purchase of Investment	(27,200.49)	-
Sale of Investments	23,427.21	-
Purchase of Fixed Assets	(8,015.46)	(2,065.86)
<b>Net Cash used in Investing activities</b>	<b>(11,551.16)</b>	<b>(1,984.15)</b>

## Cash Flow Statement

For the year ended 31st March, 2011 (Contd.)

		(₹ In Lacs)	
		Year Ended 31st March, 2011	Year Ended 31st March, 2010
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Borrowings	861.55	4,758.81
	Repayment of Borrowings	(1,726.32)	-
	Proceeds from issue of Equity Shares	1,204.73	-
	Securities Premium received	12,837.80	-
	Interest and Finance Charges Paid	(926.91)	(683.25)
	<b>Net Cash from Financing Activities</b>	<b>12,250.87</b>	<b>4,075.57</b>
	Net increase / (decrease) in cash and cash equivalents	2,252.72	(30.78)
	Cash and cash equivalent as on 31st March 2010	343.67	374.45
	Cash and cash equivalent as on 31st March 2011	2,596.39	343.67

Notes:

- 1 Components of cash and cash equivalents include cash and bank balances as stated in Schedule 9 of the Balance sheet.
- 2 Cash and cash equivalents as at 31st March, 2011 include following balances, use of which is restricted:
  - a) Deposit receipts aggregating to ₹ 279.74 lacs (Previous Year ₹ 214.54 lacs) are under lien with bank against Performance Guarantee and Credit facilities from Banks.
  - b) Deposits receipts given as earnest money deposits aggregate to ₹ 90.95 lacs (Previous year Nil)
  - c) Balances with Scheduled Banks include ₹ 2,100.70 lacs ( Previous year Nil) of unutilised monies raised in the Initial Public Offer.
- 3 Purchase of Fixed Assets is considered as part of the investing activities.
- 4 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 on "Cash Flow Statement" (AS 3) as notified under the Companies (Accounting Standards) Rules, 2006.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

**For and on behalf of the Board**

**A.B. Jani**

*Partner*

Mumbai, Dated: May 28, 2011

**Kailash Gupta**

*Chairman and Managing Director*

Jabalpur, Dated: May 28, 2011

**Ajay Gupta**

*Whole Time Executive Director*

**Anurag Misra**

*Company Secretary*

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

### SCHEDULE 20

#### Significant Accounting Policies and Notes on Accounts for the Year Ended 31st March, 2011

##### 1. Significant accounting policies:

###### (a) Basis for preparation of accounts:

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

###### (b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

###### (c) Fixed Assets:

Fixed assets are stated at cost net of Cenvat. Costs includes all cost incurred to bring the assets to their working condition and location.

The company capitalises software and related implementation costs, where it is reasonably estimated that the software has an enduring useful life.

###### (d) Depreciation and amortisation:

(Refer Note No. 5 below)

- i) Depreciation is provided using the written-down method based on the management's estimate of useful life of the assets acquired prior to 1st January, 2011. The depreciation rates for such assets are as under:

Assets	Depreciation rate
Factory Building	10%
Non-Factory Building	10%
Residential Flat	5%
Plant and Machinery	15% - 100%
Office Equipments	15%
Computers	60%
Vehicles	25.89%
Electrical Installations	20%
Furniture and Fixtures	18.10%

Depreciation on assets acquired/purchased after 1st January, 2011 is provided using the straight line method based on the management's estimate of useful life of the assets, which is as under:

Assets	Estimated useful life
Factory Building	25 Years
Non-Factory Building	40 Years
Residential Flat	40 Years
Plant and Machinery	10 Years
Office Equipments	4 Years
Computers	3 years
Vehicles	5 Years
Electrical Installations	5 Years
Furniture and Fixtures	5Years

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

- ii) Leasehold land is amortised over the period of lease on pro rata basis.
  - iii) Depreciation on assets acquired/purchased during the year is provided on pro-rata basis from the date of each addition.
  - iv) Assets having value of ₹ 5,000/- or less are charged off fully in the year of purchase.
  - v) Computer Software is amortised over the period of three years.
- (e) **Impairment of Assets:**  
At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.
- (f) **Revenue recognition:**  
Revenue from sale of built bodies is recognised when products are despatched and all significant risks and rewards of ownership of the products are transferred to the customers.  
Revenue from service contract is recognised when the services are completed.  
Dividend from investments is recognised as and when a right to receive payment is established.
- (g) **Inventories:**  
Inventories are valued at lower of cost and net realisable value. The cost of inventories is arrived at on the following basis:
- Raw materials : On FIFO basis (net of Cenvat)
  - Work-in-progress : On weighted average basis including direct factory overheads
  - Finished goods : On weighted average basis, attributable overheads and Excise duty
  - Stores and spares : On FIFO basis
- (h) **Foreign currency transactions:**  
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.
- (i) **Employee Benefits:**
- (a) **Post-Employment Benefits and Other Long Term Benefit:**
    - i) *Defined contribution Plan:*  
Contributions under Defined Contribution Plans in the form of Provident Fund are recognised in the Profit and Loss Account in the period in which the employee has rendered the service.
    - ii) *Defined Benefit Plan :*  
The Company's Liability towards Defined Benefit Plan in the form of Gratuity is funded through schemes administered by the Life Insurance Corporation of India (LIC). The liability determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past service cost and the fair value of plan assets as at the balance sheet date. Any asset resulting from this calculation is restricted to the present value of available refunds from the plan or reductions in future contributions to the plan.



## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

Actuarial gains and losses are recognised immediately in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, past service cost is recognised immediately

**(b) Short Term Employee Benefits:**

Short-term employee benefits are recognised as expenses at the undiscounted amount in the Profit and Loss Account of the period in which the related services are rendered.

Leave encashment is provided for on the basis of actual costs the Company expects to pay for the compensated absences.

**(j) Borrowing costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**(k) Income tax:**

- a. Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates.
- b. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation and losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same

**(l) Investments:**

Investments classified as long-term investments are stated at costs. Provision is made to recognise a diminution, other than temporary, in the value of such investments. Investments classified as current investments are stated at lower of cost and fair value.

**(m) Operating Leases**

Assets taken on Lease under which all significant risks and rewards of ownership are effectively retained by the lesser are classified as Operating Leases. Lease payments under Operating Leases are recognised as expenses as incurred in accordance with the respective Lease Agreements.

**(n) Contingent Liabilities:**

These, if any, are disclosed in the notes and accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation.

**2. Capital commitments :**

The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) as at 31st March, 2011 ₹ 8,680.70 lacs (Previous year: ₹ 152.84 lacs) (including in respect of Joint Venture ₹ 130.09 lacs (Previous year ₹ Nil)).

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 3. Contingent liabilities:

		₹ in Lacs	
		As at 31st March, 2011	As at 31st March, 2010
a)	Disputed demands of following authorities		
	Income tax	19.68	18.58
	Excise duty (₹19.41 lacs (Previous Year ₹16.41 lacs) paid under protest) (Also Refer Note No. 1 below)	4,663.64	1,727.38
	Sales tax (₹ 7.70 lacs ( Previous Year ₹ Nil) paid under protest)	77.03	-
	Employees State Insurance Corporation (ESIC) (Refer Note No. 2 below)	0.96	-
	(The Company has contested these demands before various authorities and is hopeful of success in the respective matters)		
b)	Bank Guarantee ( Given as performance guarantee )	436.05	293.57
c)	Letters of Credit (L/C)	1,280.83	12.65
	<b>Total</b>	<b>6,478.19</b>	<b>2,052.18</b>

Note:

- 1) Pursuant to the Rule 10(A) of Central Excise Rules, 2002 which was inserted vide Notification no. 9/2007-CE(N.T) dated 1.03.2007, the Company has started paying differential Excise Duty on sales made to a customer (which is the subject matter of dispute in the aforesaid demands) since September 2010 under protest. The aggregate of such payment made under protest up to the year-end amounts to ₹ 38.68 lacs (Previous Year Nil).
- 2) The Company is in the process of filling reply with the ESIC authorities, as the said demand has arisen due to payment of ESIC dues under an incorrect code which needs to be rectified by the authorities.
4. The Company had challenged the constitutional validity of entry tax collected by State of Madhya Pradesh on goods purchased from other states by filing a writ petition in Honorable High Court of Madhya Pradesh on 30th August, 2007. The petition was decided against the Company during the previous year. The Company had filed a special leave petition (SLP) before the Honorable Supreme Court, again challenging the constitutional validity of Entry Tax. As per the interim order passed by Supreme Court, the Company has been directed to deposit the unpaid Entry tax before the petition is decided.  
  
The Company has already deposited Entry tax aggregating to ₹ 606.15 lacs (Including Interest ₹ 1.47 lacs) for the period from April 2007 to Dec 2010 to the authorities, under protest (included in Schedule 10: 'Loans and Advances'). Balance amount of Entry tax payable for the period from January 2011 to March 2011 aggregates to ₹ 45.11 lacs, which will be deposited subsequently, under protest.  
  
