



CHANDRA PRABHU INTERNATIONAL LIMITED

18th ANNUAL REPORT 2002-2003



BOARD OF DIRECTORS

CHAIRMAN CUM MANAGING DIRECTOR

Mr. Gajraj Jain

EXECUTIVE DIRECTOR

Mr. Akash Jain

DIRECTORS

Mr. Abhash Jain

Mr. Kuldeep Jain

Mr. S.C. Khaneja

Mr. Parkash Goyal

Mr. Sudhanshu Mishra

COMPANY SECRETARY

Mr. Pankaj K. Gupta

AUDITORS

M/s. J P S & Company
Chartered Accountants
New Delhi

REGD. OFFICE

11, Rani Jhansi Road,
New Delhi 110 055

BR. OFFICES

Bhatinda & Chandasi

BANKERS

State Bank of Bikaner & Jaipur
New Delhi

NOTE: Members are requested to bring their copy of the Annual Report at the time of attending the Annual General Meeting. No extra copies of Annual Report shall be provided at the venue of the AGM.

CONTENTS

01. Company Information	II
02. Directors Report	01
03. Mgt. Discussion & Analysis	03
04. Report on Corporate Governance	04
05. Auditor's Report	09
06. Balance Sheet	11
07. Profit & Loss A/c.	12
08. Schedules to Accounts	13
09. Cash Flow Statement	24
10. Balance Sheet Abstracts	25
11. Consolidated Accounts	26
12. Subsidiary Company	39
13. Proxy and Attendance slip	III
14. Notice Convening 18 th AGM is being annexed herewith	

DIRECTORS REPORT**DIRECTORS REPORT**

To the members of Chandra Prabhu International Ltd.

Your Directors are pleased to have this opportunity to report on Company's progress during the year 2002-2003 and to submit the Annual Report & Audited Statement of Accounts for the year ended 31/03/03.

Financial Results	(Rs. in Lacs)	
	2002-03	2001-02
Turnover/Income from operations	586.41	831.12
Other Income	3.17	24.39
Profit/(Loss) before tax,		
Interest & depreciation	7.33	(167.78)
Interest	14.61	15.90
Depreciation	5.21	6.31
Profit/(Loss) before tax	(12.49)	(189.99)
Provision for Taxation	0.00	0.73
Deferred Tax	(0.23)	(66.15)
Profit/(Loss) after tax	(12.26)	(124.57)
Surplus brought forward from Previous Year	156.40	280.97
PROFIT AVAILABLE FOR APPROPRIATION	144.14	156.40
Tax related to earlier years	22.67	-
Surplus carried to Balance Sheet	121.47	156.40

OVERALL PERFORMANCE

The year under review resulted in Net Loss of Rs. 12.26 Lacs as compare to Net Loss of Rs. 124.57 Lacs during the previous year. Due to depressing economic scenario, your Company has not been able to achieve the desired results. The turnover during the year has been Rs. 586.41 Lacs as against Rs. 831.12 Lacs in the previous year.

DIVIDEND

In view of the loss for the year, your directors regret their inability to recommend payment of any dividend.

CORPORATE GOVERNANCE

As per the Listing Agreement with the Stock Exchanges, your Company was required to implement various requirements of Corporate Governance by 31st March, 2003. Your Company had taken adequate steps to ensure compliance of the requirements of Corporate Governance. A separate Report on Corporate Governance is given in Annexure B.

FUTURE PROSPECTS

This year the Company is going to add new varieties of Synthetic Rubber to the existing varieties. The Company is looking forward to strengthen its coal business by increasing its network and source of supplies, which has been its core competency. In addition of coal and synthetic rubber the Company is also in the way to source new products from International Market to be marketed into India by using its present network.

SUBSIDIARY

Chandra Prabhu Overseas Ltd. is wholly owned subsidiary of your Company. Pursuant to the provision of Section 212 of the Companies Act, 1956 the financial statements and other required documents of Chandra Prabhu Overseas Limited for the year ended on 31st March, 2003 are annexed hereto.

