



Annual Report 2016-17

Forward Looking Statement

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

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

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Message from the Board of Directors

Dear Shareholder,

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

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

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

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

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

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

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

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

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

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

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

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

Thank you,

Yours sincerely,

On behalf of Board of Directors

P.Y. Gurav

Director

DIN: 02004317

M.V. Raja Rao

Director

DIN: 00110363

Financial Highlights

Profit & Loss Statement

(₹ in Crore)

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

Financial Highlights

Balance Sheet

(₹ in Crore)

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

Key Facts

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

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

Commercial Vehicle / Fully Built Vehicle (FBV)

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

Railways

Though not focusing on this vertical due to working capital issues but CEBBCO had been engaged in wagon refurbishment business since the year 2008 which includes refurbishments of wagons, supplies and fitting of side-walls, end-walls, floor plates, flap floor, door-plates etc. We are still one of the few RDSO registered manufacturer for refurbishment of Wagons.

Heavy fabrication

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

Strengths

- Economies of scale in its FBV business due to strong track record and long standing relationships with all major OEMs.
- Wide range of product offerings in commercial vehicles for applications across diversified industries.
- Manufacturing facilities located close to some of key customers for commercial vehicle bodies, giving competitive advantage over other manufacturers of commercial vehicle bodies.
- Industrial relations climate quite conducive in Central India which also makes available cost-competitive work force.

Manufacturing Plants

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

- Proximity to customers as Jabalpur is a central location to all major OEMs.
- Indore and Jamshedpur units are near their key customers namely VE Commercial Vehicles, MAN Trucks and Tata Motors, respectively.
- Manufacturing units located close to steel suppliers manufacturing locations or their key distribution hubs.
- Jabalpur & Jamshedpur offer a cost competitive location.

Key Customers

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

Well Diversified Product Portfolio

Mining & Road Construction

1. Tipper Bodies
2. Tanker Bodies

Goods Transportation

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

Solid Waste Management

1. Skip - Loaders
2. Garbage - Bin Collectors

Municipal Applications

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

Defense

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

Heavy Fabrication (Steel) Power - Boilers and ESP

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

Management Discussion and Analysis

MARKET TRENDS / ECONOMIC SCENARIO

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). The Government of India statistics says that the Indian economy has grown at a pace of 7.1 per cent in FY 2016-17. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18.

Government Initiatives

The Government of India announced demonetization of high denomination bank currency notes with effect on November 8, 2016, in order to eliminate black money and the growing menace of fake Indian currency notes.

In the Union Budget 2017-18, the Finance Minister, Mr. Arun Jaitley, has initiated several measures; notable are affordable housing, curbing black money, digitalization of the economy, and simplifying the tax administration in the country.

The most important initiative has been the introduction of GST in FY 2017-18. GST will significantly rejig the indirect tax regime prevailing in the country. There has been proliferation of taxes levied by state governments, which will be unified under one code across the country. The multiple and cascading tax rates, will be unified into few rates. GST will remove all the barriers on the interstate movement of goods mainly created by tax burden, permits and forms. GST is expected to accelerate the growth.

On an overall basis, the economy is expected to continue on growth track.

COMMERCIAL VEHICLE INDUSTRY IN INDIA

Overall volume of Commercial vehicles sales stood at 7,14,232 units and grew by 4.2%.

M&HCV truck and bus volumes were flat at 3,02,529 Nos. The goods carriers contribute to more than 80% of the volume. The primary reasons attributed to reduced sales are demonetization, lack of clarity in GST implementation deadline, and the expected investment has not fully kicked in.

The Table below provides statistics of domestic sales performance by segment-

Domestic Sales

| Segment | 2016-17 | 2015-16 | Change% |
|------------------------|-----------------|-----------------|--------------|
| M&HCV Buses | 47,262 | 43,885 | 7.7 |
| M&HCV Trucks | 2,55,267 | 2,58,488 | -1.25 |
| M&HCV Total | 3,02,529 | 3,02,373 | 6.45 |
| LCV Buses | 50,864 | 48,960 | 3.89 |
| LCV Trucks | 3,60,839 | 3,34,371 | 7.92 |
| LCV Total | 4,11,703 | 3,83,331 | 11.81 |

Post change in emission norms to BSIV with effect from April 1, 2017, commercial vehicle industry is expected to be impacted in FY 2017-18. There were advanced purchases of BS-III models in FY 2016-17, considering the expected price increase for BSIV version.

Improved economic scenario as explained above, higher allocation of funds for Infrastructure and GST regime is expected to have a positive impact in the Industry.

RAILWAYS

The Company had been present in the business of supplies to Indian Railways and its offerings included refurbishment of old wagons and supply of assemblies for Indian Railways and its manufacturing plants. The company however has not been focusing on this line of business due to financial challenges faced during the year.

HEAVY FABRICATION

The Company fabricates steel structures and support columns for Power Plants and Electrostatic Precipitators (ESPs), structure for power plant boilers and Ducts and General Fabrication components for power plants and has executed orders for L&T Power. The total net sale achieved under this category is Rs. 1.22 Crore. The erection of thermal power plants has slowed down. Therefore requirement of inputs to power plants has gone down. On the other hand, due to strict pollution norms demand of electrostatic (ESP) has gone up and expected that this trend will continue in 2017-18.

The Company in its heavy fabrication segment has managed to supply 243.71 Ton of materials amounting Rs. 122.01 Lakhs in the Financial Year 2016-17, in comparison to FY 2015-16 of Rs. 430 Lakhs. Being a capital intensive product line and of our weak fund position, we had to refuse orders of worth 300 to 350 Lakhs and had not pursued new customers.

FINANCIAL OVERVIEW

For the year ended 31 March 2017, the Company recorded total income of Rs. 105.97 crore as compared to Rs 108.16 crore for the previous year. The loss before tax and exceptional items has been brought down to Rs 33.05 crores as compared to loss of Rs 47.19 crore for the previous year (the loss for previous includes provision for doubtful debts/advances of Rs 14.34 crore).

| Particulars | 2016-17 | 2015-16 |
|--|------------|------------|
| Gross Sales | 15115.52 | 14887.06 |
| Net Sales (Excluding Excise Duty) | 10597.43 | 10816.00 |
| Other Income | 44.38 | 112.72 |
| Total Expenditure | 13946.93 | 15648.06 |
| Profit /(Loss) Before Tax and exceptional items | (3305.12) | (4719.34) |
| Exceptional Item (Impairment of Assets) | - | 5367.00 |
| Income Tax provision/(write back) | - | 389.87 |
| Profit /(Loss) After Tax | (3305.12) | (10476.21) |
| Balance (Loss)/Profit Brought Forward From Previous Year | (18464.21) | (7988.00) |
| Balance (Loss)/Profit Carried Forward to Balance Sheet | (21769.42) | (18464.21) |

The year was tough on all the fronts.

- The Company continued to operate under severe liquidity pressure during the year.
- One of the lending banks, curtailed the working capital facility from September 2016, impacting the rotation of funds required for purchase of material for fulfillment of customer orders. This severely affected the orders from one of the major OEM customer of the Company. The sales (net of excise duty) for the first half were Rs 6673.88 lakh as compared to Rs 3923.55 lakh for second half of the year under review. This reflects the impact of curtailment of credit facility by the lending bank.
- Non-availability of Working Capital lead to delayed deliveries.
- Due to Working Capital constraints, Company had to refuse orders of L& T for high fabrication.
- The Company incurred additional discounting cost on receivable for cash flow reasons.
- Incremental finance cost.
- Penal interest cost on delayed statutory payments
- There was pressure from creditors.

Steps Initiated by the Company

In order to come out of the crisis, the company has taken the following steps:

1. The Company has rationalized the manpower and operations.
2. Sale of surplus assets and inventory
3. The Company arranged assistance from OEMs, for material procurement.
4. The company has also focused on radical cost reduction drive

TECHNOLOGY - IT Process and Systems

Over the past 3 years the company has not been able to make adequate investments to upgrade the software or the hardware to keep pace with development and to harness more efficiency in operations.

CORPORATE GOVERNANCE

The Company believes that corporate accountability and corporate governance enable wealth creation and that the shareowners' participation adds value and often the power of ideas that investors bring outweighs the money they have invested in the Company. The corporate governance practices, as envisaged by the law of the country and regulators, in letter and spirit are the pillars of the business practices at CEBBCO.

The driving forces of corporate governance at CEBBCO are its core values - excellence and customer satisfaction, maximizing long- term value for stakeholders, good corporate conduct and environment-friendly behavior.

RISK MANAGEMENT

The Company has a risk management system. The management and members of the Board review the business periodically to identify ongoing factors that affect the business and also focus of changes in external environment which are likely to impact the Company. The management has foreseen certain risks and took effective steps to mitigate the risks. The following are the risks and the mitigation approach.

1. **Cyclicity of the commercial vehicle industry** - The demand for CEBBCO's products is closely linked to overall industrial growth and is vulnerable to cyclicity in the commercial vehicle industry. In addition to rationalizing the production capacities (as already mentioned), the company is focusing for increasing the revenue from other businesses such as heavy fabrication, water tankers and defense.
2. **Liquidity constraint and finance cost-** The Company had incurred significant borrowings for setting up of railway wagon manufacturing facility. Since, the railway wagon business did not materialize, the existing business had to service the borrowings. The ballooning interest cost burden and downturn in automotive demand in the past, has resulted in significant fund constraints resulting into loss of customer

orders and additional cost of procurement. In order to increase long term financial resources and also to enhance the net worth, the Company issued Non-Convertible Redeemable Preference Shares of Rs. 20 crore to the promoters, in FY 2014-15.

However, this constraint has not been fully resolved and the Company is hoping for a positive outcome of strategic debt restructuring, initiated by the lenders.

3. **Raw material costs** - Steel accounts for approximately 70% of the raw material costs. Due to cash flow issues, the Company, at times, is required to buy steel from trader at a price higher than manufacturer. The Company follows a zero-based costing model with steel being a pass through with a lag of a quarter. The company has centralized the steel procurement function with the objective of leveraging the volumes to get better prices and is focusing on other cost control measures.
4. **Competition**- The Company depends on load body business from certain OEM customers. These OEMs have developed more than one supplier to minimize their risk. There is risk of change in OEM policy of with reference to suppliers.
5. **Irregular order flows from heavy fabrication business**- The Company will get affected in case there are irregular order flows from capital goods industries requiring heavy fabrication. However, the Company's plant is fungible and can be used for the manufacture of other products.
6. **Increase in interest rate/cost**- Given the high interest burden, any increase in interest rate will adversely affect the company. This is a fixed cost and any measure taken to mitigate this risk will essentially show results over the medium and long term. Also funding constraints compel the Company to discount its receivables at exorbitant cost..
7. **Currency fluctuations**: The borrowing in external currency can fluctuate in line with the currency movement of the Indian rupee vis-à-vis the US Dollar and any depreciation in the value of the rupee can adversely affect the company's profitability. The Company's ECB of US\$ 4.80 million is now fully un-hedged and will get exposed to rupee depreciation against US\$.
8. Delays in execution of orders (particularly orders obtained through competitive tenders) can have a negative impact on profitability.

INTERNAL CONTROL SYSTEM

The Company has an established and comprehensive internal control mechanism and management structure in place across all locations and business functions that ensure the Company's assets are duly recorded at fair value as per standard accounting practices and safeguarded against all and any loss from unauthorized use or disposal.

The full documentation of Internal Control over Financial Reporting is in place and the management has undertaken effectiveness test of the system.

The Internal Control systems are implemented:

1. To safeguard the Company's assets from loss or damage.
2. To keep constant check on cost structure and process loss.
3. To provide adequate financial and accounting controls.
4. To maintain proper accounting record and statutory compliances.
5. For appropriate use of Company funds.

The top management and Audit Committee of the Board review the findings and the recommendations of the internal audit team as well as outside auditors and are empowered by the Board to take up and investigate any matter flagged by the internal audit team.

Internal Audit: The Company has assigned the internal audit to a leading auditing firm. The internal audits are reviewed by the Audit Committee including implementation status of changes suggested by Internal Auditors

Cautionary Statement

Statements made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be "Forward-looking statements" within the meaning of applicable securities laws and regulations. However, actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and other incidental factors.



Date: 22nd August 2017

Dear Member,

You are cordially invited to attend the 37th Annual General Meeting (the 'AGM') of the members of Commercial Engineers & Body Builders Co Limited (the 'Company') to be held on Wednesday, 27th Day of September 2017 at 3.00 PM. at Stock Exchange Auditorium, UP Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003 (U.P.).

The Notice of the meeting, containing the business to be transacted, is enclosed.

Thanking You,

For and on behalf of the Board

COMMERCIAL ENGINEERS & BODY BUILDERS CO. LIMITED

Amit K Jain

Company Secretary

ACS No.: A39779



Commercial Engineers & Body Builders Co. Ltd.

Commercial Engineers & Body Builders Co. Limited

Regd. Office: 84/105-A, G T Road, Kanpur- 208003 (U.P.)

CIN: L24231UP1979PLC004837,

Telephone No. 0512-2520291,

Email ID - cs@cebbco.com, Website -www.cebbco.com

NOTICE

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Members of Commercial Engineers & Body Builders Co Limited will be held on Wednesday, 27th September, 2017 at 3.00 PM. at Auditorium of U P Stock and Capital Limited, Padam Towers, 14/113, Civil Lines, Kanpur - 208 001 (U.P.) to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the Financial year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To consider the appointment of M/s. BSR & Co. LLP, Chartered Accountants, (Firm Registration No. 101248 W/W - 100022) as the Statutory Auditors of the Company in place of the retiring Auditors, M/s. Deloitte Haskins and Sells, LLP, Chartered Accountants, (firm registration number-117366W/W-100018), and if thought fit, to pass with or without modification(s), the following as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s BSR & Co. LLP, Chartered Accountants, (Firm Registration No. 101248 W/W - 100022), Mumbai, be and are hereby appointed as the Statutory Auditor of the Company to hold office for a term of five consecutive financial years, from the conclusion of this Annual General Meeting till the conclusion of the Forty Second Annual General Meeting, subject to ratification of their appointment by the members at every Annual General Meeting held after this Annual General Meeting, on such remuneration plus taxes as applicable, as may be mutually agreed upon by the Board of Directors and the Auditors."

By Order of the Board

FOR COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED

Registered Office:

84/105A, G T Road,

KANPUR (UP)

Date:22nd August 2017

(Amit K Jain)

Company Secretary

Membership No. -A39779

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. The instrument appointing the Proxy should, however, be deposited at the Registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A Person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 15 and Annexure-A. The Company will also send communication relating to remote e-voting which inter alia would contain details about e-voting event no., User ID and password along with a copy of this Notice to the Members, separately.
3. The Notice of AGM is being sent to those members/beneficial owners whose name will appear in the registers of member/list of beneficiaries received from the depositories as on 31st Day of August 2017.
4. Full version of Annual Reports will also be available under the section 'For Investors' on the website of the company www.cebbco.com.
5. Corporate Members intending to send their Authorized Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. 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.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, during the business hours up to the date of the Meeting.
9. The Company has notified closure of Register of Members and Share Transfer Books from 18/09/2017 to 28/09/2017 (both days inclusive).

10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its Registrar and Transfer Agents, Karvy Computer share Private Limited ("Karvy").
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the Share Certificates to Karvy, for consolidation into a single folio.
13. Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
15. Information and other instructions relating to e-voting are as under:
 - (i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
 - (ii) The poll shall be conducted at the meeting and members attending the Meeting who have not cast their vote by remote e-voting shall be eligible to vote at the Meeting.
 - (iii) The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

- (iv) The Company has engaged the Services of Karvy Computer share Private Limited ("Karvy") as the Agency to provide e-voting facility.
- (v) Voting rights shall be reckoned on the Paid-up value of Shares registered in the name of the Member / Beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 17th September, 2017.
- (vi) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e. 17 September, 2017 only shall be entitled to avail the facility of remote e-voting.

ANNEXURE "A" TO THE NOTICE

Instructions for voting

The instructions for e-voting are as under:

- A. In case a Member receiving an email of the AGM Notice from Karvy for Members whose email IDs are registered with the Company/ Depository Participant(s):
- i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii) Enter the login credentials (i.e., User ID and password mentioned below). Event No. followed by Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii) After entering these details appropriately, Click on "LOGIN".
 - iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v) You need to login again with new credentials.
 - vi) On successful login, the system will prompt you to select the "EVENT" i.e. Commercial Engineers & Body Builders Co Ltd.
 - vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option ABSTAIN. If the shareholders do not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii) Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
 - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any special item it will be treated as abstained.
 - x) You may then cast your vote by selecting an appropriate option and click on "Submit".

- xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e mail ID: sk_gupta1@rediffmail.com with a copy marked toevoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENTNO."
 - xiii) In case a person has become the Member of the Company after dispatch of AGM Notice but on or before the cut-off date i.e. 17th September, 2017, may write to Karvy on the email Id: evoting@karvy.com or to Ms Shobha Anand, Contact No. 040-67162222, at [Unit: Commercial Engineers & Body Builders Co Limited] Karvy Computer share Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case a member receives physical copy of the Notice by Post [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:
 - i) User ID and initial password - These will be sent separately.
 - ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. The e-voting period commences on Sunday, 24th September, 2017 at 10.00 A.M and ends on Tuesday, 26th September at 05.00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Sunday, 17th September, 2017, may cast their vote by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by way of poll, if held at the Meeting.
- D. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>. (Karvy's Website).
- E. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being Sunday, 17 September, 2017.

- F. The Company has appointed Shri S.K. Gupta (FCS-2589) and Ms. Divya Saxena (FCS-5639), Practicing Company Secretaries and Partners, M/s. S.K. Gupta & Co., Kanpur as Scrutinizer and alternate Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- G. The Scrutinizer shall immediately after the conclusion of the voting at AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later 3 days of conclusion of the meeting, a consolidated Scrutinizers Report of the total votes cast in the favour or against, if any, to the Chairman of the Company.
- H. The Results on resolutions shall be declared on or after the Annual General Meeting of the Company and the resolution(s) will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- I. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.cebbco.com) and Service Provider's website (<https://evoting.karvy.com>) and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.