The Supreme Court has transferred the above SLP to a Higher Bench before the Chief Justice of the Supreme Court of India for decision, which is pending. The Company is hopeful that the matter will be decided in its favor and hence no provision for the above is required in the accounts at this stage.
5. The Company operates in the business of sheet metal fabrication and body building. Due to the nature of the production activities, wherein fixed assets like plant and machinery can be put to multiple uses and multiple activities can be carried out simultaneously in production premises etc., changes in related technology may not materially affect the productivity of the Company in future. Accordingly, the fixed assets acquired/purchased after 1st January, 2011 are being depreciated using the straight line method over the management's estimate of useful life of these assets. Due to this change in providing for depreciation, the depreciation charge for the year is lower and the written down value of such assets is higher by ₹ 6.68 lacs and the profit after tax for the year is higher by ₹ 6.62 lacs.
6. During the previous year, the Company has entered into an agreement with a party for the purpose of engaging into a Jointly

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

Controlled Operations (JCO) to manufacture market and sell fabricated automobile bodies and components to Original Equipment Manufacturers and to other customers, at Jamshedpur. Per the agreement, the Company and the other venturer have agreed to share the distributable cash flow from the JCO after paying all taxes in the ratio of 60:40 respectively. In addition to the above, the Company is required to pay a fixed sum for grant of license to use the factory premises of the other venture for the purposes of the operations as follows:

In year 1 – ₹ 300,000 per month

In year 2 – ₹ 315,000 per month

In year 3 – ₹ 330,750 per month

Accordingly, 40% share of loss from the operations for the year ended 31st March, 2011 aggregating to ₹ 32.00 lacs (Previous Year- ₹ 5.59 lacs) has been transferred to the joint venture partner and disclosed as "Other income" in Schedule 14.

7. During the previous year, pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting held on 18th March, 2010, the Company has sub-divided each Equity share of ₹ 100/- each into 10 shares of ₹ 10/- each.

Further, the Company, during the previous year has issued 36,767,760 Equity shares of ₹ 10/- each as bonus shares at the rate of 6 shares for each share held at 18th March, 2010 aggregating to ₹ 3,676.77 lacs by way of capitalisation of Securities premium account and balance in Profit and Loss Account respectively.

### 8. Remuneration to Directors:

		₹ in Lacs	
		As at 31st March, 2011	As at 31st March, 2010
a.	Salaries and Allowances	112.38	103.80
b.	Contribution to Provident Fund etc.,	9.58	8.71
c.	Commission	11.42	50.71
	<b>Total</b>	<b>133.38</b>	<b>163.22</b>

Note: In view of inadequacy of profits during the year managerial remuneration is subject to the limits specified in Schedule XIII of the Companies Act, 1956. Accordingly, the Company has applied to the Central Government for approval of the remuneration paid to the Managing Director and Whole Time Director, which is awaited.

### 9. Computation of net profit in accordance with section 198 read with section 309 of the Companies Act, 1956:

		₹ in Lacs	
		31st March, 2011	31st March, 2010
<b>Profit before tax</b>		<b>727.11</b>	<b>3,080.11</b>
Add:			
Managerial remuneration (Including Commission)	133.38		163.22
Fixed Assets Written Off	-		0.22
Loss on sale of Fixed Assets(Net)	(0.28)		1.34
Provision for diminution in value of Long Term	-		3.83
Investments (non-trade)	133.10		168.61
	<b>860.21</b>		<b>3,248.72</b>
Less: Provision for doubtful debts and advances written back	-		5.17
<b>Net Profit for the year</b>		<b>860.21</b>	<b>3,243.55</b>
Commission to Whole time Director (As per shareholder agreement) *	11.42		50.71

\* Also refer Note no. 8 above

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### 10. Capacity and Production:

Product	Licensed capacity*	Installed capacity*	Actual production
	No. of Bodies	No. of Bodies	No. of Bodies
Vehicle Bodies	15,255 (15,255)	15,255 (15,255)	10,657 (8,201)

Previous year's figures are given in brackets.

\* As certified by the Management and relied upon by the Auditors.

### 11. Payment to Auditors (Excluding Service Tax)

₹ in Lacs

		31st March, 2011	31st March, 2010
a)	Audit Fees – Statutory Audit	11.00	8.00
b)	Any other matters (Limited review, Audit and Certification work in connection with the Initial Public Offer )	33.00	6.00
c)	Out of Pocket Expenses	0.35	0.11
	<b>Total</b>	<b>44.35</b>	<b>14.11</b>

### 12.

#### A) Sales Turnover

(₹ in Lacs)

	Class of Goods	31st March, 2011		31st March, 2010	
		Quantity Nos.	Value	Quantity Nos.	Value
a)	Built Bodies Sold	10,657	25,102.73	8201	22,344.53
b)	Others	-	4,431.11	-	1,751.77
	<b>Total</b>	<b>10,657</b>	<b>29,533.84</b>	<b>-</b>	<b>24,096.30</b>

#### B) Raw Material Consumed

₹ in Lacs

	Class of Goods	31st March, 2011		31st March, 2010	
		Quantity Nos.	Value	Quantity Nos.	Value
a)	Iron and Steel (MT)	29,222.73	11,524.44	17,513.225	7,349.37
b)	Hydraulic Jack (Nos.)	4,907	2,613.89	4,118	2,272.73
c)	Other Raw Material (Including Stores and Spares)		3,935.22		3,118.84
	<b>Total</b>		<b>18,073.55</b>		<b>12,740.94</b>

