



CHANDRA PRABHU INTERNATIONAL LIMITED

20th ANNUAL REPORT 2004-2005



BOARD OF DIRECTORS

CHAIRMAN CUM MANAGING DIRECTOR

Mr. Gajraj Jain

EXECUTIVE DIRECTOR

Mr. Akash Jain

DIRECTORS

Mr. Abhash Jain

Mr. Parkash Goyal

Mr. Ved Prakash Goel

Mr. Sudhanshu Mishra

Mr. Jagdish Jhunjhunwala

COMPANY SECRETARY

Mr. Gupta P.K.

AUDITORS

M/s. J P S & Company

Chartered Accountants

New Delhi

REGD. OFFICE

14, Rani Jhansi Road,
New Delhi 110 055

BR. OFFICES

Bhatinda, Chandasi, Siligudi & Guwahati

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.

No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.

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NOTICE**Chandra Prabhu International Ltd.**

Notice is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Members of **CHANDRA PRABHU INTERNATIONAL LTD.** will be held on Friday, the 30th day of September, 2005 at 11.00 A.M. at B-2639, 1st Floor, Narela Industrial Area, Near DSIDC Park, Narela Delhi-110 040 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31st March, 2005, the Balance Sheet as at that date & the Reports of Directors' & the Auditors' thereon.
2. To appoint a Director in place of Sh. Ved Prakash Goel who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Jagdish Jhunjhunwala who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and to authorise Board of Directors to fix their remuneration. The retiring Auditors, M/s. J P S & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT the Board of Directors be and is hereby authorised to appoint auditors qualified for the appointment as auditors of the Company U/S 226 of the Companies Act, 1956 for auditing the accounts of the branches of the Company U/S 228 of the Companies Act, 1956 situated at Bhatinda, Chandasi, Guwahati and Siliguri in consultation with the Statutory Auditors' of the company, at a remuneration to be decided by the Board of Directors and agreed by such auditors, plus out of pocket expenses."

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

"RESOLVED THAT pursuant to provisions of Section 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the reappointment of Sh. Akash Jain as Executive Director for a period of 5 years commencing from 24/06/2005 to 23/06/2010 on the following terms & conditions:

SALARY : Rs. 20,000/- with suitable increase and revision as approved by the Board / committee

PERQUISITES

- i) Rent free furnished accommodation with free use of all the facilities and amenities.

- ii) Reimbursement of all medical expenses (including medical / hospitalization policy premium) incurred for self & family.
- iii) Subscription to two clubs. Lifetime membership fee or admission fee shall not be included.
- iv) Car with driver for company's business and also telephone at residence and mobile phone.
- v) Mr. Akash Jain shall also be entitled to the following
 - a) Reimbursement of traveling entertainment and all other expenses incurred for the business of the company.
 - b) Reimbursement of leave travel expenses once in two years block for self and family
 - c) Leave and encashment of leaves as per the rules of the Company.

OTHER TERMS & CONDITIONS :

- a) The Executive Director shall be responsible for general administration and day to day operations of the company. The Executive Director shall perform his duties and exercise his powers subject to the supervision and control of the Board. However, for day to day functioning, he shall report to the Chairman cum Managing Director.
- b) The Executive Director shall use his best endeavors to promote the interest of the company and shall not hold any other whole time employment / assignment of whatsoever nature. However, he may hold non-executive directorship of any other company whether incorporated in India or abroad.
- b) The Executive Director shall not be paid any sitting fee for attending meetings of the Board / committee thereof.
- d) During his tenure as Executive Director, Mr. Akash Jain shall not be subject to retirement by rotation.
- e) In the event of any amendment or modification of the Companies Act, 1956 and subject to the approval of shareholders in general meeting, if required, the remuneration and perquisites payable to Executive Director may be varied by the Board.

RESOLVED FURTHER THAT the salary and perquisites as detailed herein above be paid to Mr. Akash Jain as minimum remuneration provided that in case of loss / inadequacy of profits, the remuneration payable to Mr. Akash Jain shall be subject to part II of Schedule XIII of Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution "

By order of the Board of Directors

Registered Office:

14, Rani Jhansi Road,
New Delhi 110 055

25th Aug. 2005

GUPTA P.K.
COMPANY SECRETARY

NOTICE**Chandra Prabhu International Ltd.****NOTES:-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy, in order to be valid and effective must be deposited at the Registered office of the company not later than 48 hours before the meeting.

2. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the Special Business under Item No. 5 and 6 is annexed hereto.

3. The Register of Members and Share Transfer Books will remain closed from Monday, 26th Sept. 2005 to Friday, 30th Sept. 2005 (both days inclusive).

4. The Members holding shares in physical form are requested to intimate to the Registrar and Transfer Agent, change of address, if any, at the earliest quoting their registered folio number. Change of address in respect of shares held in demat form is required to be intimated to the concerned Depository Participant.

5. Members holding shares in more than one folio in identical order of names are requested to write to R&TA enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.

6. Members seeking any information with regard to accounts or operations of the Company are requested to write to the Company at an early date preferably at least seven days prior to the date of meeting so as to enable the management to keep the information ready.

7. Members / Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

8. Consequent upon amendment to Section 205A and introduction of Section 205C, the unclaimed dividend upto the Financial Year 1996-97 has been transferred to the Investor Education and Protection Fund. Dividend for the Financial Year 1997-98, which remains unpaid or unclaimed for a period of seven years, will be transferred to the Investor Education and Production Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 1998 are requested to make their claim to the Company or its Registrar & Transfer Agents, Alankit Assignments Limited.

9. Brief resume pursuant to clause 49 of the Listing Agreement of the Directors proposed to be appointed/reappointed at the Annual General Meeting, nature of their expertise in specific functional areas and name of companies in which they hold directorship are given hereinunder:

Mr. Ved Prakash Goel

Mr. Ved Prakash Goel, age 62 years, has been a Director of the company since 1st October, 2003. He has done his graduation with consistent good academic record. Mr. Goel is well known entrepreneur having vast knowledge and experience of business and corporate functioning. His expertise in specific functional areas include finance, investment and management. Mr. Goel does not hold any other Directorship.

Mr. Jagdish Jhunjunwala

Mr. Jagdish Jhunjunwala, age 48 years, has been a Director of the company since 1st October, 2003. He has done his

graduation with thrust to become an entrepreneur and gained qualitative experience, expertise and knowledge in the trading of coal. Mr. Jhunjunwala does not have other Directorship than your company.

Mr. Akash Jain

Mr. Akash Jain, age 29 years, has been a Director of the company since 10th September, 1997 and subsequently he was appointed as Executive Director of the company with effect from 24th June, 2000. Mr. Jain is commerce graduate with in-depth working knowledge and experience of eight years. His expertise in specific functional areas includes trading of synthetic rubber, petro-chemical products, coal and other commodities and finance, investment and management matters. Mr. Jain is also on the Board of North East Paper & Industries Ltd., South West Drilling & Infrastructure Ltd., Chandra Prabhu Overseas Ltd., C.P. Papers Pvt. Ltd., Vatanukulit Financial Services Pvt. Ltd., O.S.S. Garments Pvt. Ltd., Finex Advertising Pvt. Ltd.

EXPLANATORY STATEMENT PURSUANT TO SEC. 173 (2) OF THE COMPANIES ACT, 1956**Item No. 5**

Company has branches at Bhatinda, Chandasi, Guwahati and Siliguri and according to Section 228 of the Companies Act, 1956 the account of branch office shall be audited by Statutory Auditor or a person qualified for appointment U/S 226 of the Companies Act, 1956. The consent of the Company is required to appoint the Branch Auditors. Therefore, your directors have recommended the same for your approval.

None of the Directors of the company is deemed to be interested or concerned in the resolution.

Item No. 6

The Board of Directors at its meeting held on 24th June, 2000 appointed Mr. Akash Jain as Executive Director of the company for a period of five years from 24th June, 2000 and the term of his appointment expires on 23rd June, 2005. Keeping in view, his unstinted efforts and wide contribution in overall performances of the company, the Board of Directors at its meeting held on 21st June 2005 reappointed Mr. Akash Jain as Executive Director of the company subject to approval of shareholders at the following Annual General Meeting. The consent of the company is needed to approve the appointment of Mr. Akash Jain as Executive Director on the terms and conditions mentioned in the resolution. An abstract of the terms and conditions of the appointment of Mr. Akash Jain as Executive Director of the company pursuant to Section 302 of the Companies Act, 1956 has already been dispatched to the members on 7th July, 2005. Members are requested to accord their approval to the appointment of Mr. Akash Jain as Executive Director of the company.