By Order of the Board

FOR COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED

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

Date: 22nd Aug. 2017

(Amit K Jain)
Company Secretary
Membership No. -A39779

Director's Report 2016-17

To the Members of
Commercial Engineers & Body Builders Co. Ltd

Your Directors present the 37th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2017.

Financial Highlights

Rupees In Lakh

| Particulars | 2016-17 | 2015-16 |
|--|------------|------------|
| Gross Sales | 15115.52 | 14887.06 |
| Net Sales (net of excise duty) | 10597.43 | 10816.00 |
| Other Income | 44.38 | 112.72 |
| Total Expenditure | 13946.93 | 15648.06 |
| Profit/(Loss) Before Tax | (3305.12) | (4719.34) |
| Exceptional Item (impairment of asset) | - | 5367.00 |
| Provision for Tax | - | 389.87 |
| Profit/(Loss) After Tax | (3305.12) | (10476.21) |
| Balance Brought Forward From Previous Year - Profit/(Loss) | (18464.21) | (7988.00) |
| Balance C/F to Balance Sheet - Profit/(Loss) | (21769.33) | (18464.21) |

Performance at glance

The Company continued under severe liquidity pressure during the year. Further, one of the lender, curtailed the working capital facility from September 2016, impacting the rotation of funds required for purchase of material for fulfillment of customer orders. This severely affected the orders from one of the major OEM customer of the Company. The sales (net of excise duty) for the first half were Rs. 6673.88 lakh as compared to Rs. 3923.55 lakh for second half of the year under review. This reflects the impact of curtailment of credit facility by the lending bank. During the year, the company has achieved sales (net of excise duty) of Rs. 10,816.00 Lakh as compared to Rs. 11,844.8 Lakh for the preceding financial year.

Consequently, the Company has recorded a loss before tax & exceptional item of Rs. 3,305.12 Lakh (Previous year: Loss Rs. 4,719.34 Lakhs)

The loss after tax is Rs. 3305.12 lakh for the current year. (Previous year: loss Rs.10476.21 Lakh).

Your management is striving hard to rationalize the operations and focus on customer deliveries by working with key OEM customers and suppliers.

Erosion of Net Worth and Report to BIFR

The accumulated losses as at March 31, 2017, were more than 50% peak net worth during the four financial years, preceding the financial year 2016-17.

Accordingly, as required by the then applicable, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Company had called an extraordinary general meeting on September 24, 2016 to consider the erosion and authorize the Board of Directors to comply with SICA. Post approval by the members in the aforesaid meeting, the Report of Erosion under Section 23(1)(a)(i) of SICA, had been filed on 10/11/2016, with the Board for Industrial and Financial Reconstruction.

With effect from December 1, 2016, the Sick Industrial Companies (Special Provisions) Act, 1985, has been repealed.

Strategic Debt Restructuring

During the year, the lenders formed a Joint Lenders Forum (JLF) to consider revival measures considering the performance of the Company and its financial position. The lenders have invoked Strategic Debt Restructuring (SDR) as per the guidelines of RBI, with a view to evaluate and implement debt restructuring and other measures with a view to revive the operations of the Company.

The SDR process is currently in progress.

Future Outlook

On account of severe cash flow constraints, the Company is currently unable to meet customer demands. This has also compelled certain OEM customers to lower the orders on the Company. The Company is working with certain customers who give assistance for fulfillment of their orders. The Company is also working with available working capital for completing certain orders. Further, in order to improve the performance, the Company has undertaken steps to rationalize the manpower and operations.

However, current state of cash flow and working capital, significantly limits the ability of the Company to target higher sales.

The Company is hopeful of positive outcome of the SDR process, which is currently underway.

Details of Subsidiary, Joint Venture or Associates

The Company does not have any subsidiary company, associates company or joint venture. Accordingly, a statement of the subsidiary Companies/ Associate Companies/Joint Ventures as per Form AOC-1 is not required to be filed with MCA/ROC.

Extract of the Annual Return

The extract of Annual Return, in Form MGT -9 for the Financial Year 2016-17 has been enclosed with this report as Annexure III.

Meetings of the Board of Directors

The Board met Seven times during the year 2016-17 i.e. on 20th May 2016, 30th May 2016, 21st June 2016, 10th August 2016, 28th September 2016, 14th November 2016 and 13th February 2017. For further details, please refer Report on Corporate Governance of this Annual Report.

Directors Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures.;
- b) 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 as at March 31, 2017 and of the profit or loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements set out by SEBI. Pursuant to Regulation 27 of the Listing of Debt Regulation 2015, a separate Report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance forms part of the Annual Report.

Particulars of Loans given, Investments made, guarantees given

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statements.

Contracts and Arrangements with Related Parties

All related party transactions that were entered into during the financial year 2016-17 were on an arm's length basis and were in the ordinary course of the business. No materially significant related party transactions were entered into by the company with Promoters, Key Managerial Personnel or other designated persons, which may have potential conflict with interest of the company at large.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link http://www.cebbco.com/docs/profile_for_investors.html.

Members are requested to draw their attention to Note No. 32 of the financial statement which sets out related party disclosures.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out Go in terms of section 134 (3)(m) of the act read with rule 8 of the Companies (Accounts) Rules, 2014 forming part of the Director report for the year ended March 31st, 2017.

Conservation of Energy:

1. Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
2. No specific investment has been made in reduction in energy consumption.
3. As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.

Since the Company does not fall under the list of industries, which are required to furnish this information in Form A annexed to the aforesaid Rules, the information has not been given.

Technology Absorption

The Company's products are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore, no technology absorption is required. The Company persistently endeavors towards improvement in quality of its products.

Foreign exchange outgo and earning

During the year under the review, the Company had Foreign Exchange Earnings Nil and Foreign Exchange Outgo of Rs 425.62 Lakhs.

Risk Management

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the listing of Debt Regulation, provision of this regulation shall be applicable to top 100 listed entities, determined on the basis of market capitalisation, as at the end of immediate previous financial year. Risk management committee therefore has been abolished by the company.

The Company is facing severe issues on liquidity and working capital front. The Company continue to monitor the cash flows and working capital situation and suitable actions are initiated. A reference may be made to discussion on strategic debt restructuring in this report.

Corporate Social Responsibility (CSR)

A Corporate Social Responsibility Policy (CSR Policy) demonstrating the activities to be undertaken by the Company has been formulated by the Corporate Social Responsibility Committee (CSR Committee) and recommended to the Board, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: http://www.cebbco.com/docs/profile_for_investors.html.

The Annual Report on CSR activities has been annexed herewith as ANNEXURE - I

Internal Financial Controls

The Company has adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable substantial weaknesses were observed.

Directors and KMP

The Board of Directors comprises

| Sr. No. | Particulars | Designation |
|---------|----------------------|---------------------------------|
| 1. | Dr. Kailash Gupta | Non-Executive Promoter Director |
| 2. | Mr. Prakash Y Gurav | Independent Director |
| 3. | Mr. Prabhakar Dalal | Independent Director |
| 4. | Mr. M Venkat Rajarao | Independent Director |

During the year following changes have been in board of directors due to resignation/cessation:

Mrs. Nandini Malpani, Non Executive Director resigned from Directorship with effect from 20th May 2016. The Company had initiated steps to induct 'woman director'. However, on account of deteriorating performance of the Company, it has been difficult to attract suitable candidate. The Company continues its effort to look out for suitable candidate.

Furthermore we confirm that the Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

On the basis of recommendations of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, an evaluation process was followed by the Board for its own performance and that of its Committees and individual Directors. During the year, a meeting of independent directors was held on 10/03/2017 to undertake performance evaluation of independent directors, Board of director as a whole and Committees of Board.

The details of Programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link:

http://www.cebbco.com/docs/profile_for_investors.html

AUDIT

Statutory Audit

In the 34th Annual General Meeting held on September 29, 2014, M/s. Deloitte Haskins & Sells LLP, (DHS), Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) was re-appointed as Statutory Auditors of the Company for a tenure of 3 year, subject to ratification of their appointment by Members at every subsequent Annual General Meeting. DHS tenure of 3 year as Statutory Auditors concludes at this ensuing Annual General Meeting.

The report of the Statutory Auditors is enclosed to this Report and contains no qualification, reservation or adverse remark. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

The Board of Director of the Company has on the recommendation of the Audit Committee and a per Section 139 of the Act it is proposed to appoint M/s B S R & Co. LLP, Chartered Accountants (B S R LLP) (ICAI Firm No. 101248W/W – 100022) for a tenure of 5 year, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the 42nd Annual General Meeting of the Company to be held in the year 2022, subject to ratification of their appointment at every subsequent Annual General Meeting, at such remuneration as approved by the Members at this Annual General Meeting.

The Board commend to seek consent of its Members on appointment of BSR LLP as Statutory Auditors for tenure of 5 year, to examine and audit the accounts of the Company during the said period.

Secretarial Audit

The Board has appointed Mr. S.K. Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as ANNEXURE II to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DISCLOSURES:

CSR Committee

The CSR Committee comprises Mr. Kailash Chand Gupta, Mr. Manchi Venkat Raja Rao and Mr. Prabhakar Dalal as other members.

Audit Committee

The Audit Committee comprises Mr. Prakash Yashwant Gurav (Chairman), Mr. Manchi Venkat Raja Rao and Mr. Prabhakar Ramchandra Dalal as other members. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics Officer and other Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Ethics Officer and other Force or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link http://www.cebbco.com/docs/profile_for_investors.html.

Employee

There is no employee in the company whose particulars are required to be disclosed under the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendment thereto.

GENERAL

- 1) **Public Deposit** - Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
- 2) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- 3) Material changes affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of this report -
- 4) **Share Capital** - The paid up equity capital as on March 31, 2017 was Rs. 54,94,29,640.00.

The Company has issued in FY 2014-15, 2,000,000 unlisted non-convertibles, cumulative redeemable preference shares of the Company of the face value of Rs. 100/- each, for an aggregate value of Rs. 20 Crores, at par, on a private placement basis, jointly to the promoters i.e. Mr. Kailash Chand Gupta and Mrs. Rekha Gupta. Up to March 31, 2017, Rs. 13.00 Crores has been paid up.

The company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

Prevention of Sexual Harassment at Workplace under Sexual Harassment of Women & Workplace (Prevention, prohibition & redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at



workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year under review, there were no complaints pertaining to sexual harassment.

Acknowledgements

Your Directors take this opportunity to express their gratitude to the customers, employees, bankers /financial institutions and vendors for their continued support and guidance.

For on behalf of the Board

COMMERCIAL ENGINEERS & BODY BUILDERS CO LTD.

Place: Jabalpur
Date: 22nd Aug. 2017

P.Y. Gurav
DIN: 02004317

M.V. Raja Rao
DIN: 00110363

ANNEXURE I TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Corporate Social Responsibility (CSR) [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The Company strives through sustainable measures to actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation. The CSR initiatives focus on universal development of mass communities and create social, environmental and economic value to the society.

To pursue these objectives we will continue to work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, provide medical aid to the destitute and impoverished.

Web Link: http://www.cebbco.com/docs/profile_for_investors.html

2. Composition of CSR committee

The committee consists of following directors:

- Mr. Kailash Chand Gupta
- Mr. Manchi Venkat Raja Rao
- Mr. Prabhakar Dalal

3. Average net profit of the company for last three financial years:

Loss 9,731.80 Lakh.

4. Prescribed CSR Expenditure (Two Percent of the amount as in item 3 above)-
Not applicable in view of the loss.

5. Details of CSR spend for the financial year :

- a) Total amount spent for the financial year: Nil
- b) Amount unspent if any: Nil
- c) Manner in which the amount spent during the financial year: Not applicable

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report-

Not applicable.

ANNEXURE II TO DIRECTORS' REPORT**SECRETARIAL AUDIT REPORT****S. K. Gupta & Co.**

Company Secretaries

9, Roland Complex
Upper Floor, 37/17
Westcott Building,
The Mall,
Kanpur-208001
Telefax :0512- 2315123
Cell - 9415042137
E-mail:sk_gupta1@rediffmail.com

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,**The Members,****Commercial Engineers & Body Builders Co Limited,****84/105-A, G.T. Road,****KANPUR- 208003 (U.P.)**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has during the Financial year ended on **31st March, 2017** ('Audit Period') complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company as the Company has not entered into any transaction involving Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the Audit Period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers)Regulations, 2011;
 - (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,2015;
 - (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements)Regulations, 2009 **(Not applicable as the Company has not issued any further Capital under the Regulations during the Audit Period);**
 - (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India(Share Based Employee Benefits) Regulations,2014 **(Not applicable as the Company has not framed any such Scheme during the Audit Period);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable as the Company has not issued and listed any debt securities during the Audit Period);**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client **(Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the Audit period);**
 - (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 **(Not applicable as the Company has not delisted / proposed to delist its Equity Shares from any Stock Exchange during the Audit period);** and
 - (h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 **(Not applicable to the Company as the Company has not**

bought back/proposed to buy-back any of its securities during the Audit Period).

We have also examined compliance with the applicable Clauses of the following:

- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and the General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We have relied upon the representation made by the Company and its Officers for compliances under the laws and regulations as applicable to the Company and are of the opinion that there are no sectoral laws applicable specifically to the Company.

We further report that except the non-appointment of Woman Director in the casual vacancy caused on 20th May, 2016, the Board of Directors of the Company is duly constituted which comprised of Non-Executive Directors and Independent Directors only. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the Meeting and for meaningful participation at the Meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of Audit and review of Internal Auditor's Report and the periodical compliance reports submitted by respective Departmental Heads and taken on record by the Audit Committee / Board of Directors of the Company, in our opinion there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines. However, due to financial constraints, there have been delays in depositing statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, VAT, Service Tax, Customs Duty, Excise Duty, Cess etc. with the appropriate Authorities.

We further report that during the Audit Period:

- (a) The Members at an Extraordinary General Meeting of the Company held on 24th September, 2016 passed an Ordinary Resolution under Section 23 of the Sick Industries Companies (Special Provisions) Act, 1985 (SICA) for reporting the fact of erosion of more than 50% of the Net Worth of the Company as at the end of the financial year in relation to its peak net worth during the immediately preceding four financial years to the Board for Industrial and Financial Reconstruction (BIFR).
- (b) In view of the accumulated losses there has been erosion of more than 50% of Company's peak net-worth as at 31st March, 2016, as such, the Company became a potentially Sick Company under the provisions of Section 23 of the Sick Industrial Companies (Special provisions) Act, 1985. The Company has filed the reference with the Board for Industrial and Financial Reconstruction (BIFR) in terms of Section 23(1)(a)(i) of Sick Industries Companies (Special Provisions) Act, 1985 (SICA) on 11th November, 2016. As the Board for Industrial and Financial Reconstruction (BIFR) stands dissolved w.e.f. 1st December, 2016, reference made by the Company to BIFR and the matters relating thereto and arising there from stand abated.
- (c) The Company has committed defaults in repayment of principal and interest on long term loans and working capital facilities including External Commercial Borrowings taken from Banks.
- (d) 3,02,62,528 Equity Shares constituting 99.72% of the Promoter's Shareholding continued to be encumbered / pledged against various facilities availed by the Company as at the close of the financial year i.e. 31st March, 2017.
- (e) The Joint Lenders Forum (JLF) at its Meeting held on 11th January, 2017 decided to invoke Strategic Debt Restructuring ('SDR') in compliance with 'SDR' Guidelines issued by the Reserve Bank of India. The JLF is in the process of formulating a scheme / package in line with the SDR Guidelines issued by the Reserve Bank of India.