#### C) CIF Value of Imports

₹ in Lacs

		31st March, 2011	31st March, 2010
a)	Raw Materials	-	28.62
b)	Capital Goods	0.27	707.70
	<b>Total</b>	<b>0.27</b>	<b>736.32</b>

#### D) Value of Raw Material consumed

		31st March, 2011		31st March, 2010	
		%	₹ In Lacs	%	₹ In Lacs
a)	Imported	-	-	0.15	16.59
b)	Indigenous	100	16,879.81	99.85	11,788.46
	<b>Total</b>	<b>100</b>	<b>16,879.81</b>	<b>100</b>	<b>11,805.05</b>

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### E) Value of stores and spares consumed

		31st March, 2011		31st March, 2010	
		%	₹ In Lacs	%	₹ In Lacs
a)	Imported	-	-	-	-
b)	Indigenous	100	1,193.74	100	935.89
	<b>Total</b>	<b>100</b>	<b>1,193.74</b>	<b>100</b>	<b>935.89</b>

### F) Expenditure in foreign currency

		₹ In Lacs	
		31st March, 2011	31st March, 2010
	Foreign Traveling	33.34	4.29
	<b>Total</b>	<b>33.34</b>	<b>4.29</b>

13. As per the information available with the company, the following are the details of dues to the creditors who have confirmed their registration under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act)

i) Dues remaining unpaid as at the year-end

Principal - ₹ 9.71 lacs (Previous Year 15.35 lacs)

Interest - ₹1.05 lacs (Previous Year 12.46 lacs)

ii) Interest paid in terms of Section 16 of the MSMED Act - Nil (Previous Year – Nil)

iii) Amount of interest due and payable for the year of delay in making payments – ₹ 1.05 lacs (Previous Year ₹ 3.62 lacs)

iv) Amount of interest accrued and remaining unpaid as at the year-end – ₹13.51 lacs (Previous Year ₹ 12.46 lacs)

v) Amount of interest due and payable on previous year's outstanding amount - ₹-12.46 lacs. (Previous Year ₹ 8.84 lacs)

14. (a) Contributions are made to Provident Funds which covers all regular employees. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 67.36 lacs (previous year ₹ 44.77 lacs).

Provision is made for gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

(b) The disclosure as required under AS 15 (Revised) regarding Company's gratuity plan is as follows:

#### Amount recognised in Balance sheet

Particulars	(₹ in Lacs)	
	31st March, 2011	31st March, 2010
Present Value of Funded Obligations	122.19	96.41
Fair Value of Plan Assets	(110.32)	(89.64)
<b>Net Liability</b>	<b>11.87</b>	<b>6.77</b>
Amounts in the Balance Sheet		
Liabilities	11.87	6.77
Assets	0.00	0.00
<b>Net Liability/(Asset)</b>	<b>11.87</b>	<b>6.77</b>

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

### Expense recognised in Statement of Profit and Loss Account

	(₹ in Lacs)	
	31st March, 2011	31st March, 2010
Current Service Cost	12.68	10.87
Interest on Defined Benefit Obligation	8.80	7.12
Expected Return on Plan Assets	(7.17)	(4.97)
Net Actuarial Losses / (Gains) Recognised in year	(0.94)	(7.25)
<b>Total, included in "Employee Benefit Expense"</b>	<b>13.37</b>	<b>5.77</b>

### Reconciliation of Benefit Obligations and Plan Assets for the period

	(₹ in Lacs)	
	31st March, 2011	31st March, 2010
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	96.42	85.49
Current Service Cost	12.68	10.87
Interest Cost	8.80	7.12
Actuarial Losses / (Gain)	4.29	(5.60)
Benefits paid	-	(1.47)
<b>Closing Defined Benefit Obligation</b>	<b>122.19</b>	<b>96.41</b>
<b>Change in the Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	89.64	61.43
Expected Return on Plan Asset	7.17	4.97
Actuarial Gain / (Losses)	5.23	1.65
Contributions by Employer	8.27	23.05
Benefits paid	-	(1.47)
<b>Closing Fair Value of Plan Assets</b>	<b>110.32</b>	<b>89.63</b>

#### (c) Assumptions:

	31st March, 2011	31st March, 2010
Discount Rate (p.a.)	8.30 % p.a.	8.30 % p.a.
Expected Rate of Return on Assets (p.a.)	7.50 % p.a.	7.50 % p.a.
Salary Escalation Rate (p.a.)	7.00 % p.a.	7.00 % p.a.