None of the Directors of the company, except Mr. Akash Jain (himself), Mr. Gajraj Jain and Mr. Abhash Jain (relatives) are deemed to be interested or concerned in the resolution.

By order of the Board of Directors

Registered Office:

14, Rani Jhansi Road,
New Delhi 110 055
25th Aug. 2005

**GUPTA P.K.
COMPANY SECRETARY**

DIRECTORS' REPORT

Chandra Prabhu International Ltd.

**To the members****Chandra Prabhu International Ltd.**

Your Directors are pleased to have this opportunity to report on Company's progress during the year 2004-05 and to submit the Annual Report & Audited Statement of Accounts for the year ended 31st March, 2005

Financial Results**(Rs. in Lacs)**

| | 2004-05 | 2003-04 |
|--------------------------------------------|----------------|----------------|
| Turnover/Income from operations | 586.98 | 277.42 |
| Other Income | 33.13 | 54.89 |
| Profit/(Loss) before tax, | | |
| Interest & depreciation | 19.48 | 10.99 |
| Interest | 3.45 | 7.35 |
| Depreciation | 4.62 | 6.13 |
| Profit/(Loss) before tax | 11.41 | 2.49 |
| Provision for Taxation | 0.98 | 0.00 |
| Tax related to earlier years | 1.68 | - |
| Deferred Tax | (0.50) | (0.54) |
| Profit/(Loss) after tax | 9.25 | 3.02 |
| Surplus brought forward from Previous Year | 124.49 | 121.47 |
| PROFIT AVAILABLE FOR APPROPRIATION | 133.74 | 124.49 |
| Tax related to earlier years | 0.00 | 0.00 |
| Surplus carried to Balance Sheet | 133.74 | 124.49 |

OVERALL PERFORMANCE

The year under review resulted in Net Profit of Rs. 9.25 Lacs as compare to Net Profit of Rs. 3.02 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. 586.98 Lacs as against Rs. 277.42 Lacs in the previous year.

DIVIDEND

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

CORPORATE GOVERNANCE

Your company has complied with the mandatory provisions of clause 49, relating to Corporate Governance, of the Listing Agreement with the Stock Exchanges. A comprehensive report on Corporate Governance forming part of the Directors' Report and the certificate from the company's statutory auditors confirming the compliance of conditions on corporate governance is included in the Annual Report.

FUTURE PROSPECTS

During the year under discussion, your company has added certain petro chemical products like Rubber Process Oil, Residue Wax etc. to its existing trading portfolio of Synthetic Rubber, Chemical & Coal. In the present economic scenario these products have huge potential/demand in India market and the company via its strategic competency, operational efficiencies and expanding its network will definitely make a mark. Supply of the coal has been liberalized by the Government agencies and consequently Coal Turnover

of your company had expected to grow rapidly and your company posed to enhance its market share by tapping all the available opportunities.

Besides, the trading activity which has been core competency of the company over the years, your company has successfully ventured in the field of cultivation, growing of *Jatropha* (a bio diesel plant) and certain other medicinal plants. Commercial supply of *Jatropha* saplings, produced/developed in company's nursery located in Rajasthan has commenced and there is a great demand for this product in the years to come. Further, company is also working on setting up fruit/vegetable conserving and packaging unit.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Company's Articles of Association, Mr. Ved Prakash Goel and Mr. Jagdish Jhunjunwala retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors recommend reappointment of both Mr. Ved Prakash Goel and Mr. Jagdish Jhunjunwala on the Board.

Your Directors have reappointed, subject to approval of members at the ensuing Annual General Meeting Mr. Akash Jain as Executive Director of the company for a further period of five years from 24th June, 2005.

Brief resume, pursuant to clause 49 of the Listing Agreement of the Directors proposed to be appointed/reappointed at the Annual General Meeting, nature of their expertise in specific functional areas and name of companies in which they hold directorship included in the notes to the Notice convening the Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS**(i) 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 and recently added certain petro-chemical products like Rubber Process Oil, Residue Wax etc. to its existing trading portfolio and diversified in the field of manufacturing, growing and processing of Herbs, Herbal Products, Medicines & Bio Products.

Over the years Chandra Prabhu International Limited has built a formidable reputation of being a completely

DIRECTORS REPORT

Chandra Prabhu International Ltd.



professionally managed Company where customer-satisfaction is of paramount consideration and matters most above all others.

(II) THE INDUSTRY: OPPORTUNITIES & THREATS.