For S.K. Gupta & Co.
Company Secretaries

(S.K. GUPTA)
Managing Partner
F.C.S -2589
C P-1920

Place : Kanpur
Date : 6th August, 2017

ANNEXURE III TO DIRECTORS' REPORT

FORM NO. MGT 9

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

EXTRACT OF ANNUAL RETURN

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|--|--|
| i | CIN | L24231UP1979PLC004837 |
| ii | Registration Date | 28-Sep-79 |
| iii | Name of the Company | Commercial Engineers & Body Builders Co. Ltd |
| iv | Category of the Company | Public Limited |
| v | Address of the Registered office & contact details | |
| | Address : | 84/105-A, G T Road, Kanpur Mahanagar |
| | Town / City : | Kanpur |
| | State : | Uttar Pradesh |
| | Country Name : | India |
| | Telephone (with STD Code) : | 0512 |
| | Fax Number : | 2520291 |
| | Email Address : | cs@cebbco.com |
| | Website, if any: | www.cebbco.com |
| vi | Whether listed company | Yes |
| vii | Name and Address of Registrar & Transfer Agents (RTA):- | |
| | Name of RTA: | Karvy Computershare Pvt. Ltd |
| | Address : | Karvy Selenium Tower B, Plot number 31 & 32, Nanakramguda, Serilingampally Mandal |
| | Town / City : | Hyderabad |
| | State : | Andhra Pradesh |
| | Pin Code: | 500032 |
| | Telephone : | 040-67161564 |
| | Fax Number : | 040-67161564 |
| | Email Address : | shobha.anand@karvy.com |

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Commercial Vehicle Load Body For Tata Motors Ltd. Eicher,MAN FORCE ,Defence and non OEM customer | | 86% |
| | | | |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| | |
|--|---|
| No. of Companies for which information is being filled | 0 |
|--|---|

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY /ASSOCIATE | % of shares held | Applicable Section |
|--------|---------------------------------|---------|--------------------------------------|---------------------|-----------------------|
| 1 | N A | N A | | N A | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % Change during | |
|---|---|----------|----------|---|----------|----------|-----------------|--------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | | Total |
| A. Promoter's | | | | | | | | |
| (1) Indian | | | | | | | | |
| a) Individual/ HUF | 27107115 | 0 | 27107115 | 49.34% | 27107115 | 0 | 27107115 | 49.34% |
| b) Central Govt | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| c) State Govt(s) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| d) Bodies Corp. | 27054 | 0 | 27054 | 0.05% | 27054 | 0 | 27054 | 0.05% |
| e) Banks / FI | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| f) Any other (Promoter Trust) | 3213443 | 0 | 3213443 | 5.85% | 3213443 | 0 | 3213443 | 5.85% |
| (2) Foreign | | | | | | | | |
| a) NRI - Individual/ | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| b) Other - Individual/ | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| d) Banks / FI | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| e) Any Others | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| Total shareholding of Promoter (A) | 30347612 | 0 | 30347612 | 55.23% | 30347612 | 0 | 30347612 | 55.23% |
| B. Public Shareholding | | | | | | | | |
| 1. Institutions | | | | | | | | |
| a) Mutual Funds | 1111592 | 0 | 1111592 | 2.02% | 839640 | 0 | 839640 | 1.53% |
| b) Banks / FI | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| c) Central Govt | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| d) State Govt(s) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| e) Venture Capital Funds | 6005401 | 0 | 6005401 | 10.93% | 6005401 | 0 | 6005401 | 10.93% |
| f) Insurance Companies | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| g) FIIs | 7449 | 0 | 7449 | 0.01% | 7449 | 0 | 7449 | 0.01% |

| | | | | | | | | | | | | | | | | | | | | |
|--|----------|-----|----------|-----|---|----------|-----|----------|-----|---|---|---|---|---|---|---------|---|--------|--------|--------|
| h) Foreign Venture Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 0.00% | 0.00% |
| i) Others (NBFC) | 23070 | 0 | 23070 | 0 | 0 | 27620 | 0 | 27620 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.04% | 0 | 0.05% | 0.05% | -0.01% |
| Sub-total (B)(1):- | 7147512 | 0 | 7147512 | 0 | 0 | 6880110 | 0 | 6880110 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13.01% | 0 | 12.52% | 12.52% | 0.49% |
| 2. Non-Institutions | | | | | | | | | | | | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | | | | | | | | | | | | |
| i) Indian | 3238114 | 0 | 3238114 | 0 | 0 | 2838263 | 0 | 2838263 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5.89% | 0 | 5.17% | 5.17% | 0.73% |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0.00% | 0.00% | 0.00% |
| b) Individuals | | | | | | | | | | | | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 7594221 | 103 | 7594324 | 103 | 0 | 8971967 | 103 | 8972070 | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 13.82% | 0 | 16.33% | 16.33% | -2.51% |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 6132121 | 0 | 6132121 | 0 | 0 | 5668180 | 0 | 5668180 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11.16% | 0 | 10.32% | 10.32% | 0.84% |
| c) Others (specify) | | | | | | | | | | | | | | | | | | | | |
| Clearing Members | 240862 | | 240862 | | | 45255 | 0 | 45255 | 0 | | | | | | | 0.44% | | 0.08% | 0.08% | 0.36% |
| Non Resident Indians | 242419 | | 242419 | | | 191474 | 0 | 191474 | 0 | | | | | | | 0.44% | | 0.35% | 0.35% | 0.09% |
| Trust | 0 | | 0 | | | | | | | | | | | | | 0.00% | | | | |
| Sub-total (B)(2):- | 17447737 | 103 | 17447840 | 103 | 0 | 17715139 | 103 | 17715242 | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 31.76% | 0 | 32.24% | 32.24% | -0.49% |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | | | | | | | | | | | | | | | | | | | |
| | 24595249 | 103 | 24595352 | 103 | 0 | 24595249 | 103 | 24595352 | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 44.77% | 0 | 44.77% | 44.77% | 0.00% |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | | | | | | | | | | | | |
| Total (C) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% | 0 | 0% | 0% | 0.00% |
| Grand Total (A+B+C) | 54942861 | 103 | 54942964 | 103 | 0 | 54942861 | 103 | 54942964 | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 100.00% | 0 | 100% | 100% | 0.00% |

ii Shareholding of Promoters

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|--------|---------------------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Kailash Gupta | 23609495 | 42.97% | 42.97% | 23609495 | 42.97% | 100.00% | 0.00% |
| 2 | Rekha Gupta | 3439590 | 6.26% | 6.26% | 3439590 | 6.26% | 100.00% | 0.00% |
| 3 | Nandini Malpani | 1620000 | 2.95% | 2.95% | 1620000 | 2.95% | 100.00% | 0.00% |
| 4 | Nandini Malpani | 1124105 | 2.05% | 2.05% | 1124105 | 2.05% | 100.00% | 0.00% |
| 5 | Nandini Malpani | 469338 | 0.85% | 0.85% | 469338 | 0.85% | 100.00% | 0.00% |
| 6 | Shalini Gupta | 58030 | 0.11% | 0.00% | 58030 | 0.11% | 0.00% | 0.00% |
| 7 | Commercial Automobiles Pvt Ltd. | 27054 | 0.05% | 0.00% | 27054 | 0.05% | 0.00% | 0.00% |
| | TOTAL | 30347612 | 55.23% | 55.08% | 30347612 | 55.23% | 0.00% | 0.00% |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| SI. No. I - Mr. Kailash Gupta | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------------------------------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 23609495 | 42.97% | 23609495 | 42.97% |
| Changes During the Year | 0 | 0.00% | 0 | 0.00% |
| Increase | | | | |
| Date | Reason for Increase | 0 | 0 | 0 |
| NIL | NIL | 0 | 0 | 0 |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| NIL | NIL | 0 | 0 | 0 |
| At the End of the year | 23609495 | 42.97% | 23609495 | 42.97% |

iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| SI. No.: 1 - TATA CAPITAL GROWTH FUND I | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 6005401 | 10.93% | 6005401 | 10.93% |
| Changes During the Year | NIL | NIL | NIL | NIL |
| Increase | | | | |
| Date | Reason for Increase | | | |
| NIL | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| NIL | NIL | | | |
| At the End of the year (or on the date of separation, if separated during the year) | 6005401 | 10.93% | 6005401 | 10.93% |

| Sl. No.: 2 - HSBC INFRASTRUCTURE EQUITY FUND | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 456592 | 0.83% | 456592 | 0.83% |
| Changes During the Year | | | | |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | | | | |
| At the End of the year (or on the date of separation, if separated during the year) | 456592 | 0.83% | 456592 | 0.83% |
| NIL | NIL | | | |
| Sl. No.: 3 - HSBC MIDCAPEQUITY FUND | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 655000 | 1.19% | 655500 | 1.19% |
| Changes During the Year | -271952 | -0.49% | 0 | 0.00% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | Sale | | 271952 | 0.49% |
| At the End of the year (or on the date of separation, if separated during the year) | 383048 | 0.70% | 383548 | 0.70% |

| Sl. No.: 4 - C RAGHUPATI. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 300000 | 0.55% | 300000 | 0.55% |
| Changes During the Year | 0 | 0.00% | 0 | 0.00% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | NIL | 0 | 0 | 0.00% |
| At the End of the year (or on the date of separation, if separated during the year) | 300000 | 0.55% | 300000 | 0.55% |

| Sl. No.: 5 - VINOD INFOTECH PVT LTD | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 0 | 0.00% | 0 | 0.00% |
| Changes During the Year | 392067 | 0.71% | 392067 | 0.71% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | Purchase | 392067 | 392067 | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | NIL | 0 | 0 | 0.00% |
| At the End of the year (or on the date of separation, if separated during the year) | 392067 | 0.71% | 392067 | 0.71% |

| Sl. No.: 6 - GEETA SHENAVA | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 0 | 0.00% | 0 | |
| Changes During the Year | 237611 | 0.43% | 237611 | 0.43% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | Purchase | 0.43% | 237611 | 0.43% |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | Sale | 0.00% | 0 | 0.00% |
| At the End of the year (or on the date of separation, if separated during the year) | 237611 | 0.43% | 237611 | 0.43% |

| Sl. No.: 7 - SMC GLOBAL SECURITIES LIMITED | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 170000 | 0.31% | 170000 | 0.31% |
| Changes During the Year | 29418 | 0.05% | 29418 | 0.05% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | Purchase | 0% | 29418 | 0% |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| | | 0.00% | 0 | 0.00% |
| At the End of the year (or on the date of separation, if separated during the year) | 199418 | 0.36% | 199418 | 0.36% |

| Sl. No.: 8 - JAYASHREE DINAKAR ATTAVAR | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 160000 | 0.29% | 160000 | 0.29% |
| Changes During the Year | 0 | 0.00% | 0 | 0.00% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| NIL | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| NIL | NIL | | | |
| At the End of the year (or on the date of separation, if separated during the year) | 160000 | 0.29% | 160000 | 0.29% |

| Sl. No.: 9 - NINJA SECURITIES PVT.LTD. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 0 | 0.00% | 0 | 0.00% |
| Changes During the Year | 151331 | 0.28% | 151331 | 0.28% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| | Purchase | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| NIL | NIL | | | |
| At the End of the year (or on the date of separation, if separated during the year) | 151331 | 0.28% | 151331 | 0.28% |

| Sl. No.: 10 - TRINETRA COMPANY PRIVATE LIMITED | Shareholding at the beginning of the Year | | Cumulative Shareholding during the Year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 130000 | 0.24% | 130000 | 0.24% |
| Changes During the Year | 0 | 0.00% | 0 | 0.00% |
| Increase | | | | |
| Date | Reason for Increase | | | |
| NIL | NIL | | | |
| Decrease | | | | |
| Date | Reason for Decrease | | | |
| NIL | NIL | | | |
| At the End of the year (or on the date of separation, if separated during the year) | 130000 | 0.24% | 130000 | 0.24% |

Shareholding of Directors and Key Managerial Personnel:

| S. No.: 1 Mr. Kailash Gupta | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 23609495 | 42.97% | 23609495 | 42.97% |
| Changes During the Year | 0 | 0.00% | 0 | 0.00% |
| Increase | | | | |
| Date | | | | |
| Reason for Increase | | 0 | 0 | 0 |
| NIL | | 0.00% | 0 | 0.00% |
| Decrease | | | | |
| Date | | | | |
| Reason for Decrease | | | | |
| NIL | | 0.00% | 0 | 0.00% |
| At the End of the year | 23609495 | 42.97% | 23609495 | 42.97% |

| S. No.: 2 Mrs. Nandini Malpani as Trustee of Jashn Beneficiary Trust(Promoter Trust) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 3213443 | 5.85% | 3213443 | 5.85% |
| Changes During the Year | NIL | NIL | NIL | NIL |
| Increase | | | | |
| Date | | | | |
| Reason for Increase | | | | |
| NIL | | | | |
| Decrease | | | | |
| Date | | | | |
| Reason for Decrease | | | | |
| NIL | | | | |
| At the End of the year | 3213443 | 5.85% | 3213443 | 5.85% |

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs.in Lakhs)

| Indebtedness at the beginning of the financial year | Secured Loans | Unsecured Loans | Deposits | Total Indebtness |
|--|----------------------|------------------------|-----------------|-------------------------|
| i) Principal Amount | 13337.60 | 1414.00 | 0.00 | 14751.60 |
| ii) Interest due but not paid | 259.40 | 0.00 | 0.00 | 259.40 |
| iii) Interest accrued but not due | 80.62 | 0.00 | 0.00 | 80.62 |
| Total (i+ii+iii) | 13677.62 | 0.00 | 0.00 | 15091.62 |
| Change in Indebtedness during the financial year | Secured Loans | Unsecured Loans | Deposits | Total Indebtness |
| * Addition | 3532.80 | 115.26 | 0.00 | 3648.06 |
| * Reduction | 2546.52 | 70.47 | 0.00 | 2616.99 |
| Net Change | 986.28 | 44.79 | 0.00 | 1031.07 |
| Indebtedness at the end of the financial year | Secured Loans | Unsecured Loans | Deposits | Total Indebtness |
| i) Principal Amount | 14323.88 | 1458.79 | 0.00 | 15782.67 |
| ii) Interest due but not paid | 932.08 | \ | 0.00 | 932.08 |
| iii) Interest accrued but not due | 20.73 | 78.75 | 0.00 | 99.48 |
| Total (i+ii+iii) | 15276.69 | 1537.54 | 0.00 | 16814.23 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. no. | Particulars of Remuneration |
|---------|---|
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 |
| 2 | Stock Option |
| 3 | Sweat Equity |
| 4 | Commission |
| | - as % of profit |
| | - others, specify |
| 5 | Others, please specify |
| | Total (A) |
| | Ceiling as per the Act |

Remuneration to other directors:

| Sl. no. | Particulars of Remuneration | Kailash Chand Gupta | Prabhakar Dalal | Venkat Manchi R Rao | P Y Gurav |
|---------|---|----------------------------|-------------------------|--------------------------|-------------|
| 1 | Independent Directors Fee for attending board committee meetings Commission Others, please specify Total (1) | 1,00,000.00 1,43,911.00 | 3,25,000.00 3,600.00 | 1,60,000.00 32,893.00 | 2,15,000.00 |
| 2 | Other Non-Executive Directors Fee for attending board committee meetings Commission Others, please specify Total (2) Total (B)=(1+2) Total Managerial Remuneration Overall Ceiling as per the Act | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANA GER/WTD

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|--------------------------|-------------------|--------------|--------------|
| | | CEO | Company Secretary | CFO | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 20,25,028.00 | 13,89,900.00 | 19,22,026.00 | 53,36,954.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | 20,25,028.00 | 13,89,900.00 | 19,22,026.00 | 53,36,954.00 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|------------------------------|------------------------------------|
| A. COMPANY | | | | |
| Penalty | - | - | - | - |
| Punishment | - | - | - | - |
| Compounding | - | - | - | - |
| B. DIRECTORS | | | | |
| Penalty | - | - | - | - |
| Punishment | - | - | - | - |
| Compounding | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | |
| Penalty | - | - | - | - |
| Punishment | - | - | - | - |
| Compounding | - | - | - | - |

REPORT ON CORPORATE GOVERNANCE

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

The Company's policy on Corporate Governance is based on the principles of full disclosure, fairness, equity, transparency and accountability in the various aspects of its functioning, leading to the protection of the stakeholders' interest and an enduring relationship with stakeholders. The management's commitment to these principles is reinforced through the adherence of all Corporate Governance practices embodied in the regulations of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. The Company has also adopted the Code of Conduct for the Directors and senior management personnel. The Company also has a Code for Prevention of Insider Trading for the Directors and the designated employees of the Company.

2. Board of Directors

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

In line with the Regulation 17(1) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 on Composition of Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors.

The code stipulates that the Company shall have an optimum combination of Executive & Non-executive Director with not less than 50 % of Board of Directors comprising of Non-executive Directors. The number of independent Directors would depend on whether the Chairman is executive or non-executive. In case of non-executive chairman, at least 1/3 of Board should comprise of independent directors and in case of Executive Chairman, at least 1/2 of the Board should comprise of independent directors. The Company has been complying with both the provisions towards number of non-executive directors as well as independent Directors.

The Chief Executive officer manages the day to day affairs of the Company under the guidance of Board.

The Board met 07 times during the year 2016-17 i.e. on 20th May 2016, 30th May 2016, 21st June 2016, 10th August 2016, 28th September 2016, 14th November 2016 and 13th February 2017.

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. | Director | Dr. Kailash Chand Gupta | Promoter Non-Executive | 2 | Present |
| 2. | Director | Mr. Prabhakar Dalal | Independent Non-executive | 6 | Absent |
| 3. | Director | Mr. Prakash Yashwant Gurav | Independent Non-executive | 7 | Present |
| 4. | Director | Mr. Manchi Venkat Rajarao | Independent Non-executive | 5 | Absent |
| 5. | Director | Mrs. Nandini Malpani * | Promoter Non-Executive | 0 | Absent |

Note- Mrs. Nandini Malpani has resigned from the Board w.e.f. 20-05-2017 Company had initiated steps to induct 'woman director'. However, on account of deteriorating performance of the Company, it has been difficult to attract suitable candidate. The Company continues its effort to look out for suitable candidate. The intimations had been sent to BSE and NSE accordingly.

b.) **Details of Directorships / Board Committee memberships held by the Directors of the Company in other companies as on 31st March 2017:**

| 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 | 8 | - | - |
| 2. | Mr. Prabhakar Dalal | 7 | 3 | 8 |
| 3. | Mr. Prakash Yashwant Gurav | 5 | 1 | 2 |
| 4. | Mr. Manchi Venkat Rajarao | - | - | - |

c.) No. of Shares held by the Directors: (position as on 31.03.2017)

| Sr. No. | Designation | Name of Director | Position | No. of Shares held | % |
|---------|-------------|----------------------------|---------------------------|---|-------|
| 1. | Director | Dr. Kailash Gupta | Promoter Non-Executive | 23609495 Equity Shares | 42.97 |
| 2. | Director | Dr. Kailash Gupta | Promoter Non-Executive | 2000000 Non-Convertible Cumulative Redeemable Preference Shares | 100 |
| 3. | Director | Mr. Prabhakar Dalal | Non-Executive Independent | NIL | - |
| 4. | Director | Mr. Prakash Yashwant Gurav | Non-Executive Independent | NIL | - |
| 5. | Director | Mr. Manchi Venkat Rajarao | Non-Executive Independent | NIL | - |

d) Disclosure of Directors Relationship Inter-se

Dr. Kailash Gupta is father of Mrs. Nandini Malpani, who has been on the Board till 20th May 2016. None of the other directors have any relationship inter se.

e) Web Link of Familiarization Programmes imparted to Independent Directors is disclosed:

Following is the desired link: http://www.cebbco.com/docs/profile_for_investors.html

3. Audit Committee

The scope of the activities of the Audit Committee is as set out in Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 read with Section 177 of the Companies Act, 2013. Brief description of terms of reference of the Audit Committee include

- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;

- Valuation of undertakings or assets of the company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - ii. Changes, if any, in accounting policies and practices and reasons for the same
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management
 - iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus /

notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee shall mandatorily review the following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses; and
 - v. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

a.) Composition, name of members and chairperson.