#### (d) Experience Adjustments:

	(₹ in Lacs)		
	31st March, 2011	31st March, 2010	31st March, 2009
Defined benefit/obligation	122.19	96.42	85.49
Plan Assets	110.32	89.65	61.44
Surplus/Deficit	(11.87)	(6.77)	(24.05)
Experience Adjustment on Plan Liabilities	4.29	2.84	3.90
Experience Adjustment on Plan Assets	5.23	1.66	1.44

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

15. The principal business of the Company is sheet metal fabrication and bodybuilding. All other activities of the Company revolve around its main business. Hence, there is only one reportable business segment as defined by Accounting Standard 17 – “Segment Reporting” (AS 17).
16. Disclosures as required by the Accounting Standard 18 (AS – 18) “Related Party Disclosures” are given below:

**a) Names of related parties and description of relationship:**

Sr. No.	Names of Related party	Nature of Relationship
1	Dr. Kailash Gupta	Key Management Personnel
2	Mr. Ajay Gupta	
3	Commercial Auto Centre	
4	Commercial Automobiles Private Limited	Associates
5	Commercial Body Builders	
6	Commercial Motors	
7	Commercial Toyota	
8	Kailash Motors Finance Private Limited	
9	Kailash Traders	
10	Commercial Motors Sales	
11	Shivam Motors Private Limited	
12	Kailash Auto Finance Limited	
13	Kailash VahanUdyog Limited	
14	Tirupati Equipment Limited	
15	Kailash Auto Builders Private Limited	
16	Rekha Engineering Works (unit of J.N. Auto Private Limited)	
17	Jai Narayan Charitable Trust	
18	Kailash Motors	
19	Jashn Trust	

**b) Transactions with Related parties**

Sr. No.	Particulars	(₹ in Lacs)		
		Associates	Key Management Personnel	Total
1	Remuneration paid	- (-)	121.96 (112.51)	121.96 (112.51)
2	Commission paid	- (-)	11.42 (50.71)	11.42 (50.71)
3	Purchase of Capital goods	- (17.87)		- (17.87)
4	Purchase of Raw Materials	1,557.05 (18.22)		1,557.05 (18.22)
5	Interest received	36.61 (56.46)		36.61 (56.46)
6	Interest Paid	11.42 (-)		11.42 (-)

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

### b) Transactions with Related parties (Contd.)

				(₹ in Lacs)
Sr. No.	Particulars	Associates	Key Management Personnel	Total
7	Miscellaneous Income	4.23 (5.20)		4.23 (5.20)
8	Sale of raw material	48.89 (42.46)		48.89 (42.46)
9	Sale of Finished Goods	1,846.35 (431.90)		1,846.35 (431.90)
10	Expenses reimbursed on others behalf	3.68 (0.38)		3.68 (0.38)
11	Expenses reimbursed on our behalf	11.56 (6.84)		11.56 (6.84)
12	Loan/Advances given	20.72 (42.70)		20.72 (42.70)
13	Loan Taken	1,025.00 (30.14)		1,025.00 (30.14)
14	Advance Taken	- (28.37)		- (28.37)
15	Repayment of Advance Taken	58.81 (3.37)		58.81 (3.37)
16	Repayment of Loan Taken	1,055.14 (-)		1,055.14 (-)
17	Repayment of Loan/Advances given	579.55 (103.21)		579.55 (103.21)

Previous year's figures are given in bracket.

Out of the above items, transactions with fellow subsidiaries and Key Management Personnel in excess of 10% of total related party transactions are as under:

Transaction		(₹ in Lacs)	
		31st March, 2011	31st March, 2011
<b>1</b>	<b>Sale of Raw Material</b>		
	Kailash Vahan Udyog Ltd	0.01	41.92
	Shivam Motors Pvt. Ltd.	10.48	0.26
	Commercial Automobiles Pvt Ltd	38.40	0.28
<b>2</b>	<b>Remuneration</b>		
	Mr. Ajay Gupta	89.44	81.31
	Dr. Kailash Gupta	32.52	31.20
<b>3</b>	<b>Miscellaneous Income</b>		
	Rekha Engineering Works	3.43	3.50
	Kailash Auto Builders Pvt.Ltd.-Banglore	-	0.30
	Kailash Auto Builders Pvt.Ltd.- Pune	-	0.44
	Kailash VahanUdyog Ltd	-	0.04



## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

Transaction		31st March, 2011	(₹ in Lacs) 31st March, 2011
	Commercial Automobiles Pvt Ltd	0.76	0.28
	Kailash Vahan Udyog Ltd	0.03	0.64
<b>4</b>	<b>Interest received</b>		
	Commercial Auto Centre	10.42	16.03
	Commercial Automobiles Pvt. Ltd.	-	0.92
	Commercial Body Builders	3.81	5.77
	Kailash Auto Builders Pvt. Ltd.	7.66	10.92
	Kailash Auto Finance Pvt. Ltd.	0.05	0.34
	Kailash Vahan Udyog Ltd.	14.67	22.48
<b>5</b>	<b>Interest Paid</b>		
	Jashn Trust	11.42	-
<b>6</b>	<b>Purchase of Material</b>		
	Kailash Vahan Udyog Ltd	-	1.26
	Commercial Automobiles Pvt. Ltd.	0.46	0.08
	Shivam Motors Private Limited	-	3.80
	Commercial Automobiles Pvt Ltd.- Ghana	-	13.08
	Rekha Engineering	1,556.60	-
<b>7</b>	<b>Payment for expenses (Others)</b>		
	Commercial Automobiles Pvt. Ltd.	9.96	0.04
	Commercial Auto Centre	-	0.07
	Kailash Vahan Udyog Ltd	0.47	0.27
	Kailash Motor	0.53	
	Commercial Body Builders	0.60	
<b>8</b>	<b>Expenses reimbursed on our behalf</b>		
	Commercial Automobiles Pvt. Ltd	0.35	2.57
	Kailash Motors	-	0.58
	Commercial Body Builders	-	0.60
	Shivam Motors Pvt. Ltd	2.75	1.40
	Kailash Vahan Udyog Ltd	0.59	1.31
	Commercial Toyota	-	0.38
<b>9</b>	<b>Director Commission</b>		
	Mr. Ajay Gupta	11.42	50.71
<b>10</b>	<b>Loan/Advances given</b>		
	Shivam Motors Private Limited	20.72	12.00
	Commercial Automobiles Pvt. Ltd.	-	16.70
	Commercial Auto Centre	-	14.00
<b>11</b>	<b>Payment received against Loan/advances given</b>		
	Shivam Motors Pvt. Limited	29.10	12.00
	Commercial Automobiles Pvt. Ltd	-	28.26
	Kailash Vahan Udyog Ltd.	245.06	2.25

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

Transaction		(₹ in Lacs)	
		31st March, 2011	31st March, 2011
	Kailash Auto Builders Pvt. Ltd – Kanpur	104.52	25.70
	Commercial Auto Centre-Ghana	169.96	29.00
	Kailash Auto Finance Ltd	1.72	6.00
	Commercial Body Builders	29.19	-
<b>12</b>	<b>Loan Taken</b>		-
	Commercial Automobiles Pvt Ltd	-	30.14
	Jashn Trust	1,025.0	-
<b>13</b>	<b>Loan Taken Repaid</b>		
	Jashn Trust	1,025.00	-
	Commercial Automobile Private limited	30.14	-
<b>14</b>	<b>Advance Taken</b>		
	Shivam Motors Pvt. Ltd	-	15.61
	Commercial Automobiles Ltd-Ghana	-	12.76
	Commercial Toyota	-	13.00
<b>15</b>	<b>Repayment of Advance taken</b>		
	Shivam Motors Pvt. Ltd	15.61	3.37
	Commercial Automobiles Ltd	30.20	-
	Commercial Toyota	13.00	-
<b>16</b>	<b>Purchase of Capital goods</b>		
	Commercial Automobiles Pvt. Ltd.	-	5.25
	Commercial Toyota	-	12.62
<b>17</b>	<b>Sale of Finished goods</b>		
	Shivam Motors Private Ltd.	84.74	226.34
	Commercial Automobiles Pvt Ltd	140.85	205.56
	Rekha Engineering Works	1,620.77	-

### c) Closing Balances

Sr. No.	Particulars	Associates	Total
1	Receivables	46.82 (615.21)	40.02 (615.21)
2	Payables	3.12 (75.83)	3.12 (75.83)

Note: Previous year figures are shown in bracket. Related party relationship is as identified by the Company and disclosed accordingly.

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

17. Provision for Current Income-tax has been made as per the provisions of the Income-tax Act, 1961. The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Particulars	(Rs in Lacs)	
	31st March, 2011	31st March, 2010
<b>a) Deferred tax asset:</b>		
Gratuity	-	6.99
Doubtful Debts	5.89	5.27
Deduction U/S 35D	8.02	10.79
<b>Total Deferred tax asset</b>	<b>13.91</b>	<b>23.05</b>
<b>b) Deferred tax liability</b>		
Depreciation	129.22	82.72
<b>Total Deferred tax liability</b>	<b>129.22</b>	<b>82.72</b>
<b>Deferred tax (Liabilities) (net)</b>	<b>(115.31)</b>	<b>(59.67)</b>

### 18. Foreign Currency Balances

- a) The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts payable in foreign currency on account of the following:

	31st March, 2011		31st March, 2010	
	(₹ in Lacs)	(₹ in Lacs)	In Foreign Currency	In Foreign Currency
	In ₹		In Foreign Currency	
Creditors (Net)	0.27	Nil	422.80 Euro	Nil

- b) Exchange Gain/ (Loss) (net) accounted during the year:

Particulars	(₹ in Lacs)	
	31st March, 2011	31st March, 2010
On purchase of machinery	Nil	71.31
On purchase of material	Nil	0.05