AUDITORS

M/s. J P S & Company Chartered Accountants, New Delhi, Auditors of the company, retire from their office. They are, however, eligible for re-appointment Pursuant to Section 224(1B) of the Companies Act, 1956 they have confirmed their eligibility for re-appointment as the Auditors of the company. Members are requested to consider their re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

The information required to be furnished in terms of section 217 (2AA) of the Companies Act, 1956 are set out hereunder:

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

The Company's Internal Auditor have conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

DIRECTORS

With a view to give further boost to the overall professional image of the Company & strengthen the Board of Director and considering his vast experience in the field of finance & other related areas, the Board of Director to your company appointed Mr. Prakash Goyal as a Director of the Company w.e.f. 31/01/2003. The Director welcome Sh. Prakash Goyal on the Board of the company.

DIRECTORS REPORT

In accordance with the provisions of Companies Act, 1956 and Company's Article of Association. Mr. Sudhanshu Mishra retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Brief resume of the Directors seeking appointment / reappointment, nature of their expertise in specific functional area & other relevant details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are given as Annexure to the Notice convening the Annual General Meeting.

AUDITORS REPORT

All matters in the Auditors Report are self-explanatory except Para No. 17 & 18 of the Annexure to the Auditor Report. In respect of Para 17 it is stated that the delay in depositing the EPF & ESI dues was of a few days only. However entire dues in relation to EPF & ESI for the Financial Year 2002-2003 has been deposited.

Default in paying Income Tax occurred due to adverse effect on the projected Cash Flow of the Company consequent to non realisation of Export Proceeds as expected. No sooner the company realises the Export proceeds the Income Tax due will be deposited, Payment of Income Tax out of the Working Capital is not advisable as it will lead to further losses in the Company besides affecting the liquidity adversely.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard - 21 - Consolidated Financial Statements read with Accounting Standard - 23 on accounting for investments in Associates, your Directors have pleasure in attaching the consolidated financial statement, which form part of the Annual Report & Accounts.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956.

Your company does not have any employee, whose particulars are required to be given under the provision of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date.

Information with respect to *Conservation Of Energy, Technology Absorption & Foreign Exchange Earning And Outgo*, pursuant to section 217 (1)(e) of the Companies Act, 1956 is as follows:-

a. Conservation of energy	N.A.	
b. Technology Absorption	N.A.	(Rs. in Lacs)
c. Foreign Exchange Earnings	Current Year	NIL
	Previous Year	NIL
d. Foreign Exchange Outgo		
i) Exp. in Foreign Exchange	Current Year	Rs. 1.91
	Previous Year	Rs. 0.46

ii) CIF Value of Imports

(Rs. in Lacs)
Current Year Rs.161.41
Previous Year Rs.284.74

DELISTING OF SECURITIES

At present Shares of the company are listed with Stock Exchanges at Kolkata, Delhi, Jaipur, Mumbai & Kanpur. The company is, therefore, required to pay substantial amount on account of Listing Fees & various other procedural compliances.

Due to liquidity constraints, the company has not yet been able to pay listing fee to the Stock Exchanges regularly. Besides trading volume at Stock Exchange at Delhi, Jaipur, Kolkata, Kanpur have been reduced considerably during last few years. Further the facility for trading being now available on net through Mumbai Stock Exchange. So the investor would not have any difficulty in dealing with the Company's shares.

Shareholders of the Company in 17th Annual General Meeting of the Company have already authorised the Board of Director to seek delisting from Kanpur Stock Exchange & Kolkata Stock Exchange.

In view of these reasons your director propose, subject to your approval, for de-listing of the equity shares from Delhi & Jaipur Stock Exchanges.

De-listing would be implemented only after complying with necessary stipulations of Securities and Exchange Board of India. Resolution in this regard is being recommended for your approval.

FIXED DEPOSITS

The Company has not accepted any fixed deposits till date within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

ACKNOWLEDGEMENT

Your Directors place on record their warm appreciation of the assistance and co-operation extended by various Government Departments, Authorities, Reserve Bank of India, Business Partners etc. Your Directors also place on record their deep appreciation of the support provided by the Bankers associated with the company.

Your company's employees are instrumental to your company achieving higher business goals. Your directors place on record their deep admiration of the commitment and contribution of your company's employees. Your support as shareholders is greatly valued. Your directors thank you and look forward to your continuous support.

For and on behalf of the Board of Directors

Place: New Delhi
Date : 1st Sept. 2003

Gajraj Jain
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS**FORWARD-LOOKING STATEMENTS**

Forward-looking statements are based on certain assumptions & expectations of future events. The Company cannot guarantee that these assumptions & expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Chandra Prabhu International Limited, a well-known name in the trading of Synthetic Rubber, Chemicals and Coal for last many years.