The composition of the Audit Committee is as under

- i. Mr. Prakash Yashwant Gurav - Chairperson
- ii. Mr. Manchi Venkat Rajarao - Member
- iii. Mr. Prabhakar Ramchandra Dalal - Member

The Company Secretary of the Company acts as the Secretary to the Audit Committee

b.) Audit Committee Meetings were held on 30th May 2016, 10th August 2016, 14th November 2016, 13th February 2017. The attendances of the members are as follows:4

| Sr. No | Date of Audit Committee Meeting | Mr. Prakash Yashwant Gurav | Mr. Prabhakar Ramchandra Dalal | Mr. Manchi Venkat Rajarao |
|--------|---------------------------------|----------------------------|--------------------------------|---------------------------|
| 1 | 30 th May 2016 | Y | Y | N |
| 2 | 10 th August 2016 | Y | Y | Y |
| 3 | 14 th November 2016 | Y | Y | Y |
| 4 | 13 th February 2017 | Y | Y | Y |

Y-Attended N-NotAttended

The requisite quorum was present at the meetings.

Audit Committee Meetings are also attended by the Chief Executive Officer, Chief Financial Officer and Company Secretary. The Company Secretary acts as the Secretary of the Audit Committee.

The Board of Directors had appointed M/s. Mukund M Chitale & Co., Chartered Accountants, as Internal Auditors to conduct the internal audit of the various areas of operations and records of the Company. The periodical reports of the said internal auditors were regularly placed before the Audit Committee along with the comments of the management on the action taken to correct any observed deficiencies on the working of the various departments.

The Audit Committee also assures the Board about the adequate internal control procedures and financial disclosures commensurate with the size of the Company and in conformity with the requirements of Listing Agreement of the stock exchanges.

4. Nomination & Remuneration Committee

- a) The Nomination & Remuneration Committee is constituted on the following terms of reference:
 - The Nomination and Remuneration Committee shall ensure that-

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
 - Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
 - Recommend to the Board their appointment and removal,
 - Carry out evaluation of every director's performance.
 - Formulate the criteria for determining qualifications, positive attributes and independence of a director and
 - Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

b) Nomination & Remuneration Policy :

The Nomination & 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) Mr. Manchi Venkat Raja Rao (Chairperson)
 - ii) Mr. Prakash Yashwant Gurav (Member)
 - iii) Mr. Prabhakar Ramchandra Dalal (Member)
- d) Nomination & Remuneration Committee Meetings was held on 13th February 2017. The attendances of the members are as follows:-

| Sr. No | Date of Nomination & Remuneration Committee Meeting | Attendance of Directors | | |
|--------|---|-------------------------|----------------|--------------------------------|
| | | Mr. M.V Rajarao | Mr. P.Y. Gurav | Mr. Prabhakar Ramchandra Dalal |
| 1 | 13 th February 2017 | Y | Y | Y |

Y-Attended N-NotAttended

- e) Sitting fees of Rs. 20000/- per meeting was paid to the directors for attending Board Meetings and Rs. 15000/- per meeting for attending Committee Meetings for the financial year 2016-17.

5. Remuneration of Directors:

- (a) All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the listed entity has been covered in Form MGT-9 which is an Annexure III to the Directors Report.
- (b) Criteria of making payments to non-executive directors is disseminated on the listed entity's website at the given link
http://cebbco.com/docs/profile_for_investors.html

6. Stakeholder Relationship and Investors' Grievance Committee

Stakeholder Relationship Committee of the Board is responsible for addressing investors' or shareholders' or debenture holders' or other security holders' grievances including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. The Stakeholder Relationship Committee is constituted on the following terms of reference:

- Supervise investor relations and Redressal of investor grievance in general and relating to non-receipt of dividends, interest, and non-receipt of balance sheet in particular.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

a.) Composition:

- i) Mr. Manchi Venkat Rajarao (Chairman)
- ii) Mr. Kailash Gupta (Member)
- iii) Mr. Prabhakar Dalal (Member)

b.) Name and designation of Compliance Officer:

Mr Anurag Misra was acting as Compliance officer till 17.02.2017 upon his resignation from the Company, Mr. Amit K Jain designated as a Compliance Officer with effect from 17.02.2017 as per Regulation 6 of the SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015.

Stakeholder Relationship Committee Meeting was held on 13th Feb 2017. The attendances of the members are as follows:-

| Sr. No | Date of Stakeholder Relationship and Investors' Grievance Committee Meeting | Attendance of Directors | | |
|--------|---|-------------------------|-------------------|--------------------------------|
| | | Mr. M.V Rajarao | Mr. Kailash Gupta | Mr. Prabhakar Ramchandra Dalal |
| 1 | 13 th February 2017 | Y | Y | Y |

c.) Details of requests received and redressed during the year 2016-17:

| S.No | Particulars | Received | Attended | Pending |
|------|--|----------|----------|---------|
| 1 | Postal return documents | - | - | - |
| 2 | Receipt of DD against refund order from company/Bank | - | - | - |
| 3 | Issue of duplicate R/O | - | - | - |
| 4 | Non receipt of refund order | - | - | - |
| 5 | Clarification regarding shares | - | - | - |
| 6 | Non Receipt of Annual report | - | - | - |
| 7 | Non Receipt of Dividend Warrants | - | - | - |
| | Total | - | - | - |

7. Corporate Social Responsibility (CSR) Committee

- a. The Corporate Social Responsibility Committee is constituted on the following terms of reference:

The Corporate Social Responsibility Committee shall-

- Formulate and recommend to the board, a CSR POLICY
- Recommend the amount to be spent on these activities
- Monitor the company's CSR policy regularly
- Institution of transparent monitoring mechanism for the implementation of CSR projects

b. The committee consists of following directors:

- i) Mr. Kailash Gupta (Chairman)
- ii) Mr. Manchi Venkat Rajarao (Member)
- iii) Mr. Prabhakar Dalal (Member)

In view of inadequacy of profits, the Company had not incurred any CSR activity during the year.

8. Independent Directors Meeting:

During the year under review, the Independent Directors met on 10th March 2017 inter alia, to discuss:

- i) Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
- ii) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- iii) Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the independent Directors were present at the meeting.

9. General Body Meetings

- a. Details of date, location and time of the last three Annual General Meetings:

| DATE | LOCATION | TIME | Details of any Special Resolution |
|--|---|------------|--|
| 29 th September, 2014 | Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.) | 03.00 P.M. | Resolution under Section 14 of the Companies Act 2013 and the Rules made thereunder to amend Articles of Association. |
| 11 th September, 2015 | Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.) | 03.00 P.M. | To consider raising borrowing limits of the Company, to consider issue, offer and allotment of Equity shares under Employee Stock Option Scheme, To alter capital clause of the Memorandum of Association and To adopt new Articles of Association of the Company in conformity with Companies Act, 2013 |
| 24 th September, 2016 | Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur - 208 003. (U.P.) | 03.00 P.M. | |

- b. Extra-Ordinary General Meeting was held on 24th September 2016 in the Financial Year 2016-17.

Pursuant to the then prevailing, the Sick Industries Companies (Special Provisions) Act, 1985 (SICA) the Company had conducted the Extra Ordinary General Meeting of the shareholders as on 24th September, 2016 whereby the Shareholders authorised the Board of Directors to take such steps as may be necessary including reporting of the fact of erosion to the Board for Industrial and Financial Reconstruction in prescribed form.

c. Postal Ballots:

No resolution was passed by postal ballot in the year 2016-17.

10. Means of Communication

Financial 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

Managements' discussion and analysis forms part of the Annual Report

11. General Shareholder Information

- a) Number of Annual General Meeting : 37th Annual General Meeting
 b) Date : 27/09/2017
 c) Day : Wednesday
 d) Time : 3.00 p.m.
 e) Venue : Stock Exchange Auditorium,
 UP Stock Exchange Building,
 Padam Towers, Civil Lines,
 Kanpur - 208 003 (U.P.)

- f) Financial Year 2017-18

| Particulars | Date |
|------------------------|---------------------------------|
| First Quarter Results | On or before September 14, 2017 |
| Second Quarter Results | On or before November 14, 2017 |
| Third Quarter Results | On or before February 14, 2017 |
| Audited Annual Results | On or before May 30, 2018 |

- g) Book Closure Date : From 18th Sep. 2017 to 28th Sep. 2017
 (Both dates included)

- h) The shares of the Company have been listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Delhi w.e.f. October 18, 2010. The listing fees for FY 2017-18 to both the stock exchanges have been paid.
- i) Stock Code of the Company on both the above mentioned Stock Exchanges:

| Name of Stock Exchange | Stock Code |
|------------------------|------------|
| BSE | 533272 |
| NSE | CEBSCO |

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

| Sr. No. | Month | BSE | | | | NSE | | | |
|---------|-----------------|----------------|---------------|----------------|---------------|----------------|---------------|------------------|-----------------|
| | | High Price Rs. | Low Price Rs. | SENSEX Highest | SENSEX Lowest | High Price Rs. | Low Price Rs. | Nifty 50 Highest | Nifty 50 Lowest |
| 1 | April, 2016 | 20.85 | 16.55 | 26100.54 | 24523.2 | 21.05 | 16.60 | 7992.00 | 7516.85 |
| 2 | May, 2016 | 20.65 | 14.90 | 26837.2 | 25057.93 | 21.90 | 14.90 | 8213.60 | 7678.35 |
| 3 | June, 2016 | 17.65 | 13.50 | 27105.41 | 25911.33 | 17.80 | 13.70 | 8308.15 | 7927.05 |
| 4 | July, 2016 | 17.60 | 14.90 | 28240.2 | 27034.14 | 17.80 | 14.80 | 8674.70 | 8287.55 |
| 5 | August, 2016 | 15.60 | 13.95 | 28532.25 | 27627.97 | 15.60 | 13.75 | 8819.20 | 8518.15 |
| 6 | September, 2016 | 15.20 | 12.03 | 29077.28 | 27716.78 | 15.50 | 11.70 | 8968.70 | 8555.20 |
| 7 | October, 2016 | 18.20 | 12.44 | 28477.65 | 27488.3 | 18.25 | 12.45 | 8806.95 | 8506.15 |
| 8 | November, 2016 | 15.69 | 12.05 | 28029.8 | 25717.93 | 15.70 | 11.40 | 8669.60 | 7916.40 |
| 9 | December, 2016 | 14.39 | 12.30 | 26803.76 | 25753.74 | 14.30 | 12.20 | 8274.95 | 7893.80 |
| 10 | January, 2017 | 15.75 | 12.31 | 27980.39 | 26447.06 | 15.70 | 12.55 | 8672.70 | 8133.80 |
| 11 | February, 2017 | 15.50 | 13.21 | 29065.31 | 27590.1 | 15.45 | 13.05 | 8982.15 | 8537.50 |
| 12 | March, 2017 | 14.31 | 12.60 | 29824.62 | 28716.21 | 14.60 | 12.00 | 9218.40 | 8860.10 |

- k) 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.

- l) 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.

- m) Shareholding Pattern as on 31.03.2017

| COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED | | | | |
|--|-----------------------------|--------------|-----------------|-----------------|
| SHARE HOLDING PATTERN AS ON 31/03/2017 | | | | |
| So n | Description | Cases | Shares | % Equity |
| 1 | CLEARING MEMBERS | 34 | 45255 | 0.08 |
| 2 | FOREIGN PORTFOLIO INVESTORS | 1 | 7449 | 0.01 |
| 3 | H U F | 416 | 804158 | 1.46 |
| 4 | BODIES CORPORATES | 299 | 2838263 | 5.17 |
| 5 | MUTUAL FUNDS | 2 | 839640 | 1.53 |
| 6 | NBFC | 4 | 27620 | 0.05 |
| 7 | NON RESIDENT INDIANS | 95 | 168514 | 0.31 |
| 8 | NRI NON-REPATRIATION | 21 | 22960 | 0.04 |
| 9 | PROMOTERS BODIES CORPORATE | 1 | 27054 | 0.05 |
| 10 | PROMOTER TRUST | 3 | 3213443 | 5.85 |
| 11 | PROMOTER INDIVIDUALS | 3 | 27107115 | 49.34 |
| 12 | RESIDENT INDIVIDUALS | 11978 | 13836092 | 25.18 |
| 13 | TRUSTS | 1 | 6005401 | 10.93 |
| | Total: | 12858 | 54942964 | 100.00 |

n) Distribution of Shareholding as of 31.03.2017:

| COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED | | | | | |
|--|-----------------|--------------|-------------------|---------------------|-----------------|
| DISTRIBUTION SCHEDULE AS ON 31/03/2017 | | | | | |
| S. No. | Category | Cases | % of Cases | Amount | % Amount |
| 1 | up to 1 - 5000 | 8653 | 67.30 | 16103740.00 | 2.93 |
| 2 | 5001 - 10000 | 1911 | 14.86 | 16559090.00 | 3.01 |
| 3 | 10001 - 20000 | 1006 | 7.82 | 16357010.00 | 2.98 |
| 4 | 20001 - 30000 | 384 | 2.99 | 10034110.00 | 1.83 |
| 5 | 30001 - 40000 | 165 | 1.28 | 6051530.00 | 1.10 |
| 6 | 40001 - 50000 | 205 | 1.59 | 9930530.00 | 1.81 |
| 7 | 50001 - 100000 | 289 | 2.25 | 21809070.00 | 3.97 |
| 8 | 100001 & ABOVE | 245 | 1.91 | 452584560.00 | 82.37 |
| | Total: | 12858 | 100.00 | 549429640.00 | 100.00 |

o) Dematerialization of Shares and Liquidity

54,942,861 equity shares of the Company have been dematerialized as on 31st March, 2017.

| | |
|---|---|
| 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. Amit K Jain, 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 |

12. Other 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 34 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. The Company has formulated & adopted formal Whistle Blower Policy, and all the possible measures are taken to abide by the policy. In addition to this Company takes cognizance of complaints made and suggestions given by the employees and others.
13. The Company has complied with all the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 and erstwhile clause 49 of the listing agreement except Woman Director on the Board

14. 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Jabalpur

Date: 22nd Aug. 2017

P.Y. Gurav

DIN: 02004317

M.V. Raja Rao

DIN: 00110363



DECLARATION REGARDING COMPLIANCE BY BOARD, EXECUTIVE VICE PRESIDENTS 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.

We Confirm that Company has in respect of the financial year ended March 31, 2017 received from the Board of Directors, Executive Vice presidents, Senior Officers and Company Secretary, declarations 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**

Place: Jabalpur
Date: 22nd Aug. 2017

P.Y. Gurav
DIN: 02004317

M.V. Raja Rao
DIN: 00110363

CEO & CFO CERTIFICATE

Dated: 29th May, 2017

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

Dear Sirs,

- a. This is to confirm that We have reviewed financial statements and the cash flow statement for the year 2016-17 and that to the best of our 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 which violates 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 the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have been 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. That there are no 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

Abhishek Jaiswal
Chief Executive Officer

Amit K Jain
Chief Financial Officer

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of

Commercial Engineers & Body Builders Co. Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. RKB\7689\2097-A, November 29, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Commercial Engineers & Body Builders Co Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered

Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the

Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of

Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017 except for non-appointment of woman director on the board as required by regulation 17 (1) (a) of the Listing Regulations. The Company is taking steps to induct woman director to fill in the casual vacancy caused by the resignation of the woman director on the board during the year.
9. We 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Mumbai
August 22, 2017

Rupen K. Bhatt
Partner
(Membership No.46930)

INDEPENDENT AUDITOR'S REPORT

**To The Members of
Commercial Engineers & Body Builders Co Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Commercial Engineers & Body Builders Co Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of act, the accounting and auditing standards and matters which are required to be included in audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

Note No. 37 which states that the related financial Statements for the year ended March 31, 2017 have been prepared assuming that the Company will continue as a going concern. The Company has incurred losses in the past few years and the net worth has been fully eroded as at March 31, 2017. The Company continuing as going concern is dependent on, the Company's ability to successfully complete the customer orders and generate cash flows from operations, including finalization and implementation of Strategic Debt Restructuring (SDR) initiated by the lenders to the Company.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

- (e) The going concern matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice - Also refer Note 26 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note 41 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rupen K. Bhatt
Partner
(Membership No. 46930)

Mumbai, May 29, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Commercial Engineers & Body Builders Co Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rupen K Bhatt

Partner

(Membership No. 46930)

Mumbai, May 29, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (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) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
 - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence reporting under clause (iii) of the Order is not applicable.
 - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the Order is not applicable.

- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues including, Employees' State Insurance, Service Tax, Customs duty, Cess, and any other material statutory dues applicable to it with the appropriate authorities except for Provident fund, Excise duty, Income Tax, Value Added Tax (VAT) and Central Sales Tax (CST) though the delays in deposit have not been serious.
 - There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Service Tax, Income-tax, Customs duty, Excise duty and any other material statutory dues in arrears, as at 31 March 2017 for a period of more than six months from the date they became payable except for VAT as follows;

| Name of Statute | Nature of Dues | Amount (Rs.) | Period to which the Amount Relates | Due Date | Date of subsequent payment |
|------------------|-------------------|--------------|------------------------------------|--------------|----------------------------|
| CG VAT Act 2005 | Value added Tax | 0.63 | 2009-10 | 09 Jan, 2017 | Not Yet Paid |
| CG VAT Act 2005 | Entry Tax | 0.49 | 2009-10 | 09 Jan, 2017 | Not Yet Paid |
| M P VAT Act 2002 | Value added Tax | 9.67 | 2010-11 | 07 Feb, 2017 | Not Yet Paid |
| CST Act 1956 | Central Sales Tax | 0.02 | 2013-14 | 30 Apr, 2014 | Not Yet Paid |
| M P VAT Act 2002 | Value added Tax | 3.59 | 2013-14 | 30 Apr, 2014 | Not Yet Paid |
| CST Act 1956 | Central Sales Tax | 0.01 | 2014-15 | 30 Apr, 2015 | Not Yet Paid |
| M P VAT Act 2002 | Value added Tax | 3.71 | 2015-16 | 30 Apr, 2016 | Not Yet Paid |
| CST Act 1956 | Central Sales Tax | 0.56 | 2015-16 | 30 Apr, 2016 | Not Yet Paid |

(c) Details of dues of Income Tax, Sales Tax, Excise duty, Entry Tax which have not been deposited as on 31 March 2017 on account of disputes are given below:

| Name of statute | Nature of the dues | Forum where dispute is pending | Period to which the amount relates | Amount Involved (Rs.) | Amount Unpaid (Rs.) |
|------------------------------------|--------------------|--|---|-----------------------|---------------------|
| Central Sales Tax Act, 1956 | Central Sales Tax | Appellate Board, Bhopal | April 2007 to March 2008 and April 2010 to March 2011 | 33.24 | 8.96 |
| Central Sales Tax Act, 1956 | Central Sales Tax | Additional Commissioner, Jabalpur | April, 2012 to March 2013 | 6.62 | 3.29 |
| Central Excise Act, 1944 | Excise Duty | Central Excise Commissioner, Bhopal | April 2003 October 2013 | 4,354.24 | 3,954.24 |
| Central Excise Act, 1944 | Excise Duty | Central Excise Commissioner, Jabalpur | September 2013 to March 2016 | 101.18 | 92.14 |
| Central Excise Act, 1944 | Excise Duty | Central Excise Commissioner, Jamshedpur | April 2009 March 2014 | 579.52 | 570.39 |
| Central Excise Act, 1944 | Excise Duty | Central Excise Commissioner, Pithampur | August 2013 to February 2014 | 4.10 | 4.10 |
| Central Excise Act, 1944 | Excise Duty | Deputy Commissioner of Customs, Central Excise and Service Tax, Jabalpur | August 2013 to March 2014 | 4.68 | 4.68 |
| Central Excise Act, 1944 | Excise Duty | The Customs, Excise and Service Tax Appellate Tribunal, New Delhi | December 2006 to March 2010 | 500.38 | 500.38 |
| Income Tax Act, 1956 | Income Tax | Commissioner(appeal), Kanpur | April 2008 March 2009 and April 2011 March 2012 | 15.93 | 15.93 |
| Income Tax Act, 1956 | Income Tax | CIT (Appeal) Kanpur | April 2007 March 2008 | 5.69 | 5.69 |
| Income Tax Act, 1956 | Income Tax | CIT (Appeal) Kanpur | April 2012 March 2013 | 594.65 | 594.65 |
| Income Tax Act, 1956 | Income Tax | CIT (Appeal) Kanpur | April 2008 to March 2009 | 3.97 | 3.97 |
| Entry Tax on goods purchased | MP Entry Tax | Additional Commissioner, Jabalpur | April 2009-March 2010 | 30.89 | 22.24 |
| M.P. Commercial Tax Act, 1994 | Value Added Tax | Additional Commissioner, Jabalpur | April 2007 to March 2009 and April 2012 to March 2013 | 1534.26 | 1498.44 |
| Jharkhand Commercial Tax Act, 1994 | Value Added | Deputy Commissioner of Commercial Taxes, Adityapur Circle, Jamshedpur | April 2011 to March 2012 | 217.20 | 217.20 |

- (viii) 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 and financial institution except as under.

| Particulars | Amount of default of repayment (Rs) | | Period of default |
|-------------------------------------|-------------------------------------|----------|------------------------------|
| | Principal | Interest | |
| Due to Financial Institutions: | | | |
| Tata Capital Financial Services Ltd | 591.72 | 331.23 | March 2016- March 2017 |
| | | | |
| Dues to Banks: | | | |
| HDFC Bank Limited | 1843.17 | 47.50 | November 2016- March 2017 |
| Axis Bank Limited | 3078.31 | 552.76 | November 2016- March 2017 |

The Company has not taken any loans or borrowings from government and has not issued any debentures.

- (ix) In our opinion and according to the information and explanations given to us, monies raised by way of term loans have, prima facie, been applied by the Company during the year for the purpose for which these were raised. The Company has not raised monies by way of initial public offer or further public offer (including debt instrument).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration which require approvals mandated by the provisions of section 197, hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rupen K. Bhatt

Partner

(Membership No. 46930)

Mumbai, May 29, 2017

Balance Sheet as at 31st March, 2017

(Rs. in Lakhs)

| | Particulars | Note No. | As at 31st March, 2017 | As at 31st March, 2016 |
|-----------|---|--------------|------------------------|------------------------|
| I | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 3 | 6,794.30 | 6,794.30 |
| | (b) Reserves and surplus | 4 | (8,913.01) | (5,607.89) |
| | | | (2,118.71) | 1,186.41 |
| 2 | Non-current liabilities | | | |
| | (a) Long-term borrowings | 5 | 3,964.29 | 6,174.40 |
| | (b) Other long-term liabilities | 6 | 3,295.38 | 2,424.44 |
| | | | 7,259.67 | 8,598.84 |
| 3 | Current liabilities | | | |
| | (a) Short-term borrowings | 7 | 3,853.72 | 3,952.89 |
| | (b) Trade payables | | | |
| | (i) Total Outstanding due to Micro and Small Enterprises | 29 | 27.91 | 19.97 |
| | (ii) Total Outstanding of creditor other than Micro and Small Enterprises | | 3,714.97 | 3,458.43 |
| | (c) Other current liabilities | 8 | 9,839.76 | 6,015.66 |
| | (d) Short-term provisions | 9 | 316.84 | 318.95 |
| | | | 17,753.20 | 13,765.90 |
| | TOTAL | | 22,894.16 | 23,551.15 |
| II | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Fixed assets | 10 | | |
| | (i) Tangible assets | | 14,769.04 | 15,844.51 |
| | (ii) Intangible assets | | - | 7.48 |
| | (iii) Capital work-in-progress | | 198.69 | 200.39 |
| | | | 14,967.73 | 16,052.38 |
| | (b) Non-current investments | 11 | 0.10 | 0.10 |
| | (c) Long-term loans and advances | 12 | 2,833.97 | 1,974.38 |
| | | | 17,801.80 | 18,026.86 |
| 2 | Current assets | | | |
| | (a) Inventories | 13 | 697.26 | 979.55 |
| | (b) Trade receivables | 14 | 1,569.89 | 1,233.63 |
| | (c) Cash and cash equivalents | 15 | 42.77 | 5.23 |
| | (d) Short-term loans and advances | 16 | 2,653.41 | 3,051.17 |
| | (e) Other current assets | 17 | 129.03 | 254.71 |
| | | | 5,092.36 | 5,524.29 |
| | See accompanying notes forming part of the financial statements | TOTAL | 22,894.16 | 23,551.15 |

In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rupen K. Bhatt
Partner

Place: Mumbai
Date: May 29, 2017

P.Y. Gurav
Director
(DIN: 02004317)

Abhishek Jaiswal
Chief Executive Officer

For and on behalf of the Board of Directors

Prabhakar Dalal
Director
(DIN: 00544948)

Amit Jain
Chief Financial Officer & Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2017

(Rs. in Lakhs)

| | Particulars | Note No. | For the Year ended 31st March 2017 | For the Year ended 31st March 2016 |
|------------|---|----------|------------------------------------|------------------------------------|
| I. | Revenue | | | |
| | a Revenue from operations (gross) | 18 | 15,115.52 | 14,887.06 |
| | Less: Excise duty | | 4,518.09 | 4,071.06 |
| | Revenue from operations (net) | | 10,597.43 | 10,816.00 |
| | b Other income | 19 | 44.38 | 112.72 |
| | Total Revenue | | 10,641.81 | 10,928.72 |
| II. | Expenses | | | |
| | (a) Cost of materials consumed | 20a | 8,280.10 | 7,940.37 |
| | (b) Changes in inventories of finished goods and work-in-progress | 20b | 183.44 | 448.39 |
| | (c) Other Manufacturing Expenses | 21 | 868.17 | 884.00 |
| | (d) Employee benefits expense | 22 | 584.22 | 720.69 |
| | (e) Finance costs | 23 | 2,392.38 | 2,095.39 |
| | (f) Depreciation and amortisation expense | 10 | 1,046.44 | 1,451.26 |
| | (g) Other expenses | 24 | 592.18 | 2,107.96 |
| | Total Expenses | | 13,946.93 | 15,648.06 |
| III. | (Loss) before Exceptional Items and Tax | | (3,305.12) | (4,719.34) |
| IV. | Exceptional Items | | | |
| | Impairment of Assets | 11 | - | 5,367.00 |
| V. | (Loss) before Tax (I-II-III-IV) | | (3,305.12) | (10,086.34) |
| VI. | Tax expense: | | | |
| | (a) Current tax | | - | - |
| | (b) Deferred tax (net) | | - | - |
| | (c) MAT Credit entitlement written off | | - | 389.87 |
| | Total Tax Expense | | - | 389.87 |
| VII. | (Loss) After Tax (V-VI) | | (3,305.12) | (10,476.21) |
| VIII. | Earnings per share (of Rs. 10/- each): | | | |
| | Basic and Diluted (in Rupees) | | | |
| | Before Exceptional Items | | (6.02) | (9.30) |
| | After Exceptional Items | | (6.02) | (19.07) |
| | See accompanying notes forming part of the financial statements. | | | |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Rupen K. Bhatt
Partner

Place: Mumbai
Date: May 29, 2017

P.Y. Gurav
Director
(DIN: 02004317)

Abhishek Jaiswal
Chief Executive Officer

For and on behalf of the Board of Directors

Prabhakar Dalal
Director
(DIN: 00544948)

Amit Jain
Chief Financial Officer & Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

| | Particulars | Year Ended 31st Mar, 2017 | Year Ended 31st March, 2016 |
|---|--|------------------------------|--------------------------------|
| A | <u>Cash Flow from operating activities</u> | | |
| | Net (Loss) before Tax | (3,305.12) | (10,086.34) |
| | Depreciation | 1,046.44 | 1,451.26 |
| | Impairment of Assets | - | 5,367.00 |
| | Provision for Doubtful debts/Advances | 58.33 | 1,434.27 |
| | Bad Debts/Advances written off | - | 25.92 |
| | Interest and Finance Charges | 2,392.38 | 2,095.39 |
| | Net (Profit) on Sale of Fixed Assets | (11.00) | (0.85) |
| | Interest Income | (18.11) | (28.59) |
| | Liabilities / provisions no longer required written back | - | (33.27) |
| | Operating Profit/(Loss) before working capital changes | 162.92 | 224.79 |
| | <u>Changes in working capital:</u> | | |
| | Decrease in Inventories | 282.29 | 677.30 |
| | (Increase) in Trade and Other Receivable | (851.64) | (843.87) |
| | (Increase)/Decrease in Other Current Assets | 122.16 | (247.13) |
| | Increase in Trade Payable and Other Liabilities | 940.61 | 638.92 |
| | Cash generated from operations | 656.34 | 450.01 |
| | Taxes Paid (Net of refund) | (14.45) | (7.10) |
| | Net Cash generated from operating activities | 641.89 | 442.91 |
| B | <u>Cash Flow from Investing Activities</u> | | |
| | Interest Received | 21.62 | 32.80 |
| | Proceeds from Sale of Fixed assets | 11.00 | 1.19 |
| | Purchase of Fixed Assets | (28.30) | (28.89) |
| | Net Cash generated/(used in) Investing activities | 4.32 | 5.10 |
| C | <u>Cash Flow from Financing Activities</u> | | |
| | Issue of Non convertible redeemable Preference Shares | - | 400.00 |
| | Proceeds from Short Term Borrowings | 1,115.30 | 155.37 |
| | Repayment of Short Term Borrowings | (1,214.47) | (1,148.27) |
| | Proceeds from Long Term Borrowings | 3,200.00 | 3,077.65 |
| | Repayment of Long Term Borrowings | (2,008.66) | (1,319.57) |
| | Interest and Finance Charges Paid | (1,700.84) | (2,076.80) |
| | Net Cash (used in) Financing Activities | (608.67) | (911.61) |
| | Net Increase/(Decrease) in cash and cash equivalents | 37.54 | (463.60) |
| | Cash and cash equivalents at the beginning of the year | 5.23 | 468.83 |
| | Cash and cash equivalents at the closing of the year | 42.77 | 5.23 |

Notes:

- 1 Components of cash and cash equivalents include cash and bank balances as stated in Note 15.
- 2 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.
- 3 The figures of the previous year have been regrouped, rearranged and re-casted wherever necessary to correspond with those of the current year.

In terms of our report attached.

For Deloitte Haskins & Sells LLP **For and on behalf of the Board of Directors**
Chartered Accountants

Rupen K. Bhatt
Partner

P.Y. Gurav
Director
(DIN: 02004317)

Prabhakar Dalal
Director
(DIN: 00544948)

Abhishek Jaiswal
Chief Executive Officer

Amit Jain
Chief Financial Officer and Company Secretary

Place : Mumbai

Date : May 29,2017

Notes forming part of the financial statements

Note1: Background of the Company

The Company was incorporated in the year 1979, under the name Commercial Engineers & Body Builders Co Private Limited. The name was changed to 'Commercial Engineers & Body Builders Co Limited' in the year 2010. The Company's Equity Shares were listed in the same year. The Company caters to Commercial Vehicles, Railways and Power sectors through manufacturing of tippers, load bodies, wagons and components.

Note2: Significant accounting policies

(a) Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are constant with those followed in previous year.

(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 recognized in the year in which the results are known/materialize.

(c) Fixed Assets:

Tangible 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.

Intangible assets:

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

(d) Depreciation and Amortization:

(i) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Notes forming part of the financial statements

- (ii) Depreciation on tangible fixed assets is provided over their useful life and in the manner prescribed in Schedule II to the Companies Act, 2013.
- (iii) Leasehold land is amortized over the period of lease on pro rata basis.
- (iv) Computer Software is amortized over the period of three years.
- (v) Depreciation on assets acquired/purchased during the year is provided on pro-rata basis from the date of each addition.
- (vi) Assets having value of `5000/- or less are charged off fully in the year of purchase.

(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:

Sales are stated net of returns and sales tax/value added tax. Excise duty related to sales turnover is presented as a reduction from gross sales. Revenue from sale of built bodies and other components are 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 recognized when the services are completed.

Dividend from investments is recognized as and when a right to receive payment is established.

Revenue is recognized when no significant uncertainty as to its determination or realisation exists.

(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
Appropriate proportion of direct factory overheads

Notes forming part of the financial statements

- Finished goods : On weighted average basis including appropriate
Proportion of direct factory overheads and Excise duty
- Stores and spares : On FIFO basis

(h) Foreign currency transactions:

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transactions.
- (b) Monetary items denominated in foreign currencies at the year-end are restated at the year-end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contracts is recognized as exchange difference and premium/discount on forward exchange contract is recognised over the life of the contract
- (c) Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

(i) Derivative Contracts:

Pursuant to the announcement on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Company in accordance with the principle of prudence as enunciated in Accounting Standard 1 on 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any gains arising on such mark to market are not recognized as income.

(j) 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 recognized in the Statement of 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

Notes forming part of the financial statements

Method. The retirement benefit obligation recognized in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognized past service cost and the fair value of plan assets as at the balance sheet date. Any asset resulting from this calculation is restricted the present value of available refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognized 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 recognized immediately.

(b) Short Term Employee Benefits:

Short-term employee benefits are recognized as expenses at the undiscounted amount in the Statement of 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.

(k) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

(l) 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 year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized 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 recognized if there is virtual certainty that sufficient future taxable income will be available to realise the same

Notes forming part of the financial statements

- (c) Tax on distributed profits payable in accordance with the provisions of Section 115-O of the Income-tax Act, 1961, is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI).
- (d) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.
- (m) Investments:**
- Investments classified as long-term (non-current) investments are stated at costs. Provision is made to recognize 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.
- (n) 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 recognized as expenses as incurred in accordance with the respective Lease Agreements.
- (o) Provisions and contingencies:**
- Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Notes forming part of the financial statements

Note 3: Share Capital

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Authorised : | | |
| 57,050,000 Equity Shares of ` 10/- each | 5,705.00 | 5,705.00 |
| 2,000,000 Preference Shares of ` 100/- each | 2,000.00 | 2,000.00 |
| | 7,705.00 | 7,705.00 |
| Issued | | |
| 54,942,964 Equity Shares of ` 10/- each | 5,494.30 | 5,494.30 |
| 2,000,000 Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) of ` 100/- each | 2,000.00 | 2,000.00 |
| | 7,494.30 | 5,494.30 |
| Subscribed and Fully Paid-up : | | |
| 54,942,964 Equity Shares of ` 10/- each | 5,494.30 | 5,494.30 |
| Subscribed and Not Fully Paid-up : | | |
| 2,000,000 Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) of ` 100/- each, ` 35 (` 35 in Previous Year) not paid up | 1,300.00 | 1300.00 |
| Total | 6,794.30 | 6,794.30 |

Notes:

- All Equity Shares carry similar voting rights and have an equal right to dividend and in case of repayment of capital.
- Preference shares are non-convertible, cumulative, redeemable and does not carry any voting rights. Preference shares carry preferential dividend of 0.0001% per annum. These are redeemable only on completion of 10 years from the date of allotment and are non-transferable unless fully paid-up.
- Reconciliation of the number of shares outstanding as at beginning and end of the year:

Notes forming part of the financial statements

(Rs. in Lakhs)

| Particulars | Opening Balance | Fresh Issue | Closing Balance |
|---------------------------|-----------------|-------------|-----------------|
| Equity Shares | | | |
| Year ended 31 March, 2017 | | | |
| - Number of shares | 54,942,964 | - | 54,942,964 |
| - Amount (Rs.) Lakhs | 5,494.30 | - | 5,494.30 |
| Year ended 31 March, 2016 | | | |
| - Number of shares | 54,942,964 | - | 54,942,964 |
| - Amount (Rs.) Lakhs | 5,494.30 | - | 5,494.30 |

