

Director's Report 2019-2020

To the Members of

Commercial Engineers & Body Builders Co. Ltd

The Directors are presenting herewith the **40th Annual Report** of the Company together with the Audited Accounts for the year ended **31st March 2020**.

Financial Highlights

(Rs. in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from Operations	12,574.39	21,579.96
Total Sales	12,574.39	21,579.96
Other Income	329.35	75.91
Total Income	12,903.74	21,655.87
Operating Expenses	12,365.70	20,389.60
Depreciation and Amortisations	831.74	1,037.91
Finance Cost	617.17	2,214.45
Profit/(Loss) before Tax and Exceptional Items	(910.87)	(1,986.09)
Exceptional Items- (Gain)/Loss, net	(655.12)	(10,853.47)
Profit/(Loss) for the Year before Tax	(255.75)	8,867.38
Tax adjustments related to earlier years	-241.78	0.00
Profit/(Loss) for the Year	(13.97)	8,867.38
Other Comprehensive Income/(Loss)	(27.37)	(1.20)
Total Comprehensive Income/(Loss) for the year	(41.34)	8,866.18

Performance at glance

During the last financial year 2018-19, debt restructuring along with change in ownership took place. With these positive changes, the company started the activities with vigor.

The company re-registered the wagon manufacturing facility and was qualified for G-105 Registration. With this, the Company has given renewed focus to Railway Wagon business.

The total sales during the year were Rs 125.8 crores as compared to 215.8 crores for last year. The reduction is mainly attributable to significant slowdown in commercial vehicle industry affecting the tipper orders from OEMs. This was partly compensated by Railway Wagon shipment.

The Loss before tax and exceptional items for the current year is Rs 9.1 crores as compared to Rs 19.9 crores for last year, mainly attributable to lower sales in the tipper segment.

Please refer to Management Discussion and Analysis for comments on financial performance.

COVID-19 – Impact on business.

Consequent to nation-wide lock down, the Company's manufacturing facilities remained shut. As a result, major shipments for the month of March 2020, were impacted.

The Company has resumed its operations in phased a manner from 25th April 2020 with reduced strength of manpower as per directives of the respective state governments or central government guidelines, as applicable.

To effectively respond to and manage our operations through this crisis, the Company has taken adequate measures in terms of use of safety masks and entry level scanning. The new 'work-from-home' model is implemented mainly for employees working at administrative offices.

Future Outlook

Due to lock down, the GDP growth for the current year is estimated to come down significantly, affecting the demand.

The commercial vehicle OEMs are facing severe challenges due to slowdown and change to new emission norms applicable from current fiscal.

For Railway wagon business, the company will continue to manufacture current orders in hand; 500 wagons from Indian Railway and 113 wagons from private operators.

Since there is no complete visibility on Covid situation, it is difficult to estimate the impact on future business. The Company would closely monitor such developments in future economic conditions and consider their impact on financial statement of the relevant periods.

Change in the Nature of Business, If any

The Company has not undergone any change in the nature of the business during the Financial Year.

Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred during the end of the Financial Year of the Company to which the financial statements relate and the date of the report

Dividends

In view of the losses incurred before the exceptional item no dividend has been declared for the FY 2019-2020

Changes in Share Capital

During the year, the Company had forfeited 0.00001% Non-Convertible Cumulative Redeemable Preference Shares due to nonpayment of unpaid calls. These preference shares were issued to erstwhile promoters in the year 2014-15 amounting to Rs. 2,000 Lakhs of which only Rs. 1, 300 Lakhs was paid up. Out of the paid-up amount, Rs. 655.12 Lakhs was classified as liability component of compound financial instruments as under the requirement of Ind AS 109. Pursuant to the forfeiture, the Company had recognized a gain of Rs. 655.12 Lakhs as 'Exceptional Item' in the financial results of the previous period.

Directors and KMP

The Board of Directors comprises

Sr. No.	Particulars	Designation
1.	Mr. Prakash Y Gurav	Independent Director
2.	Mr. M Venkat Rajarao	Independent Director
3.	Ms. Vineeta Shriwani	Independent Director
4.	Mr. Abhishek Jaiswal	Whole time Director & C.E.O.
5.	Mr. Asim Ranjan Das Gupta	Non-Executive Director (w.e.f. 22 January 2019) Tendered resignation on 22.05.2019
6.	Mrs. Madhuchhanda Chatterjee	Non-Executive Non-Independent Director (w.e.f. 22.05.2019)
7.	Mr. Ganesan Raghuram	Non-Executive Independent Director (w.e.f. 19.05.2020)

During the year following changes have taken place in Board of Directors due to resignation/cessation:

Mr. Asim Ranjan Das Gupta was appointed as Non-Executive Director on the Board of Directors of the Company in accordance with Section 152, 161 of the Act, with effect from January 22, 2019

Mr. Asim Ranjan Das Gupta tendered his resignation vide letter Dated May 22, 2019 from the Board of CEBBCO due to personal reasons.