Over the years Chandra Prabhu International Limited has built a formidable reputation of being a completely professionally managed Company where customer-satisfaction is of paramount consideration and matters most above all others.

THE INDUSTRY: OPPORTUNITIES & THREATS.

The trading activities of the Company can be broadly divided into two business segments i.e. Synthetic Rubber & Coal.

The Trading industry has undergone major change in the recent years especially after the economic liberalisation in the country. Following the opening up of the Indian economy industries using Synthetic rubber and Coal as raw material are facing new challenges and opportunities resulting in tough competition for your Company.

Consumption of Synthetic Rubber is expected to grow in the coming years on account of increasing demand in products of industries using it as ingredients.

As far as coal is concerned, demand is increasing. Industries like cement and steel are demanding more coal for consumption as raw material. Since Cement & Steel industries is doing very well so likely demand of coal is very high. In other sector coal is basically used in boilers to generate steam.

Except certain items, import of Synthetic rubber is under Open General License category nowadays, which may inspire the major buyers of Synthetic rubber to import themselves. Indian industrial sector is presently passing through strategic restructuring face. The present trend indicate that major player of the industries using synthetic rubber and coal as raw material would play a dominant role ultimately in determination of your Company's future prospects.

BUSINESS OUTLOOK AND OVERVIEW :

In line with the objectives of Long-term growth, the Company is developing the strategic competency and enhancing its operational efficiencies. Our strategy to strengthen business, where we have competencies and remain leaders.

Company's overall earning presently depends largely on trading imported synthetic rubber, the core of its business portfolio. In order to gain competitive strength and consolidate customer relationship your Company is going to add new varieties of Synthetic Rubber to the existing varieties.

The Company is looking forward to strengthen its coal business by increasing its network and source of supplies, which had been its core activity few years ago. In addition of coal and synthetic rubber the Company is also in the way to source new products from International Market to be marketed into India by using its present network.

PERFORMANCE:

The Gross Income was at Rs. 589.58 lacs as compared to Rs. 855.52 lacs in the previous period. Gross Loss before Depreciation and Amortisation was at Rs. 5.44 lacs as compared to Rs. 181.96 lacs in the previous period. Loss Before Tax is at Rs. 12.49 lacs and the loss after tax of the Company is at Rs. 12.26

INTERNAL CONTROL SYSTEMS AND COST:

The Company presently has an adequate internal control system. The Company has a separate internal audit department for this purpose. The Company has also appointed an external firm of Chartered Accountants for a continuous internal audit of the affairs of the Company and the reports are sent to the Directors of the Company.

At the branches, external firms of Chartered Accountants specifically appointed for the purpose of audit all the expenses.

The company has undertaken an extensive exercise to control the overall cost and has finalised the expenditure budget for all the branches as well as the Corporate Office. All the branches/offices of the Company have been given specific cost budgets in order to monitor the costs as well as to explore and finalise ways of cost reduction.

HUMAN RESOURCE DEVELOPMENT:

Your Company believes that human resources are the key resources for the success of any organization. Thus the Company strives to create a culture of openness and empowerment amongst its employees and provide good career development. The Company is committed to the welfare of the employees and their families.

Your Company belief in trust, transparency & teamwork to improve employees productivity at all levels.

REPORT ON CORPORATE GOVERNANCE**PHILOSOPHY:**

As per the schedule of implementation of the code of Corporate Governance, the Company is required to implement the code by the 31st of March, 2003. The Company has taken a series of steps to implement all the measures as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Corporate Governance, as Chandra Prabhu International Ltd. believes, is concerned with creation of long term value for shareholders while at the same time balancing interest of others stakeholders viz. Employees, Creditors, General Public & Society at large. Corporate Governance is crucial to the very existence of a company, as it builds trust and confidence, which eventually leads to a more stable and sustained resource flows and long-term partnership with its investors and other stakeholders.

COMPOSITION OF BOARD OF DIRECTORS:

The Board of Directors comprises of 7 Directors and has an optimum combination of Executive, Non Executive and Independent Directors with the number of Non Executives & Independent Directors more than fifty percent of the total number of Directors. The Board meets regularly and is responsible for the proper direction and management of the Company.