(Rs. in Lakhs)

| Particulars | Opening Balance | Fresh Issue/ Call Paid | Closing Balance |
|------------------------------|-----------------|---------------------------|-----------------|
| Redeemable Preference Shares | | | |
| Year ended 31 March, 2017 | | | |
| - Number of shares | 2,000,000 | - | 2,000,000 |
| - Amount (Rs) Lakhs | 1,300.00 | - | 1,300.00 |
| Year ended 31 March, 2016 | | | |
| - Number of shares | 2,000,000 | - | 2,000,000 |
| - Amount (Rs.) Lakhs | 900.00 | 400.00 | 1,300.00 |

d) Details of Equity Shares held by each shareholder holding more than 5% of shares:

(Rs. in Lakhs)

| Class of shares / Name of shareholder | As at 31st March, 2017 | | As at 31st March, 2016 | |
|--|------------------------|-----------|------------------------|-----------|
| | Number of shares held | % holding | Number of shares held | % holding |
| Equity Shares of ` 10/- Each Fully Paid-up | | | | |
| Dr. Kailash Gupta | 23,609,495 | 42.97% | 23,609,495 | 42.97% |
| Ms. Nandini Malpani | | | | |
| (On behalf of Jashn Beneficiary Trust) | 3,213,443 | 5.85% | 3,213,443 | 5.85% |
| Mrs. Rekha Gupta | 3,439,590 | 6.26% | 3,439,590 | 6.26% |
| Tata Capital Growth Fund (I) | 6,005,401 | 10.93% | 6,005,401 | 10.93% |

Note: The NCRPS have been fully allotted during the previous year, jointly to the promoters (Dr. Kailash Gupta and Mrs. Rekha Gupta).

e) Details of Call unpaid:

(Rs. in Lakhs)

| Class of shares / Name of shareholder | As at 31st March, 2017 | | As at 31st March, 2016 | |
|---|------------------------|--------------|------------------------|--------------|
| | Number of shares | Total Amount | Number of shares | Total Amount |
| Non-Convertible Cumulative Redeemable preference shares | | | | |
| Aggregate of calls unpaid | | | | |
| - by directors | 2,000,000 | 700 | 2,000,000 | 700 |

Notes forming part of the financial statements

Note 4: Reserves and Surplus

(Rs. in Lakhs)

| | Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-----|---|--------------------------|--------------------------|
| (a) | Capital Reserve As per Last Balance Sheet | 8.72 | 8.72 |
| (b) | Securities Premium Account As per Last Balance Sheet | 12,837.80 | 12,837.80 |
| (c) | General Reserve As per Last Balance Sheet | 9.80 | 9.80 |
| (d) | Balance in Statement of Profit and Loss Opening Balance | (18,464.21) | (7,988.00) |
| | Add: (Loss) for the year | (3,305.12) | (10,476.21) |
| | Closing balance | (21,769.33) | (18,464.21) |
| | Total | (8,913.01) | 5,607.89 |

Note 5: Long-term Borrowings

(Rs. in Lakhs)

| | Particulars | Note No. | As at 31st March 2017 | As at 31st March 2016 |
|----|-------------------------------------|-------------|--------------------------|--------------------------|
| | Secured | | | |
| a) | From Banks | | | |
| | Rupee Term Loan | | 1,733.33 | 2,300.00 |
| | External Commercial Borrowing (ECB) | | 778.31 | 1,950.44 |
| b) | From Others | | | |
| | Term Loan (Refer Note Below) | | 1,452.65 | 1,923.96 |
| | Total | | 3,964.29 | 6,174.40 |

i) Nature of Security

a) Corporate Loan is secured by: -

Primary Security- Equitable mortgage on certain properties of group concerns and director.

Collateral Security -

1. Subservient charge without no objection certificate on entire fixed assets of the company, present and future.
2. Pledge of 26.74% shareholding of the promoters in the company.
3. Personal gurntees of two directors and partners of group concerns.

Notes forming part of the financial statements**b) ECB Loan is secured by:-**

Primary Security:- Exclusive First charge on the entire fixed assets of the company, both present and future, except on specific equipments which are exclusively and specifically charged to banks/ financial institutions and factory land & building situated at Plot Nos. 21,22,33,34 at Industrial Estate, Richhai, Jabalpur.

Collateral Security:- Second pari passu charge on the entire current assets of the company, both present and future.

c) Rupee Term Loan:-

Primary Security:- Extension of first charge on entire fixed asset of the company except factory land and building situated at industrial estate Richahai, Jabalpur, factory land and building situated at Jamshedpur and specific equipments which are exclusively and specifically charged to banks/financial institutions.

Collateral Security:- Pari passu second charge on the entire current assets of the company, both present and future, except on specific equipments which are exclusively and specifically charged to Banks / Financial Institutions.

Guarantee:-

Personal guarantee of Mr.Kailash Gupta, Mrs. Rekha Gupta and Mrs. Nandani Malpani.

d) Term Loans from Others :-

Primary Security:- Extension of First pari passu charge along with Axis Bank on:

1. Factory land and building at Jamshedpur unit
2. Factory land and building situated at plot Nos. 21, 22 (area measuring 90,000 square feet) and Plot Nos. 33, 34 (area measuring 126,000 square feet) at industrial Estate, Richai, Jabalpur.

Extension of second charge on all other fixed assets of the company along with Axis Bank and HDFC Bank.

Collateral Security:- Pledge of 15,889,914 unencumbered shares of the Company held by Jashn Beneficiary Trust and Mr. Kailash Gupta.

Cash flow:- Extension of charges/ escrow on the MAN receivables within 30 days of 1st tranche disbursement

Guarantee:-

1. Irrevocable and unconditional personal guarantee of Mr. Kailash Gupta and Mrs. Rekha Gupta

Notes forming part of the financial statements

2. Irrevocable and unconditional personal guarantee of Mrs. Nandani Malpani to the extent value of shares (3,213,443 nos.)
3. Irrevocable and unconditional corporate guarantee of Jashn Beneficiary Trust

ii) Terms of Repayment**a) Corporate Loan:-**

Corporate Loan is repayable in 9 quarterly instalments commencing from the end of 12 months from the date of first disbursement i.e. 13th December, 2013 and carries fixed interest rate of 14.50% p.a.

b) ECB Loan:-

ECB loan is repayable in quarterly 20 equal installments starting from 21st month from the date of 1st disbursement i.e 17th February, 2012 and carries variable interest rate @ 6 months LIBOR + 3.50 bps margin

c) Rupee Term Loan:-

Rupee Term Loan - Rs. 2500 Lakhs.

in 21 unequal monthly installment starting from 31st December, 2016 as under:

1st - 3rd Installment Rs. 333 Lakhs each

4th -15th Installment Rs. 100 Lakhs each

16th - 21st Installment Rs. 200 Lakhs each

And it carries interest rate of 14.15% p.a.

Rupee Term Loan - Rs. 1000 Lakhs.

in 3 equal quarterly installments starting from 27th July, 2017.

Rupee Term Loan - Rs. 2200 Lakhs.

in 3 equal quarterly installments starting from 28th October, 2017.

d) Term Loans from Others: -**First Term Loan**

Interest - it carries interest rate of 14.50% p.a. to be paid on monthly basis till maturity.

Principal - 6 month moratorium starts from date of first tranche disbursement made in various installments from 16th December, 2014 to 25th February, 2015, thereafter payable in a structured manner as mentioned below

1. Next 6 months : Rs. 25 Lakhs per month

2. Next 12 months : Rs. 41.67 Lakhs per month

3. Next 12 months : Rs. 50 Lakhs per month

Second Term Loan

Is repayable in bullet at the end of 3 years from the date of disbursement i.e. 3rd June 2015 or mandatory repayment in event of Equity Infusion and carries floating interest rate of 14.50% p.a.

Notes forming part of the financial statements
(iii) The Company has defaulted in repayment of loans and interest in respect of the following:

(Rs. in Lakhs)

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | |
|--------------------------------------|------------------------|--------|------------------------|--------|
| | Period of Default | Amount | Period of Default | Amount |
| Corporate Loan | | | | |
| Principal | 90 Days | 600.00 | 18 Days | 500.00 |
| Interest | 1-121 Days | 38.12 | 1-60 Days | 77.87 |
| Rupee Term Loan | | | | |
| Interest | 1-90 Days | 200.00 | 1-60 Days | 86.14 |
| External Commercial Borrowings (ECB) | 1-121 Days | 320.39 | | |
| Principal | 1-149 Days | 778.31 | 52 Days | 397.71 |
| Interest | 1-149 Days | 93.29 | 52 Days | 51.64 |
| Other Term Loans | | | | |
| Principal | 1-393 Days | 591.72 | 21-81 Days | 129.00 |
| Interest | 1-393 Days | 331.23 | 1-31 Days | 58.90 |

Note 6: Other Long Term Liabilities

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---------------------------|-----------------------|-----------------------|
| Second Deposit Received | 5.00 | 5.00 |
| Unutilized Cenvat Payable | 3,290.38 | 2,419.44 |
| Total | 3,295.38 | 2,424.44 |

Note 7: Short-Term Borrowings

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Secured | | |
| a) From Banks | | |
| Cash Credit Facilities | 2,394.92 | 2,538.88 |
| Unsecured | | |
| a) From Banks | | |
| Working Capital Loans | 948.25 | 934.95 |
| b) From Others | | |
| Loans and Advances from Related Parties (Refer Note 32) | 262.55 | 208.55 |
| Short Term loans from Companies | 248.00 | 270.51 |
| Total | 3,853.72 | 3,952.89 |

Notes forming part of the financial statements

(i) Nature of Security

Cash Credit Facilities are secured by either one or more of the following as per terms of Arrangement with respective banks:

Primary Security:

Pari -passu First charge on the entire current assets of the company, both present and future.

Collateral Security:

Second Pari passu charge on entire fixed assets of the company, both present and future.

(ii) The Company has defaulted in repayment of loans and interest in respect of the following:

(Rs. in Lakhs)

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | |
|-------------------------------|------------------------|----------|------------------------|--------|
| | Period of Default | Amount | Period of Default | Amount |
| Cash/Credit Facilities | | | | |
| Principal | 1-182 Days | 2,394.92 | - | - |
| Interest | 1-182 Days | 100.97 | - | - |
| Working capital loans | | | | |
| Principal | 1-121 Days | 948.25 | - | - |
| Interest | 1-121 Days | 47.50 | - | - |

Note 8: Other Current Liabilities

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|-----------------------|-----------------------|
| (a) Current maturities of long-term debt (Refer Note (i) below) | 7,964.67 | 4,624.32 |
| (b) Interest accrued but not due on borrowings | 99.48 | 95.54 |
| (c) Interest accrued but not due on forward currency contract | - | 29.28 |
| (d) Interest accrued and due on borrowings | 932.08 | 215.21 |
| (e) <u>Other payables</u> | | |
| (i) Statutory Liabilities | 432.19 | 427.57 |
| (ii) Payables on purchase of fixed assets | 94.75 | 99.84 |
| (iii) Interest on Statutory Payments | 95.82 | 17.30 |
| (iv) Advances from customers | 209.18 | 495.01 |
| (v) Security Deposit Received | 11.59 | 11.59 |
| Total | 9,839.76 | 6,015.66 |

Notes forming part of the financial statements

Note (i): Current maturities of long-term debt (Refer Notes 5 (i)(a), (b), (c) and (d) for details of securities for Corporate Loan, ECB Loan and Term Loan from others):

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-------------------------------|--------------------------|--------------------------|
| Secured | | |
| From Banks | | |
| Corporate Loan | 600.00 | 2,200.00 |
| Rupee Term Loan | 3,966.67 | 200.00 |
| External Commercial Borrowing | 2,334.92 | 1,552.73 |
| From Others | | |
| Term Loan | 1,063.08 | 671.59 |
| Total | 7,964.67 | 4,624.32 |

Note 9: Short-term Provisions

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------------|--------------------------|
| (a) Provision for Employee Benefits: | | |
| (i) Provision for Compensated Absences | 24.55 | 29.06 |
| (ii) Provision for Gratuity (Refer Note 30(b)) | 43.13 | 30.73 |
| | 67.68 | 59.79 |
| (b) Other Provisions | | |
| (i) Provision for Income-tax (Net of Advance Tax) | 249.16 | 259.16 |
| Total | 316.84 | 318.95 |

Notes forming part of the financial statements
Note 10: Fixed Assets

| Particulars | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | Up to 31st March 2017 | NET BLOCK As at 31st March, 2017 |
|--|--------------------------|-----------------|----------------------------|---------------------------|--------------------------|------------------------|----------------------------|--------------------------|--|
| | As at 1st April, 2016 | Additions | Deductions / Adjustment | As at 31st March, 2017 | Up to 1st April, 2016 | For The Year | Deductions / Adjustment | | |
| (i) <u>Tangible Assets</u> | | | | | | | | | |
| Land | | | | | | | | | |
| Leasehold Land (Previous Year) | 133.01 (133.01) | - | - | 133.01 (133.01) | 35.60 (31.19) | 4.41 (4.44) | - | 40.01 (35.60) | 93.00 (97.41) |
| Free Hold Land (Previous Year) | 1,743.52 (1,739.02) | - | - | 1,743.52 (1,743.52) | - | - | - | - | 1,743.52 (1,743.52) |
| <u>Buildings</u> | | | | | | | | | |
| Factory Building (Previous Year) | 6,814.74 (6,814.74) | - | - | 6,814.74 (6,814.74) | 1,405.87 (1,157.31) | 242.87 (248.02) | - | 1,648.74 (1,405.87) | 5,166.00 (5,408.87) |
| Non Factory Building (Previous Year) | 14.82 (14.82) | - | - | 14.82 (14.82) | 12.33 (11.98) | 0.29 (0.35) | - | 12.62 (12.33) | 2.20 (2.49) |
| Residential Flat (Previous Year) | 6.39 (6.39) | - | - | 6.39 (6.39) | 5.74 (5.66) | 0.07 (0.08) | - | 5.81 (5.74) | 0.58 (0.65) |
| Plant And Machinery (Previous Year) | 27,080.74 (27,079.72) | 19.97 (1.02) | 110.00 (61.12) | 26,929.59 (27,080.74) | 8,237.29 (7,092.09) | 748.48 (1,143.98) | 110.00 (4.61) | 8,871.16 (8,237.29) | 7,558.75 (8,343.77) |
| Electrical Installations (Previous Year) | 468.45 (468.45) | 4.24 | - | 472.69 (468.45) | 253.09 (215.23) | 34.50 (37.86) | - | 287.59 (253.09) | 185.10 (215.36) |
| Furniture and Fixtures (Previous Year) | 63.08 (63.08) | 0.26 | - | 63.34 (63.08) | 45.97 (42.58) | 3.36 (3.39) | - | 49.33 (45.97) | 14.01 (17.11) |
| Office Appliances, Canteen and Other Equipment (Previous Year) | 61.23 (60.94) | 0.08 (0.49) | - | 61.31 (61.23) | 55.71 (52.34) | 3.47 (4.58) | - | 59.18 (55.71) | 2.13 (5.52) |
| Vehicles (Previous Year) | 62.17 (67.07) | - | - | 62.17 (62.17) | 54.18 (55.00) | 5.31 (3.81) | - | 59.49 (54.18) | 2.68 (7.99) |
| Computers (Previous Year) | 100.96 (99.68) | 0.04 (1.28) | - | 101.00 (100.96) | 99.14 (97.39) | 0.80 (2.34) | - | 99.94 (99.14) | 1.06 (1.82) |
| Total(A) | 36,549.11 (36,546.92) | 24.59 (7.29) | 110.00 (5.10) | 36,402.58 (36,549.11) | 10,204.92 (8,760.77) | 1,043.57 (1,448.85) | 110.00 (4.76) | 11,133.87 (10,204.92) | 14,769.04 (15,844.51) |
| (ii) <u>Intangible Assets (Acquired)</u> | | | | | | | | | |
| Computer Software (Previous Year) | 54.26 (54.26) | - | - | 54.26 (54.26) | 46.78 (44.37) | 7.48 (2.41) | - | 54.26 (46.78) | - (7.48) |
| TOTAL(B) | 54.26 (54.26) | - | - | 54.26 (54.26) | 46.78 (44.37) | 7.48 (2.41) | - | 54.26 (46.78) | - (7.48) |
| (iii) <u>Capital Work In Progress</u> (C) (Refer note 1 below) | | | | | | | | | |
| Previous Year | | | | | | | | | 198.69 |
| Total (A+B+C) | | | | | | | | | 14,967.73 (16,052.38) |

Note: 1. Capital work in progress as at March 31, 2016 is net of impairment provision of Rs. 1167.32 Lakhs.