Dr. Mrs. Madhuchhanda Chatterjee was appointed as Non- Executive Non- Independent Director on the Board with effect from May 22, 2019.

Dr. Chatterjee is acting as Executive Director of Anamika Kala Sangam, a premier cultural organization of Kolkata. She has been a Lecturer in English in the Department of English, Rabindra Bharati University, and has been into academics, Dr. Chatterjee has worked as a Consultant in the Ministry of Culture, Govt. Of India during the 150 years Birth Celebrations of Rabindranath Tagore, steering the plans made by the Ministry. She has also been the Nodal Officer of a Digitization Project under the Indira National Centre for the Arts, Govt. of India.

In accordance with the provisions of the Act and other applicable provisions, Mrs. Madhuchhanda Chatterjee, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Mr. Ganesan Raghuram inducted as an Additional Independent Director on the Board of CEBBCO w.e.f. 19.05.2020 pursuant the provision as contained in the LODR that company within the first 2000 listed entity based on the market capitalization must have at least 6 (Six) Directors on the Board, based on the recommendation of the NRC Committee Mr. Ganesan Raghuram was inducted as the member of the Board as an additional director subject to approval of the Shareholders in the ensuing General Meeting to be held in the month of September 2020. Brief profile of Mr. Ganesan Raghuram forms the part of the Notice of the Annual General Meeting.

Declaration by Independent directors

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.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under Regulation 25 of the Listing Regulations, 2015.

The Ministry of Corporate Affairs vide its circular dated 22 October 2019 further amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by requiring an independent director to apply online, within 1 May 2020, to the Indian Institute of Corporate Affairs for inclusion of his/her name in the data bank for such period till he/she continues to hold office of an independent director in any Company. The independent directors were also required to submit a declaration of compliance in this regard. All the independent directors of the Company have submitted the declaration with respect to the same.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Abhishek Jaiswal, Whole time Director and Chief Executive Officer, Mr. Sanjiv Keshri, Chief Financial Officer (w.e.f. 10.08.2019) and Mr. Amit K Jain, Company Secretary.

The details of programs 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

Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the evaluation was done on the basis of criteria to cover underlying objective for evaluation.

The performance evaluation of the Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Director. The Board of Directors expressed their satisfaction with the evaluation process.

Managerial Remuneration

In compliance with the requirements of Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the remuneration details of Directors and employees is annexed as **Annexure IV**.

Meetings of the Board of Directors

During the FY 2019-20, four meetings of the Board of Directors were held. For details of meetings of the Board, please refer to the Corporate Governance Report, forming part of this report.

Board Committees

There are various Board constituted Committees as stipulated under the Act and Listing Regulations namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee. Brief details pertaining to composition, terms of reference, meetings held and attendance thereof of these Committees during the year has been enumerated in Corporate Governance report.

Audit Committee Recommendations

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

Directors Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2020, 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, 2020 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 Companies Act, 2013 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.

Internal Financial Control Systems and their Adequacy

The Company has maintained adequate internal financial controls over financial reporting. These includes policies and procedures – (a) pertaining to the maintenance of records that are reasonably detailed, accurately and fairly reflects the transactions and dispositions of the assets of the Company, (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company, and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material impact on the financial statements. Such internal financial controls over financial reporting were operating effectively as of March 31, 2020

Details in respect of frauds reported by auditors under sub section (12) of section 143 other than those which reportable to the Central Government

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed there under.

No fraud has been reported by the Auditors to the Audit Committee or the Board.

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.

Deposits

The Company has not accepted any public deposits during the Financial Year ended March 31, 2020 and as such, no amount of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Details of deposits not in compliance with the requirements of the Act

Since the Company has not accepted any deposits during the Financial Year ended March 31, 2020, there has been no non-compliance with the requirements of the Act.

Extract of the Annual Return

The extract of Annual Return, in Form MGT -9 for the Financial Year 2019-20 has been enclosed with this report as **Annexure III**.

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. As per Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this 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

No related party transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions as defined under regulation 23 of Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2019-20, pursuant to section 177 of the Companies Act, 2013 and regulation 23 of Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

Members are requested to refer to note no. 43 forming part of the Audited Financial Statements which sets out related party disclosures.

A detailed disclosure of these transactions with the Related Parties is annexed with this Report in Form AOC-2 as **Annexure V**

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 [linkhttp://www.cebbco.com/docs/profile_for_investors.html](http://www.cebbco.com/docs/profile_for_investors.html).