### 19. Earnings Per Share is calculated as follows:

Particulars	31st March, 2011	31st March, 2010
a. Net profit available for distribution to equity share holders (₹ In lacs)	569.94	2029.92
b. Weighted average number of Equity Shares for Basic EPS (In nos.)	48,308,728	42,895,720
c. Weighted average number of Equity Shares for Diluted EPS (In nos.)	48,308,728	42,895,720
d. Nominal value of equity share (₹)	10	10
e. Earnings per share : Basic (in ₹)	1.18	4.73
: Diluted (in ₹)	1.18	4.73

20. During the year, the Company successfully completed the Initial Public Offering (IPO) of its shares which are now listed on the Bombay Stock Exchange and the National Stock Exchange. The IPO consisted of issue of 1,20,47,244 Equity Shares of ₹ 10/- each issued at a premium of ₹ 117 each, aggregating to ₹127.

## Schedules

Schedules forming part of the Balance Sheet and Profit and Loss Account

In terms of the issue, the utilisation of the funds received in the IPO are as under:

Particulars	(₹ In lacs)		
	Amount to be utilised as per Prospectus	Actual Utilisation till 31st March 2011	Balance to be utilised *
Capital expenditure for Railway project	8,030.06	5,924.33	2,105.73
Prepayment of identified loan facilities	5,905.10	2,385.19	3,519.91
General Corporate Purpose	248.34	-	248.34
<b>Total</b>	<b>14,183.50</b>	<b>8,309.52</b>	<b>5,873.98</b>

Pending utilisation as at 31st March 2011, the funds are temporarily invested/held in :

(₹ in lacs)	
Mutual Funds	3,773.28
Bank Balances	2,100.70
<b>Total</b>	<b>5,873.98</b>

\* The Management, in response to the competitive and dynamic nature of the industry, has the discretion to revise its business plan from time to time and consequently funding requirements and deployment of funds may also change which may include rescheduling the proposed utilisation of net proceeds of the IPO.

The expenses relating to the IPO aggregating to ₹1,257.48 lacs, have been adjusted from the Securities premium account received as stated above in accordance with section 78 of the Companies Act, 1956.

21. Figures of previous year are regrouped wherever necessary to correspond with the figures of the current year.

### Signatures to Schedules 1 to 20

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

### For and on behalf of the Board

**A.B. Jani**  
Partner

**Kailash Gupta**  
Chairman and Managing Director

**Ajay Gupta**  
Whole Time Executive Director

**Anurag Misra**  
Company Secretary

**Date :** 28th May, 2011  
**Place :** Mumbai

**Date :** 28th May, 2011  
**Place :** Jabalpur

## Balance Sheet Abstract

and Company's General Business Profile as at 31st March, 2011

### 1. Registration Details

Registration No.	: 004837 of 1979-80	State Code	: 2 0
Balance Sheet Date	: 3 1 / 0 3 / 1 1		
	Date Month Year		

### 2. Capital raised during the year (Amount Rs. In lacs)

Public Issue	: 1 2 0 4 . 7 3	Private Placement	: N I L
Bonus Issue	: N I L	Right Issue	: N I L
Govt. Contribution	: N I L		

### 3. Position of Mobilization and Deployment of Funds (Amount Rs. In Lacs)

Total Liabilities	: 3 2 6 9 9 . 1 6	Total Assets	: 3 2 6 9 9 . 1 6
Sources of Funds			
Paid-up Capital	: 5 4 9 4 . 3 0	Reserves & Surplus	: 1 6 2 3 5 . 2 7
Secured Loans	: 4 6 1 1 . 9 9	Deferred Tax Liability	: 1 1 5 . 3 1
Unsecured Loans	: N I L		
Application of Funds			
Net Fixed Assets	: 4 2 6 5 . 1 6	Investments	: 3 8 3 6 . 6 9
Capital Work in Progress (Including Advance)	: 7 6 4 6 . 3 3	Deferred Tax Assets (Net)	: N I L
Net Current Assets	: 1 0 7 0 8 . 6 9	Miscellaneous Exp.	: N I L
Accumulated Losses	: N I L		

### 4. Performance of the Company (Amount Rs. In lacs)

Turnover (Net)	: 2 1 2 1 6 . 2 1	Total Expenditure	: 2 2 8 8 2 . 4 4
Profit / (Loss) Before Tax	: 7 2 7 . 1 1	Profit/(Loss) after tax	: 5 6 9 . 9 4
Earning per share in (Rs)		Dividend Rate	: N I L
Basic	: 1 . 1 8		
Diluted	: 1 . 1 8		

### 5. Name of Principal Product of the Company

Item Code No	: 8 7 0 4 1 0 1 0	Product Description	MV FOR TPT OF GOODS
	: 8 6 0 7 1 2 0 0		PARTS OF RAILWAY OR TRAMWAY LOCOMOTIVE OR ROLLING STOCK
	: 8 7 0 8 1 0 9 0		STALLION MK-IV LOAD BODY ACCESSORIES/IN LOSSE PART - B
	: 8 7 0 7 9 0 0 0		BODY FOR TIPPERS

For and on behalf of the Board

**Kailash Gupta**  
 Chairman and Managing Director  
 Jabalpur, Dated: May 28, 2011

**Ajay Gupta**  
 Whole Time Executive Director

**Anurag Misra**  
 Company Secretary





ATTENDANCE SLIP

### Commercial Engineers & Body Builders Co Ltd

Registered Office: 84/105 A, G T Road, Kanpur-208 003

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Attendance Slip on request at the venue of the meeting.