Notes forming part of the financial statements
Note 11: Non-current Investments

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------------|--------------------------|
| Other Investments (at Cost unless stated otherwise) | | |
| Investment in Equity Shares of Associates (Unquoted) | | |
| 1,000 Equity Share of Kailash Motors Private Limited of `10/- each fully Paid-up | 0.10 | 0.10 |
| Total | 0.10 | 0.10 |

Aggregate Amount of Un-quoted investments

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-------------|--------------------------|--------------------------|
| Cost | 0.10 | 0.10 |

Note 12: Long-term Loans and Advances

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Security deposits | 93.31 | 99.25 |
| Capital advances | 0.38 | 17.80 |
| Prepaid Expenses | 13.58 | 64.37 |
| Statutory Dues paid under Protest (Refer Note 26) | 2,726.70 | 1,792.96 |
| | 2,833.97 | 1,974.38 |
| Unsecured, Considered Doubtful | | |
| Capital Advances | 17.75 | - |
| Less: Provisional for Doubtful Capital Advances | 17.75 | - |
| Total | 2,833.97 | 1,974.38 |

Note 13: Inventories (At lower of cost and net realisable value)

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-------------------|--------------------------|--------------------------|
| Raw materials | 357.56 | 451.25 |
| Work-in-progress | 272.41 | 419.41 |
| Stores and spares | 64.76 | 69.92 |
| Finished Goods | - | 30.77 |
| Scrap | 2.53 | 8.20 |
| Total | 697.26 | 979.55 |

Notes forming part of the financial statements

Note 14: Trade Receivables

(Rs. in Lakhs)

| Particulars | Note No. | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------|-----------------------|-----------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | | |
| Unsecured, considered good | | 187.19 | 122.47 |
| Unsecured, considered doubtful | | 1,645.82 | 685.98 |
| | | 1,833.01 | 808.46 |
| Less: Provision | | 1,645.82 | 685.98 |
| | Total (A) | 187.19 | 122.47 |
| Other Trade receivables | | | |
| Unsecured, considered good | | 1,382.70 | 1,111.15 |
| Unsecured, considered doubtful | | - | 941.47 |
| | | 1,382.70 | 2,052.62 |
| Less: Provision | | - | 941.47 |
| | Total (B) | 1,382.70 | 1,111.15 |
| | Total (A+B) | 1,569.89 | 1,233.63 |

Note: Trade Receivables include amounts due from:

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|-----------------------|-----------------------|
| Firms/Companies in which any Director is a Partner/Director: | | |
| J.N. Auto Limited | 13.43 | 11.35 |
| Commercial Motors Sales Private Limited | 0.68 | 1.29 |
| Total | 14.11 | 12.64 |

Note 15: Cash and Cash Equivalents

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-------------------------|-----------------------|-----------------------|
| (a) Cash on hand | 0.50 | 1.32 |
| (b) Balances with banks | | |
| (i) In Current Accounts | 42.27 | 3.91 |
| Total | 42.77 | 5.23 |

Notes forming part of the financial statements
Note 16: Short-term Loans and Advances

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Loan to Employees | 4.31 | 3.27 |
| Advances to Suppliers | 77.65 | 111.37 |
| Prepaid Expenses | 78.03 | 67.51 |
| Balances with Government Authorities | 1,734.58 | 1,767.36 |
| Advance Income-tax (Net of Provisions) | 64.93 | 60.48 |
| Excise duty refund claim | - | 259.17 |
| Debt Service Reserve Account | 2.25 | 49.23 |
| Security Deposit | 194.66 | 235.85 |
| Sales Tax Incentive Receivable | 496.64 | 496.64 |
| Accrued Income | 0.36 | 0.29 |
| | 2,653.41 | 3,051.17 |
| Unsecured, considered Doubtful | | |
| Inter-corporate deposits (Refer Note 36) | 1,000.00 | 1,000.00 |
| Provident Fund Receivable | 63.00 | 63.00 |
| Advances to Suppliers | 56.20 | 34.00 |
| | 1,119.20 | 1,097.00 |
| Less: Provision | 1,119.20 | 1,097.00 |
| Total | 2,653.41 | 3,051.17 |

Note 17: Other current assets

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Fixed deposit with Bank Under Lien | 124.97 | 247.13 |
| Interest accrued but not due on bank deposits under Lien | 4.06 | 7.58 |
| Total | 129.03 | 254.71 |

Note 18: Revenue from Operations

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------------|--------------------------|
| Sale of Manufactured Goods (Refer Note (i) below) | 14,890.42 | 14,133.35 |
| Sale of Services (Refer Note (ii) below) | 84.42 | 55.80 |
| Other Operating Revenues (Refer Note (iii) below) | 140.68 | 697.91 |
| | 15,115.52 | 14,887.06 |
| Less: | | |
| Excise duty | 4,518.09 | 4,071.06 |
| Total | 10,597.43 | 10,816.00 |

Notes forming part of the financial statements

Note:
(i) Sale of Manufactured Goods:

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|-----------------------|--------------------------|--------------------------|
| Sale of Built Bodies | 14,841.91 | 13,306.36 |
| Other Component Sales | 48.51 | 826.99 |
| Total | 14,890.42 | 14,133.35 |

(ii) Sales of Services

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|------------------|--------------------------|--------------------------|
| Job Work Charges | 84.42 | 55.80 |
| Total | 84.42 | 55.80 |

(iii) Other Operating Revenues:

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|----------------------------|--------------------------|--------------------------|
| Sale of Scrap | 133.76 | 184.18 |
| Sales Tax Incentive | - | 496.64 |
| Income from Transportation | 6.92 | 17.09 |
| Total | 140.68 | 697.91 |

Note 19: Other Income

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Interest Income (Refer Note (i) below) | 18.11 | 28.59 |
| Other non-operating income (Refer Note (ii) below) | 26.27 | 84.13 |
| Total | 44.38 | 112.72 |

Note
(i) Interest Income comprises of:

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|----------------------------|--------------------------|--------------------------|
| Interest on bank deposits | 14.35 | 25.28 |
| Interest on other deposits | 3.76 | 3.31 |
| Total | 18.11 | 28.59 |

Notes forming part of the financial statements

ii) Other Non-operating Income comprises of:

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Rental income | 0.78 | 0.78 |
| Profit on sale of fixed assets (net) | 11.00 | 0.85 |
| Liabilities / provisions no longer required written back | - | 33.27 |
| Discount received | - | 1.20 |
| Miscellaneous income | 14.49 | 48.03 |
| Total | 26.27 | 84.13 |

Note 20a: Cost of Materials Consumed

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Opening stock | 521.17 | 750.08 |
| Add: Purchases | 8,279.01 | 7,834.61 |
| Less: Sale of Raw Material | 97.76 | 123.15 |
| | 8,702.42 | 8,461.54 |
| Less: Closing stock | 422.32 | 521.17 |
| Cost of Material Consumed | 8,280.10 | 7,940.37 |
| Material consumed comprises: | | |
| Iron and Steel (Sheets and Components) | 5,321.10 | 5,189.30 |
| Hydraulic Jacks | 1,647.27 | 1,332.31 |
| Other items | 1,311.73 | 1,418.76 |
| Total | 8,280.10 | 7,940.37 |

Note 20b: Changes in Inventories of Finished Goods and Work-in-Progress

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|--------------------------|--------------------------|
| <u>Inventories at the end of the year:</u> | | |
| Finished Goods | - | 30.77 |
| Work-in-progress | 272.41 | 419.41 |
| Scrap | 2.53 | 8.20 |
| | 274.94 | 458.38 |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished Goods | 30.77 | 889.16 |
| Work-in-progress | 419.41 | 17.61 |
| Scrap | 8.20 | 906.77 |
| | 458.38 | 906.77 |
| Net decrease | 183.44 | 448.39 |

Note: Work-in-progress mainly consists of Iron and Steel Components used in manufacture of Built Bodies.

Notes forming part of the financial statements
Note 21: Other Manufacturing Expenses

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|----------------------------------|--------------------------|--------------------------|
| Labour charges | 565.82 | 559.80 |
| Power and fuel | 172.10 | 196.36 |
| Entry Tax | 5.17 | 22.14 |
| <u>Repairs and Maintenance :</u> | | |
| Machinery | 26.08 | 13.82 |
| Buildings | 12.11 | 7.72 |
| Others | 26.25 | 31.69 |
| Excise duty | 60.64 | 52.47 |
| Total | 868.17 | 884.00 |

Note 22: Employee Benefits Expense

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Salaries and wages | 502.65 | 622.93 |
| Contributions to provident and other funds | 26.77 | 34.41 |
| Staff welfare expenses | 54.80 | 63.35 |
| Total | 584.22 | 720.69 |

Note 23: Finance Costs

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| (a) Interest expense on: | | |
| (i) On Borrowings | 1,953.11 | 1,881.11 |
| (ii) On Bill Discounting | 119.26 | 97.73 |
| (iii) Others | | |
| -On Letter of Credit | 15.13 | 4.46 |
| -On Statutory Payments | 116.53 | 33.43 |
| -To Others | 117.66 | 14.25 |
| | 2,321.69 | 2,030.98 |
| (b) Other borrowing costs | | |
| Expenses for loan arrangement, bill discounting and bank charges | 70.69 | 64.41 |
| | 70.69 | 64.41 |
| Total | 2,392.38 | 2,095.39 |

Notes forming part of the financial statements

Note 24: Other Expenses

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Rent including lease rentals | 9.26 | 8.76 |
| Insurance | 12.33 | 14.22 |
| Rates and taxes | 29.73 | 31.45 |
| Postage and Telephone Expenses | 8.52 | 11.63 |
| Travelling and conveyance | 43.25 | 56.91 |
| Vehicle Running Expenses | 15.33 | 16.35 |
| Printing and stationery | 4.91 | 6.22 |
| Freight Charges | 38.09 | 40.80 |
| Discount given | 48.18 | 66.59 |
| Sales Expenses | 86.84 | 81.48 |
| Security Charges | 54.79 | 55.53 |
| Donation | 0.25 | 0.27 |
| Legal and professional fees (Refer Note No. i) | 133.28 | 162.93 |
| Director Sitting Expenses | 6.85 | 11.60 |
| Exchange Fluctuation Loss | - | 17.67 |
| Advances written off | - | 25.92 |
| Provision for doubtful Debts/Advances | 58.33 | 1,434.27 |
| Miscellaneous Expenses* | 42.24 | 65.36 |
| Total | 592.18 | 2,107.96 |

* Miscellaneous expenses include office expenses, garden expenses, electricity, water charges etc.

Note (i) Payment to Auditors (Excluding Service Tax)

(Rs. in Lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Audit Fees - Statutory audit | 16.50 | 16.50 |
| Out of Pocket Expenses | 0.05 | 0.46 |
| Any other matters (Certification etc.) | 5.50 | 5.50 |
| Total | 22.05 | 22.46 |

Notes forming part of the financial statements

Note 25: 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 2017 aggregate Rs. 39.48 Lakhs (Previous Year - Rs. 116.10 Lakhs).

Note 26: Contingent liabilities

| | | (Rs. in Lakhs) | |
|-------|--|--|--|
| | Particulars | As at 31 st March, 2017 | As at 31 st March, 2016 |
| a) | Disputed demands of following authorities: | | |
| (i) | Income-tax | 620.25 | 21.62 |
| (ii) | Excise duty related to Rule10A matter (see note below) | - | - |
| (iii) | Other Excise duty & Service Tax Matter (Rs. 9.13 Lakhs (Previous Year Rs. 9.02 Lakhs) paid under protest) | 2576.70 | 2576.59 |
| (iv) | Sales tax/ Entry Tax (Rs. 71.10 Lakhs (Previous Year Rs. 70.46 Lakhs) paid under protest) | 1822.21 | 1822.55 |
| | (The Company has contested all the above demands before various authorities and is hopeful of success in the respective matters) | | |
| b) | Claims against the Company not acknowledged as debt | 65.43 | 65.43 |
| | Total | 5084.59 | 4486.19 |

Note:

Pursuant to the Rule 10(A) of Central Excise Rules, 2002 which was inserted vide Notification no. 9/2007-CE(N.T) dated 1st March, 2007, the Company has started paying differential Excise Duty on behalf of customer on sales made to them since September' 2010 under protest. The Excise department has issued demand notices in respect of this matter aggregating Rs. 2967.51 Lakhs (previous year Rs. 2967.51 Lakhs). The aggregate of total payment made under protest up to the year-end is Rs. 2646.47 Lakhs (Previous year - Rs. 1713.48 Lakhs).

Since, the liability, if any in this regard is recoverable from the customer, there will be no impact on Statement of Profit and Loss as consequence of the outcome of this case.

Notes forming part of the financial statements

Note 27: Operating lease rent expenses for the period in respect of lease agreements entered from 1st April, 2008.

| Particular | (Rs. in Lakhs) | |
|-----------------------------|---------------------------------|---------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 |
| Lease rent for Factory Land | 5.06 | 5.06 |

Future Minimum Lease Payments under Non-Cancellable Operating Lease:

| Particular | (Rs. in Lakhs) | |
|--|---------------------------------|---------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 |
| Due not later than one year | 5.06 | 5.06 |
| Due later than one year and not later than five year | 20.23 | 20.23 |
| Due later than five year | 80.92 | 85.98 |

Note 28:

A) Expenditure in foreign currency

| | (Rs. in Lakhs) | |
|----------------------|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2016 |
| Interest on ECB Loan | 425.02 | 439.30 |
| Total | 425.02 | 439.30 |

B) Value of material consumed including stores and spares

| | (Rs. in Lakhs) | |
|------------|------------------------------|------------------------------|
| | 31 st March, 2017 | 31 st March, 2017 |
| Imported | - | - |
| Indigenous | 8280.10 | 7940.37 |
| Total | 8280.10 | 7940.37 |

Note 29:

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 - Rs. 27.77 Lakhs (Previous Year Rs. 19.97 Lakhs)
 - Interest- Rs 23.79 Lakhs (Previous Year Rs. 19.48 Lakhs)
- 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 - Rs. 4.31 Lakhs (Previous Year Rs. 2.21 Lakhs)

Notes forming part of the financial statements

- iv) Amount of interest accrued and remaining unpaid as at the year-end - Rs. 23.79 Lakhs (Previous Year Rs.19.48 Lakhs)
- v) Amount of interest due and payable on previous year's outstanding amount - Rs.19.48 Lakhs. (Previous Year Rs.18.18 Lakhs)

Note 30:

- (a) Contributions are made to Provident Funds which covers all regular employees. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs. 22.95 Lakhs (Previous year Rs. 30.18 Lakhs).

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 Statement of Profit and Loss.

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

Amount recognized in Balance sheet

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|-------------------------------------|------------------------------|------------------------------|
| Present Value of Funded Obligations | 87.52 | 87.83 |
| Fair Value of Plan Assets | (44.40) | (57.10) |
| Net Liability | 43.13 | 30.73 |
| Amounts in the Balance Sheet | | |
| Liabilities | 43.13 | 30.73 |
| Assets | - | - |
| Net Liability/(Asset) | 43.13 | 30.73 |

Expense recognized in Statement of Profit and Loss Account

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|---|------------------------------|------------------------------|
| Current Service Cost | 10.07 | 15.91 |
| Interest on Defined Benefit Obligation | 7.58 | 11.74 |
| Expected Return on Plan Assets | (4.47) | (8.12) |
| Net Actuarial Losses / (Gains) Recognized in year | (0.09) | (8.77) |
| Total, included in "Employee Benefit Expense" | 13.09 | 10.75 |

Notes forming part of the financial statements
Reconciliation of Benefit Obligations and Plan Assets for the period

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|--------------------------------------|------------------------------|------------------------------|
| Change in Defined Benefit Obligation | | |
| Opening Defined Benefit Obligation | 87.83 | 136.09 |
| Current Service Cost | 10.07 | 15.91 |
| Interest Cost | 7.58 | 11.74 |
| Actuarial Losses / (Gain) | (1.46) | (11.85) |
| Benefits paid | (16.50) | (64.05) |
| Closing Defined Benefit Obligation | 87.52 | 87.83 |
| Change in the Fair Value of Assets | | |
| Opening Fair Value of Plan Assets | 57.10 | 106.71 |
| Expected Return on Plan Asset | 4.47 | 8.12 |
| Actuarial Gain / (Losses) | (1.37) | (3.08) |
| Contributions by Employer | 0.70 | 9.39 |
| Benefits paid | (16.50) | (64.05) |
| Closing Fair Value of Plan Assets | 44.40 | 57.10 |

(c) Assumptions:

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|--|------------------------------|------------------------------|
| Discount Rate (p.a.) | 7.30% | 7.95% |
| Expected Rate of Return on Assets (p.a.) | 7.50% | 7.50% |
| Salary Escalation Rate (p.a.) | 7.00% | 7.00% |

(d) Experience Adjustments:

(Rs. in Lakhs)

| Particulars | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 | 31 st March, 2014 | 31 st March, 2013 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Defined benefit/obligation | 87.52 | 87.83 | 136.08 | 132.12 | 147.64 |
| Plan Assets | 44.40 | 57.10 | 106.71 | 131.88 | 123.87 |
| Surplus/Deficit | (43.13) | (30.73) | (29.37) | (0.23) | (23.78) |
| Experience Adjustment on Plan Liabilities | (7.25) | (11.37) | 8.88 | 0.78 | (6.21) |
| Experience Adjustment on Plan Assets | (1.37) | (3.08) | 6.04 | 2.40 | 6.22 |

The Company is expected to contribute Rs.10 Lakhs for the year ended March 31, 2018.

(e) Composition of plan assets:

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|-----------------------|------------------------------|------------------------------|
| Insurer managed funds | 100% | 100% |

Note 31:

The principal business of the Company is sheet metal fabrication and commercial vehicle body building. 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 on 'Segment Reporting' (AS 17).