The Composition of the Board of Directors as on 31.03.2003:

Name of Directors	Designation	Category
Mr. Gajraj Jain	Chairman Cum Managing Director	Promoter & Executive
Mr. Akash Jain	Executive Director	Promoter & Executive
Mr. Abhash Jain	Director	Promoter & Non-executive
Mr. Prakash Goyal	Director	Independent & Non-executive
Mr. S.C. Khaneja	Director	Independent & Non-executive
Mr. Sudhanshu Mishra	Director	Independent & Non-executive
Mr. Kuldeep Jain	Director	Independent & Non-executive

The attendance of each Director at Board Meeting / Annual General Meeting of Chandra Prabhu International Limited (CPIL) is as follows:

Name of Directors	No. of other Directorship ^a	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
Mr. Gajraj Jain	5	7	7	Yes
Mr. Akash Jain	7	7	7	Yes
Mr. Abhash Jain	7	7	7	Yes
Mr. Prakash Goyal*	Nil	1	1	No
Mr. S.C. Khaneja	2	7	2	No
Mr. Sudhanshu Mishra	1	7	3	Yes
Mr. Kuldeep Jain	Nil	7	#	No

^a includes directorships in Private Companies.

* joined the Board of Directors of the Company on 31/01/2003.

leave of absence was granted each time

During the Financial year ended March 31, 2003, the Board met 7 times on 29th April, 2002, 9th July, 2002, 31st July 02, 4th Sept., 2002, 10th Oct., 2002, 28th Oct., 2002, and 31st Jan., 2003. The maximum gap between any two meetings was not more than four months on any occasion.

Brief Resume of Directors offering themselves for reappointment appears in the Notice.

AUDIT COMMITTEE:

In pursuance to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Board of Directors of the Company have at their meeting held on the 31.03.2003 constituted the Audit Committee, nominated its members and laid out its scope inline with the requirements of corporate governance. The majority of the members of the Audit Committee are Independent Directors. Mr. Parkash Goyal, having financial and accounting knowledge, has been appointed as the Chairman of the Committee. The Audit Committee will meet as and when it seems necessary in accordance with the guidelines issued under Clause 41 of the Listing Agreement entered into with the Stock Exchanges. The following are the members of the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

Name of Directors	Designation in the Committee	Category
Mr. Prakash Goyal	Chairman	Independent & Non-executive
Mr. Abhash Jain	Member	Promoter & Non-executive
Mr. Sudhanshu Mishra	Member	Independent & Non-executive

Audit Committee's functions include:

- Reviewing the half-yearly and annual financial results before submission to the Board
- Interaction with the auditors of the Company.
- Ensuring compliance of internal control systems and statutory compliance.
- Seeking information from any employee.
- Recommending the appointment and remuneration of Auditors.
- Reviewing the internal audit procedures and all aspects forming part of the internal audit function and discussion with the internal auditors periodically about internal control systems, scope of audit including the observations of auditors and on all aspects of internal audit.

The Audit Committee also looks into all other matters as enumerated in clause 49 of the listing agreement and Section 292A of the Companies Act, 2000. The members of the Audit Committee periodically meet the Internal and Statutory Auditors for discussions and suggestions.

The Executive Director, Internal Auditors, Statutory Auditors also attend the meeting besides the Company Secretary who acts as Secretary to the Committee.

During the year, the Audit Committee had met once on 28th March, 2003. Chairman & all other members were present at the meeting.

REMUNERATION COMMITTEE:

The Board of Directors of the Company have at their meeting held on 31.01.2003 formed the Remuneration Committee in line with the requirements of Corporate Governance as laid out in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Remuneration Committee consists of three Non Executive Independent Directors with Mr. Sudhanshu Mishra as Chairman and Mr. S. C. Khaneja and Mr. Prakash Goyal as members. The terms of reference of the Remuneration Committee include fixation of salary, perquisites etc. of Executive Directors and for recommending the amount of commission payable to Executive Directors.

The Executive Directors of the Company are being paid remuneration as approved by the Board of Directors and shareholders of the Company. With the formation of the Remuneration Committee, the said committee would first recommend the remuneration before the same is considered by the Board/ Shareholders. The Remuneration Committee takes into account various factors like the profit of the company, the performance of the Executive Directors, the individual contribution of the person in achieving the corporate goals, remuneration package offered to whole time directors in the similar industry, the terms of employment and various other related factors in recommending the amount of remuneration/ commission to be paid to the Whole Time Directors.