D.P. Id.*	
-----------	--

Master Folio No.	
------------------	--

Client Id.*	
-------------	--

Name and address of the shareholder:

No. of Share(s) held:

I/We hereby record my/our presence at the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company held on 24th September, 2011 at 3:00 P. M. at Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.)

Signature of the shareholder or proxy

\*Applicable for investors holding shares in electronic form.

.....cut along.....



PROXY FORM

### Commercial Engineers & Body Builders Co Ltd

Registered Office: 84/105 A, G T Road, Kanpur-208 003

D.P. Id.*	
-----------	--

Master Folio No.	
------------------	--

Client Id.*	
-------------	--

I/We.....of.....

.....being a member/members of **Commercial Engineers & Body Builders Co Ltd** hereby appoint.....of.....or failing him.....of.....failing him.....of.....

.....as my/our proxy to vote for me/us and on my/our behalf at the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company to be held on 24th September, 2011 at 3:00 P.M. at Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.) or at any adjournment thereof.

Signed this.....day of .....2011

Affix Re.1/-  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

# Corporate Information

## Board of Directors

<b>Shri Kailash Gupta</b>	Chairman cum Managing Director
<b>Shri Ajay Gupta</b>	Whole Time Executive Director
<b>Shri Bharat Bakhshi</b>	Non-Executive Nominee Director (Resigned on 10th August, 2011),
<b>Shri Sevantilal Popatlal Shah</b>	Independent Director
<b>Shri Arun Kumar Rao</b>	Independent Director
<b>Shri Sudhir K Vadehra</b>	Independent Director
<b>Shri Akhil Shri Prakash Awasthi</b>	Non-Executive Nominee Director
<b>Shri Ravi Gupta</b>	Independent Director
<b>Shri Shyam Mani</b>	Non Executive Additional Director.

## CHIEF EXECUTIVE OFFICER

**Shri Ajay Gupta**

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Shri Anurag Misra**

## REGISTERED OFFICE

84/105-A, G. T. Road,  
Kanpur Mahanagar  
Kanpur - 208 003  
Uttar Pradesh, India

## CORPORATE OFFICE

124, Napier Town  
Jabalpur 482001  
Madhya Pradesh, India  
T +91 - (0)761- 245 1941 - 43  
F +91 - (0)761- 240 7009

## INVESTOR RELATIONS

E-mail:divit@cebbco.com

## STATUTORY AUDITORS

Deloitte Haskins & Sells,  
Chartered Accountants,  
12, Dr. Annie Besant Road,  
Opp Shiv Sagar Estate,  
Worli, Mumbai – 400018  
Tel : +91 022 6667 9000

## INTERNAL AUDITORS

Samir Jain & Associates,  
Chartered Accountants,  
859, Machharhai,  
Behind Bank of India,  
Lordgunj, Jabalpur (MP)

## BANKERS

State Bank of India  
HSBC Limited  
HDFC Bank Limited  
Axis Bank Limited  
Yes Bank Limited  
Indusind Bank Limited

## SHARE REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Pvt Limited  
Plot.No.17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad -500 081, India  
Phone:+91 40 4465 5190

## PLANT LOCATIONS

### CEBBCO I

21-22, 33-34 Industrial Area, Richhai  
Jabalpur 482 010  
Madhya Pradesh, India

### CEBBCO II

NH 12A, Vill-Udaipura  
Teh. Niwas, District Mandla  
Madhya Pradesh 481 661, India

### CEBBCO III

690 to 693 & 751 to 756 Sector III  
Industrial Area , Pithampur, District Dhar  
Madhya Pradesh, India

### CEBBCO IV

Industrial Area, Richhai,  
Jabalpur, Madhya Pradesh 482 010, India

### CEBBCO V

Plot No. 742, Asangi Phase Area,  
Saraikeela , Jharkand 932 109, India.

### CEBBCO VI

Vill- Imlai  
Nr. Deori Railway Station  
Panagar, Jabalpur,  
Madhya Pradesh, India

## R & D CENTRE

### CEBBCO I

21-22, 33-34 Industrial Area, Richhai  
Jabalpur 482 010  
Madhya Pradesh, India





## **Commercial Engineers and Body Builders Co Limited**

### **CORPORATE OFFICE**

124, Napier Town

Jabalpur - 482001

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[www.cebbco.com](http://www.cebbco.com)