Notes forming part of the financial statements

Note 32:

Disclosures as required by the Accounting Standard 18 (AS - 18) on '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 | Director having significant influence through voting power |
| 2 | Mr. Deepak Tiwari (Till July 31, 2016) | Key Management Personnel |
| 3 | Mr. Abhishek Jaiswal (From February 17, 2017) | Key Management Personnel |
| 4 | Commercial Automobiles Private Limited | Enterprises over which Director with significant influence and their relatives are able to exercise significant influence. |
| 5 | Commercial Body Builders | |
| 6 | Commercial Motors | |
| 7 | Commercial Toyota | |
| 8 | Kailash Traders | |
| 9 | Shivam Motors Private Limited | |
| 10 | Anubha Engineering Limited | |
| 11 | Kailash Infra tech Private Limited | |
| 12 | Commercial Installments | |
| 13 | Shubham Multi Services Private Limited | |
| 14 | J.N. Auto Limited (Unit Rekha Engineering) | |
| 15 | Jai Narayan Charitable Trust | |
| 16 | Kailash Motors | |
| 17 | Jashn Beneficiary Trust | |
| 18 | Commercial Motors (Dehradun) Private Limited | |
| 19 | Kailash Motors Private Limited | |
| 20 | Tirupati Services Private Limited | |
| 21 | Kailash Motors Finance Private Limited | |
| 22 | Narmada Autocare Services Private Limited | |
| 23 | Commercial Automobiles Jabalpur Private Limited | |
| 24 | Shri Crushtone Manufacturing Company Private Limited | |

Notes forming part of the financial statements
b) Transactions with Related parties

(Rs. in Lakhs)

| Sr. No. | Particulars | Enterprises over which director with significant voting power and their relatives are able to exercise significant influence | Director having significant influence through voting power | Key Management Personnel | Total |
|---------|--|--|--|--------------------------|-------------------|
| 1 | Remuneration paid (including sitting fees) | - (-) | 1.15 (1.00) | 20.25 (50.00) | 21.40 (51.00) |
| 2 | Purchase of Raw Materials | 0.29 (-) | - (-) | - (-) | 0.29 (-) |
| 3 | Miscellaneous Income | 2.09 (0.11) | - (-) | - (-) | 2.09 (0.11) |
| 4 | Sale of raw material | 3.09 (7.93) | - (-) | - (-) | 3.09 (7.93) |
| 5 | Sale of Finished Goods | 350.53 (88.66) | - (-) | - (-) | 350.53 (88.66) |
| 6 | Reimbursement of Expenses - paid | 2.49 (4.10) | 3.45 (-) | - (-) | 5.94 (4.10) |
| 7 | Payment against Reimbursement of Expenses - received | 3.11 (0.57) | 1.99 (0.46) | - (-) | 5.10 (1.03) |
| 8 | Advance given against purchases | 5.50 (0.96) | - (-) | - (-) | 5.50 (0.96) |
| 9 | Advance received back | 5.50 (0.96) | - (-) | - (-) | 5.50 (0.96) |
| 10 | Loan Taken | - (-) | 54.00 (61.15) | - (-) | 54.00 (61.15) |
| 11 | Advance Taken against sale of goods | 356.45 (90.47) | - (-) | - (-) | 356.45 (90.47) |
| 12 | Repayment of Advance Taken against sale of goods | - (13.00) | - (-) | - (-) | - (13.00) |
| 13 | Receipt against Issue of Non-convertible redeemable Preference shares(NCRPS) (Also refer Note 3 (e) regarding calls unpaid against NCRPS) | - (-) | - (400.00) | - (-) | - (400.00) |

Note:

As at 31st March, 2017, Dr. Kailash Gupta has pledged 30,262,528 equity shares (99.72% of promoter's shareholding) against various facilities availed by the company during the year.

Previous year's figures are given in bracket.

Notes forming part of the financial statements

Out of the above items, transactions with enterprises over which Directors and their relatives are able to exercise significant influence and in excess of 10% of total related party transactions are as under:

(Rs. in Lakhs)

| Transaction | | 31 st March, 2017 | 31 st March, 2016 |
|-------------|---|------------------------------|------------------------------|
| 1 | <u>Sale of Raw Material</u> Commercial Automobiles Pvt. Ltd. Shivam Motors Pvt. Ltd. | 3.09 - | 0.66 7.26 |
| 2 | <u>Remuneration Paid</u> Mr. Kailash Gupta (Director Sitting Fees) Mr. Deepak Tiwary (Apr'16 to Jul'16) Mr. Abhishek Jaiswal (17 th Feb'17 to Mar'17) | 1.15 16.67 3.58 | 1.00 50.00 - |
| 3 | <u>Miscellaneous Income</u> Commercial Automobiles Pvt. Ltd. J.N. Auto Limited (Unit Rekha Engineering) | - 2.09 | 1.11 - |
| 4 | <u>Purchase of Raw Material</u> Commercial Auto Mobile Pvt. Ltd. | 0.29 | - |
| 5 | <u>Reimbursement of Expenses – paid</u> Commercial Automobiles Pvt. Ltd. Kailash Motors Commercial Motors Sales Pvt. Ltd. Kailash Gupta | 0.79 1.70 0.00 3.45 | 1.84 0.55 0.54 1.17 |
| 6 | <u>Payment against Reimbursement of Expenses - received</u> Commercial Motor Sales Pvt Ltd. Kailash Motors Commercial Automobiles Pvt. Ltd. Kailash Gupta | 0.61 0.55 1.95 1.99 | - - 0.57 0.46 |
| 7 | <u>Advance given against purchases</u> Commercial Automobiles Pvt. Ltd. Shivam Motors Pvt. Ltd. | - 5.50 | 0.95 - |
| 8 | <u>Advance received back</u> Commercial Automobiles Pvt. Ltd. Shivam Motors Pvt. Ltd. | - 5.50 | 0.95 - |
| 9 | <u>Loan taken</u> Kailash Gupta | 54.00 | 61.15 |
| 10 | <u>Advance taken against sale of goods</u> Commercial Automobiles Pvt. Ltd. J.N. Auto Limited (Unit Rekha Engineering) | 356.45 - | 88.47 2.00 |
| 11 | <u>Repayment of advance taken</u> Shivam Motors Pvt. Ltd. | - | 13.00 |
| 12 | <u>Sale of finished goods</u> Commercial Automobiles Pvt. Ltd. | 350.53 | 88.66 |
| 13 | <u>Receipt against Issue of Non-convertible Redeemable Preference Shares(NCRPS)</u> Dr. Kailash Gupta (Also refer Note 3 (e) regarding calls unpaid against NCRPS) | - | 400.00 |

Notes forming part of the financial statements

c) Closing Balances

| Sr. No. | Particulars | Enterprises over which director with significant voting power and their relatives are able to exercise significant influence | Director having significant influence through voting power | Key Management Personnel | Total |
|---------|---|--|--|--------------------------|--------------------|
| 1 | Receivables | 14.11 (12.64) | - (-) | - (-) | 14.11 (12.64) |
| 2 | Payables | 191.64 (188.48) | 6.59 (6.91) | 11.03 (10.69) | 209.26 (199.18) |
| 3 | Loan taken | - (-) | 262.55 (208.55) | - (-) | 262.55 (208.55) |
| 4 | Investments | 0.10 (0.10) | - (-) | - (-) | 0.10 (0.10) |
| 5 | Unpaid calls on Non-Convertible Cumulative Redeemable Preference Shares | - (-) | 700 (700) | - (-) | 700 (700) |

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

Note 33

Foreign Currency Balances

a) Derivatives

Outstanding derivatives:

| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2017 | 31 st March, 2016 |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Rs. in Lakhs | | In Foreign Currency | |
| For ECB Loan Principal only Swap | - | 3105.45 | - | USD 6.0 mn |

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

Notes forming part of the financial statements

Amounts payable in foreign currency on account of the following:

| | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2017 | 31 st March, 2016 |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Rs. in Lakhs | | In Foreign Currency | |
| For ECB Loan Principal | 3113.23 | 397.71 | USD 4.8 mn | USD 0.6 mn |
| Interest on ECB Loan | 93.28 | 78.11 | USD 0.14 mn | USD 0.12 mn |

c) Exchange Gain/ (Loss) (net) accounted during the year

(Rs. in Lakhs)

| Particulars | 31 st March, 2017* | 31 st March, 2016 |
|---|-------------------------------|------------------------------|
| On conversion of ECB loan liabilities from USD to INR value | 61.12 | (17.67) |

*The Company has adopted paragraph 46A of AS-11 relating to 'The Effects of Changes in Foreign Currency Rates' and accordingly net exchange gain on restatement of ECB loan as at the year-end (Long-term Foreign Currency Monetary Item which relate to acquisition of a depreciable capital asset) has been adjusted to the cost of the respective assets.

Note 34:

Earnings per Share are calculated as follows:

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|--|------------------------------|------------------------------|
| a. Net (loss) available for distribution to equity shareholders (Refer note below) | (3,305.12) | (10,476.21) |
| b. Weighted average number of Equity Shares for Basic EPS (In nos.) | 54,942,964 | 54,942,964 |
| c. Weighted average number of Equity Shares for Diluted EPS (In nos.) | 54,942,964 | 54,942,964 |
| d. Nominal value of Equity Share (Rs) | 10.00 | 10.00 |
| e. (Loss)/ earnings per share (Before Exceptional Items) : Basic and Diluted (in Rs.) | (6.02) | (9.30) |
| e. (Loss)/ earnings per share (After Exceptional Items) : Basic and Diluted (in Rs.) | (6.02) | (19.07) |

Note: There are no arrears of dividend on non-convertible redeemable preference shares (NCRPS) as NCRPS are not yet fully paid-up at the year end.

Notes forming part of the financial statements

Note 35:

Loans and Advances in the nature of Loans due from related parties (in accordance with clause 32 of Listing Agreement) (Refer Note 12 on 'Long term Loans and Advances' and Note 16 on 'Short term Loans and Advances')

| Particulars | 31 st March, 2017 | 31 st March, 2016 |
|---|------------------------------|------------------------------|
| Others (Interest-free loans with no repayment schedule) | | |
| Employees | 4.31 | 3.25 |
| Maximum balance outstanding at any time during the year | 6.23 | 7.94 |

Note 36:

"Long Term Loans and Advances" include Inter corporate deposits (ICD) of Rs. 10,00.00 Lakhs given to two Companies in an earlier year and which are outstanding as on 31st March 2017. These amounts have been fully provided for, as doubtful of recovery, in an earlier year. The Company has, during the earlier year filed a legal suit for recovery of the same (along with accumulated interest thereon). This case is lying before the Second Additional District Judge, Jabalpur.

Note 37:

Over the past few years, the Company has been incurring losses due to which its net worth has been eroded. A significant portion of these losses are attributed to exceptional items of Impairment loss relating to fixed assets and provision towards doubtful receivables. The Company continues to get orders from existing customers and has initiated various cost reduction measures which would improve profitability and with funding support, the Company will be in a position to attain higher volumes. Lenders of the Company in their meeting held on 11th January, 2017, have decided to exercise the option of Strategic Debt Restructuring (SDR) and accordingly SDR has been invoked in compliance with SDR guidelines issued by the Reserve Bank of India (RBI). Invocation and initiation of the SDR process is expected to result in identification of cash flows required by the Company for continuing operations. The lenders are in the process of formulating a scheme/package in line with the SDR guidelines issued by RBI. Accordingly, financial statements have been prepared by the Company on a going concern basis. The Management believes that with a combination of the above mentioned mitigating plans, it would be able to realize its assets and meet all its obligations in the normal course of business. The ability of the company to continue as a going concern is dependent on the company's ability to successfully complete the customer orders and generate cash flows from operations, including finalization and implementation of SDR initiated by the lenders to the company.

Note 38:

During the previous year March 31, 2016, an additional impairment loss of Rs. 5,367 Lakhs was provided for in accordance with Accounting Standard (AS) 28 on Impairment of Assets and the same was disclosed as an exceptional item. Total Impairment loss on Fixed Assets as on March 31, 2016 aggregated to Rs. 11,677 Lakhs.

As at the year-end, the Company has performed an impairment review. While preparing the analysis, the Company has assumed the required funding support and the likely finalization and implementation of ongoing SDR, accordingly no further impairment of assets is considered necessary.

Note 39:

Details of Loans given, Investment made and Guarantee given covered u/s 186(4) of the Companies Act, 2013

Notes forming part of the financial statements

- (i) The company has not given any loans.
- (ii) Investments made by the company as at 31st March, 2017 (Refer note 11)
- (iii) The Company has not given any Corporate Guarantees in connection with a loan to any other body corporate or person.

Note 40:

Deferred Tax Assets

Deferred Tax Assets on account of difference between book balance and tax balance of Fixed Assets, carried forward of business losses and unabsorbed depreciation have not been recognized in the absence of virtual certainty that sufficient future income will be available.

Note 41:

Disclosure on Specified Bank Notes (SBNs):

Disclosures as per notification, Dated March 30, 2017, issued by Ministry of Corporate Affairs are as follows:

| Particulars | SBNs* | Other Denomination Notes | Total |
|--|-------|--------------------------|-------|
| Closing cash in hand as on November 8, 2016 | 2.68 | 0.10 | 2.78 |
| (+) Permitted Receipts | - | 7.18 | 7.18 |
| (-) Permitted Payments | - | 6.96 | 6.96 |
| (-) Amount deposited in Banks | 2.68 | - | 2.68 |
| Closing cash in hand as on December 30, 2016 | - | 0.32 | 0.32 |

*For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics affairs member S.O.3407(E), Dated the November 8, 2016.

Note 42:

The company has received a request from one of its Director to offset the amounts payable by the director towards call in arrears against dues payable by the company to suppliers, in which the director is an interested party/director, as instructed by the Director. The company is in the process of obtaining a legal opinion to determine legal permissibility of such setoff.

Note 43:

The figures of the previous year have been regrouped, rearranged and re-casted wherever necessary to correspond with those of the current year.

Signatures to Notes 1 to 43 For and on behalf of the Board

P.Y. Gurav
Director

Prabhakar Dalal
Director

Abhishek Jaiswal
Chief Executive Officer

Amit Jain
Chief Financial Officer and
Company Secretary



Notes forming part of the financial statements

Commercial Engineers & Body Builders Co Ltd

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

ATTENDANCE SLIP

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 37th ANNUAL GENERAL MEETING of the company on 27th September, 2017 at 3:00 P. M. at Stock Exchange Auditorium, U P Stock Exchange Building, Padam Towers, Civil Lines, Kanpur-208003, (U.P.)

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.



Commercial Engineers & Body Builders Co. Ltd.



Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24231UP1979PLC004837

Name of the company : Commercial Engineers & Body Builders Co Ltd

Registered office : 84/105 A, GT Road, Kanpur-208 003

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :

or failing him

1. Name :

Address :

E-mail Id :

Signature :

or failing him

1. Name :

Address :

E-mail Id :

Signature :

or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the company, to be held on the 27th September, 2017 at 3.00 P. M. at Auditorium of U.P. Stock and Capital Limited, Padam Towers, Civil Lines, Kanpur-208 003, (U.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:



| S. No. | Resolution | For | Against |
|-------------------|---|-----|---------|
| Ordinary Business | | | |
| 1 | To consider and adopt the audited Financial Statements of the Company for the Financial year ended 31 st March, 2017 and the Reports of the Board of Directors and Auditors thereon. | | |
| 2 | To appoint New Auditors in place of Old Retiring Auditor and to fix their remuneration | | |

Signed this..... day of..... 2017

Affix Re. 1/- Stamp

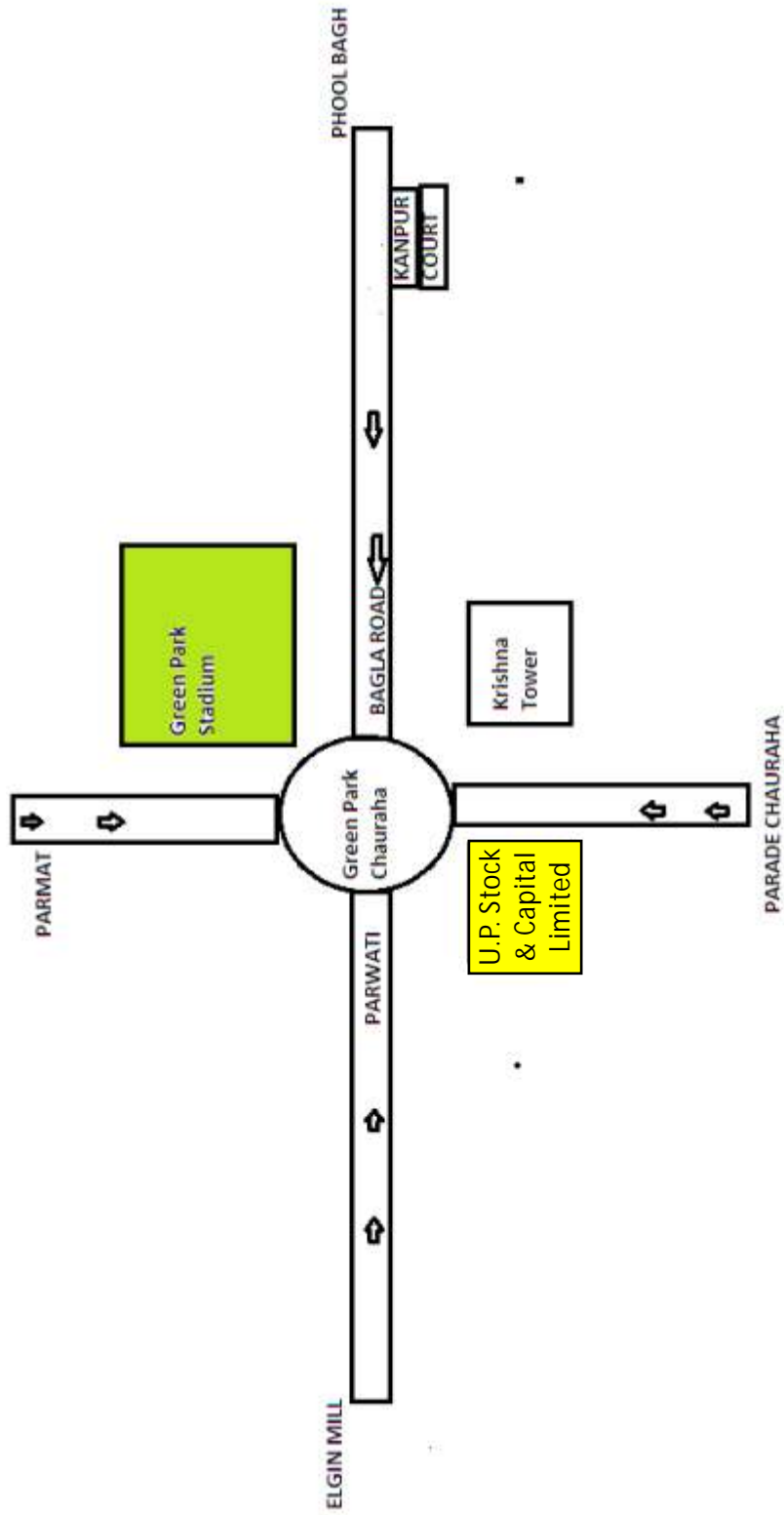
Signature of shareholders

Signature of Proxy holder(s)

REVENUE
STAMP

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ROUTE MAP FOR THE VENUE OF THE AGM



Thank You



COMMERCIAL ENGINEERS & BODY BUILDERS CO. LTD.

Corporate Office: 124, Napier Town, Jabalpur - 482 001 Madhya Pradesh India

Tel.: +91 761 408 5924, Fax: +91 761 4037469, www.cebbco.com