During the year, the Remuneration Committee had met once on 31st January, 2003. All the members of the Committee were present at the meeting. Details of Remuneration paid/ payable to the Executive Directors during the

Name of Directors	Designation in the Committee	Salary*
Mr. Gajraj Jain	Chairman cum Managing Director	Rs. 3,00,000/-
Mr. Akash Jain	Executive Director	Rs. 1,50,000/-

Executive Directors of the Company have been paid salary only, as specified above, during the year.

SHAREHOLDER'S GRIEVANCE COMMITTEE:

The Board of Directors at their meeting held on the 31.03.2003 have constituted the Shareholder's Grievance Committee consisting of Mr. Abhash Jain, as Chairman of the committee and Mr. Sudhanshu Mishra and Mr. Prakash Goyal as its members to look into redressal of shareholders and investors grievances with respect to transfer of share, dematerialisation of shares, non receipt of declared dividend or Annual report etc. and other matters relating to shareholder relationship. The Shareholders grievance committee met on 28th of March, 2003 to take note of redressal of shareholders complaint received during the year by the Company.

REPORT ON CORPORATE GOVERNANCE

All requests received for Share Transfer during the year were given effect within stipulated time. The total number of complaint received and replied to the satisfaction of shareholders during the year under review was three. Outstanding complaints as on 31st March, 2003 were NIL.

Mr. Pankaj K. Gupta, Company Secretary has been designated as compliance officer to monitor the share transfer process and liaison with the regulatory authorities.

BOARD PROCEDURES

The Board Meetings of the Company are convened regularly. Sufficient notice in writing has been given to all directors for Board Meeting and/ or Other Committee Meeting. All important matters concerning the working of the Company alongwith requisite details have been placed before the Board.

COMPLIANCE CERTIFICATE

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

ANNUAL GENERAL MEETINGS OF LAST 3 YEARS

Accounting Year	Date	Time	Venue
2001-2002	30.09.2002	11.00 A.M.	Khasra No. 36, Siraspur, G.T. Karnal Road, New Delhi-42
2000-2001	29.09.2001	11.00 A.M.	Khasra No. 36, Siraspur, G.T. Karnal Road, New Delhi-42
1999-2000	25.08.2000	11.00 A.M.	A-4, Pushpanjali Farm, Bijwasan, New Delhi-61

No Special Resolutions were passed through postal ballot in any of the General Meeting(s) held last year. No resolutions are proposed to be passed by postal ballot at the ensuing Annual General Meeting of the Company.

DISCLOSURES:

The disclosures on related party transactions are as per Accounting Standard 18 issued by the Institute of Chartered Accounts of India are given in Note No. 21 of the Notes to Accounts (Schedule -23)

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets for non-compliance by the company during last three years.

MEANS OF COMMUNICATION:

The means of communication between the Company and the shareholders are transparent and investor friendly. The Annual Report reflects the details of Corporate profile. Directorate Future Outlook, Report of Statutory Auditors, a summary of financial performance in a transparent and easily understandable manner. The Company's half-yearly and quarterly unaudited results are published in leading English newspaper and also in a regional language Hindi newspaper. Since code of corporate governance was adopted by the company on 31/01/03, the financial results for the half year ended on 30th Sept. 2002 of the Company could not sent individually to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report forms part of the Annual, Report of 2002-2003 as an Annexure.

GENERAL SHAREHOLDER INFORMATION:

- # The 18th Annual General Meeting of the Members of the Company is Scheduled to be held on Tuesday, the 30th day of September, 2003 at 11 A.M. at Khasra No. 36, Siraspur, G.T. Kamal Road, New Delhi 110 042.
- # Financial calendar (2003-2004)

<i>First Quarter Unaudited Financial (Provisional) Results</i>	<i>End July 2003</i>
<i>Second Quarter Unaudited Financial (Provisional) Results</i>	<i>End Oct. 2003</i>
<i>Third Quarter Unaudited Financial (Provisional) Results</i>	<i>End Jan. 2003</i>
<i>Fourth Quarter Unaudited Financial (Provisional) Results</i>	<i>End April 2004</i>
- # Details of Book Closure:

From Saturday, 27th September, 2003 to Tuesday, 30th September, 2003 (both days inclusive)