The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All the Related Party Transactions entered in the Ordinary Course of Business and at Arm's Length were reviewed and approved by the Audit Committee. All Related Party Transactions are placed before the Audit Committee for its review on a quarterly basis. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Act and Listing Regulations.

Significant and Material orders passed by the Regulators and Courts

No significant and material order has been passed by theregulators, courts, tribunals impacting the Company's operations in future.

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, 2020.

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 **Nil**.

Risk Management

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the listing of Debt Regulation, a Risk Management committee is compulsorily to be constituted by Top 500 Listed entities.As your company comes under first 2000 listed entities mark, hence there is no statutory requirements of constituting a Risk Management Committee. Please refer Corporate Governance Report.

(Refer Management Discussion and Analysis for potential risk and measures taken by the company to overcome risk)

Corporate Social Responsibility (CSR)

Due to paucity of profits, the Company has not been able to undertake any CSR activity during the year.

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**

Human Resources

The company continued its focus on attracting new talents while investing in development to help employees acquire new skills, explore new roles and realize their potential.

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of manager. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

CEB3CO believes in the potential of people to go beyond and be the game-changing force for business transformation and success. This potential is harnessed by fostering an open and inclusive work culture that enables breakthrough performance and comprehensive development of employees through the three pillars of Leading Self, Leading Teams and Leading Business.

AUDITORS REPORT

Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2020 have been disclosed as per Schedule III of the Companies Act, 2013.

Indian Accounting Standards, 2015

The annexed financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013.

Statutory Auditors

M/s B S R & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of the Company at the 37th Annual General meeting (AGM) held on September 27, 2017 to hold office up to 42nd AGM. The Company wanted to align its Auditors with the Auditors of Investor Company, which was discussed with M/S BSR & Co. LLP. Accordingly, they tendered resignation on August 14, 2020 as statutory auditors of the Company with effect from the conclusion of the board meeting wherein the results for the limited review for quarter ended 30 June 2020, would be approved.

The resignation was considered by the Audit Committee and Board of Directors on August 14, 2020 and the resignation was accepted.

The Audit Committee and Board of Directors in their meetings held on August 24, 2020, approved the appointment of M/s. Walker Chandiook & Co LLP, Chartered Accountants (ICAI Firm Registration No. 001076N/N500013) as Statutory Auditors of your Company to fill the casual vacancy caused by the said resignation. The appointment will be effective till the conclusion of the forty fifth Annual General Meeting of the company.

Their appointment will be subject to approval by the shareholders in the ensuing (AGM). Please refer to the notice of AGM proposing shareholders' approval of appointment of M/s. Walker Chandiook & Co LLP, Chartered Accountants (ICAI Firm Registration No. 001076N/N500013) as Statutory Auditors of your Company.

The Auditors' Report for the financial year ended 31st March, 2020, does not contain any qualification, reservation or adverse remark. The Notes on financial statement referred to in the Auditor's Report are self-explanatory and do not require any further comments and explanations.

Secretarial Audit

The Board has appointed Mr. S.K. Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2019-2020. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as **ANNEXURE II** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is self-explanatory and do not call for any further clarification.

In addition to the above and pursuant to SEBI circular dated 8 February 2019, a report on secretarial compliance by Mr. S. K, Gupta for the year ended 31 March 2020 is being submitted to stock exchanges. There are no observations, reservations or qualifications in the said report.

Secretarial Standards

Pursuant to the approval given on 10 April 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1 July 2015. The said standards were further amended w.e.f. 1 October 2017. The Company is in compliance with the same. The Company complies with the applicable Secretarial Standards issued by the 'Institute of Company Secretaries of India'.

DISCLOSURES:**CSR Committee**

The CSR Committee comprises Mr. Manchi Venkat Raja Rao (Chairman), Mr. P. Y. Gurav (Member) and Mr. Abhishek Jaiswal (Member) as other members.

Audit Committee

The Audit Committee comprises Mr. Prakash Yashwant Gurav (Chairman), Mr. Manchi Venkat Raja Rao (Member), Mr. Abhishek Jaiswal (Member) and Ms. Vineeta Shriwanias 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.ceb3co.com/docs/profile_for_investors.html](http://www.ceb3co.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.

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 there under. During the year under review, there were no complaints pertaining to sexual harassment.

Awards & Recognition

We are proud to inform you all that in the month of April 2019 the Company was in conferred award by the Volvo Eicher Commercial vehicle (VECV Ltd.) for Best Performer in Applications Category.

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 : 24 August 2020

P.Y. Gurav

Director

(DIN: 02004317)

Abhishek Jaiswal

Whole Time Director & C.E.O.

(DIN: 07936627)