REPORT ON CORPORATE GOVERNANCE

Listing of Shares of Stock Exchanges:

- | | |
|--|--|
| 1. The Delhi Stock Exchange Association Ltd.
3 & 4/B, Asaf Ali Road, New Delhi-110002 | 2. Jaipur Stock Exchange Ltd.
J. L. N. Marg, Malviya Nagar, Jaipur-17 |
| 3. The U.P. Stock Exchange Association Ltd.
Padam Towers, 14/113, Civil Lines, Kanpur-1 | 4. The Calcutta Stock Exchange Ltd.
7, Lyons Range, Kolkata-700001 |
| 5. The Stock Exchange Mumbai
1st Floor, New Trading Ring, Rotunda Building, PJ Towers, Dalal Street, Fort Mumbai-400001 | |

Stock Code on The Stock Exchange, Mumbai (BSE)	:	530309
Demat ISIN for NSDL and CDSL	:	INE 368D01017

Market Price Data:

During the financial year under review, equity shares of the Company were barely traded. High/ Low prices on the Stock Exchange, Mumbai during each month is as follows:

MONTH	HIGH (Rs.)	LOW (Rs.)	MONTH	HIGH (Rs.)	LOW (Rs.)
Apr. 2002	8.50	8.50	Oct. 2002	8.50	8.50
May 2002	8.50	8.50	Nov. 2002	8.50	8.50
June 2002	8.50	8.50	Dec. 2002	7.00	4.05
July 2002	8.50	8.50	Jan. 2003	5.00	4.75
Aug. 2002	8.50	8.50	Feb. 2003	4.75	4.75
Sept. 2002	8.50	8.50	Mar. 2003	4.75	4.75

REGISTRAR AND TRANSFER AGENTS:

In Compliance with the Circular No. D&CC/FITTC/CIR-15/2002 dated 27.12.2002 issued by SEBI, the company appointed Alankit Assignment Limited to act as the Registrar & Share Transfer Agent of the Company to handle all the work related to share registry, in terms of both physical and electronic w.e.f. 1st February, 2003.

DISTRIBUTION OF SHARE HOLDING AS ON 31ST MARCH, 2003:

Nominal Value of Shareholding	Shareholders		Share Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	615	62.059	1441770	3.899
5001 - 10000	121	12.210	1017000	2.750
10001 - 20000	164	16.549	2670000	7.220
20001 - 30000	15	1.514	351000	0.949
30001 - 40000	5	0.505	186000	0.503
40001 - 50000	15	1.514	735000	1.988
50001 - 100000	14	1.413	1144000	3.094
100000 & above	42	4.238	29435230	79.598
Total	991	100.000	36980000	100.000

Shareholding Pattern as on 31st March, 2003**Categories**

Promoters & Persons acting in concert
Institutional Investors
Corporate Bodies
Indian Public
Non Resident Indians
TOTAL

No. of Shares

1807390
NIL
1052100
838510
NIL
3698000

% of Shareholding

48.875
NIL
28.450
22.675
NIL
100.000

REPORT ON CORPORATE GOVERNANCE

Dematerialisation of shares:

As mandated by the Securities and Exchange Board of India, the Equity Shares of the Company are traded under compulsory dematerialized form.

The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CSDL) to enable the investors of the Company to hold the shares of the Company in electronic form.

As on 31st March, 2003, 1618547 Equity Shares of the Company have been dematerialised representing 40.79% of the total Paid up Equity Share Capital.

The Company has not issued any GDRs/ ADRs/warrants or any Convertible Instruments.

Address for correspondence :

Shareholder Correspondence may be addressed to:

Registered Office:

Share Department

Chandra Prabhu International Ltd.

11, Rani Jhansi Road, New Delhi- 110 055

OR

Registrar & Transfer Agent:

Alankit Assignment Ltd.

205-208, Anarkali Complex,

Jhandewalan Extension, New Delhi- 110 055

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

Chandra Prabhu International Ltd. New Delhi-55

We have examined the compliance of Corporate Governance by Chandra Prabhu International Limited for the year ended on March 31, 2003 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

We state that no shareholder grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholder's Grievance Committee.

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

**For J P S & COMPANY
CHARTERED ACCOUNTANTS**

**J.C. VERMA
PARTNER**

PLACE: NEW DELHI
DATED: 1st Sept. 2003