The Trading industry has undergone major changes in the recent years especially after the economic liberalisation in the country. Following the opening up of the Indian economy industries using Synthetic Rubber, Chemical, Petro-chemical products and Coal as raw material are facing new challenges and opportunities resulting in tough competition for your Company. Except certain items, import of Synthetic Rubber and Petro-chemical products is under Open General License nowadays, which may inspire the major buyers of Synthetic Rubber and Petro-chemical products to import themselves. Indian industrial sector is presently passing through strategic restructuring face.

Supply of coal which has been very recently controlled / governed by M/s. Coal India Ltd. and its subsidiaries has been liberalized and as per present government policies anybody can ask for coal either as end user of intermediaries and demand for coal is increasing. Industries like cement, steel, iron, paper, brickline industries are demanding more coal for consumption as raw material. Since these industries are doing very well so likely demand of coal is very high. In other sector coal is basically used in boilers to generate steam.

The present trend indicate that major player of the industries using Synthetic Rubber, Chemical, Petro-chemical products and Coal as raw material would play a dominant role ultimately in determination of your Company's future prospects.

(iii) 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 Synthetic Rubber, Chemical, Petro-chemical products and Coal the core of its business portfolio. In order to gain competitive strength and consolidate its' strength your Company has diversified in the field of manufacturing, growing & processing of Herbs, Herbal Products/ Medicines & Bio Products.

Your company has successfully ventured in the field of cultivation, growing of Jatropha (a bio diesel plant) and certain other medicinal plants. Commercial supply of Jatropha saplings, produced/developed in company's nursery located in Rajasthan had commenced and there is a great demand for this product in the years to come. The bio fuel initiative adopted by the Government of India and various States Governments are expected to save millions of dollars of foreign exchange, generated gainful employment in rural areas and reduce the adverse impact on environment. The bio fuels derived from non-edible oilseeds like Jatropha Curcas are gaining increasing importance in the present oil crises. Jatropha Curcas, a bio-diesel plant gives maximum yield and can be grown on wasteland.

Your company is working with great emphasis and lot of efforts are being made in this field. Besides setting of nursery in Rajasthan for R & D in the cultivation, growing of Jatropha and other medicinal plants acquisition of land in Madhya Pradesh and Pune, Maharashtra is proposed. The demand for medicinal plants in coming years is expected very high, as there has been a major shift from consumption of products and medicines in artificial form to natural one. Further your company is also planning of setting up fruit and vegetable conserving and packing unit in Himachal Pradesh / Uttarakhand in near future.

(IV) INTERNAL CONTROL SYSTEMS AND COST:

The Company presently has an adequate internal control system. The Company has an 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.

(v) HUMAN RESOURCE DEVELOPMENT:

Your Company believes that human resources are the key resources for the success of any organisation. 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 believe in trust, transparency & teamwork to improve employees productivity at all levels

AUDITORS

M/s. J P S & Company, Chartered Accountants, Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Pursuant to Section 224(1B) of the Companies Act, 1956 they have confirmed that their appointment, if made, would be within the prescribed limits. Your Directors recommend reappointment of M/s. J P S & Company, Chartered Accountants, as Auditors of the company at the ensuing Annual General Meeting.

All matters in Auditor's Report are self explanatory except para No. 9 (b) of the annexure to Auditor's Report. In this regard it is stated that the Company is regularly depositing the undisputed statutory dues of earlier years in monthly installments determined by the Income Tax authorities and as such principal amount has substantially been paid, only interest levied thereon is remaining, for which the Company shall move waiver application under section 273A of the Income Tax Act, 1961

DIRECTORS' REPORT**Chandra Prabhu International Ltd.****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 confirmed:

- 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.

SUBSIDIARY

South West Drilling & Infrastructure Limited was incorporated as a subsidiary of the company on 27th June, 2005. The subsidiary has been incorporated to carry out mining, contract mining, drilling, excavation, general mining and infrastructure development and to provide technical, management and engineering services for these activities.

The audited statement of accounts along with the Directors' report of the company's wholly owned subsidiary Chandra Prabhu Overseas Limited for the financial year ended 31st March, 2005 is annexed pursuant to the provision of Section 212 of the Companies Act, 1956.

CONSOLIDATED FINANCIAL STATEMENT

A Consolidated Financial Statements have been prepared by your company in accordance with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors' Report thereon forms part of the Annual Report.

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 | Not Applicable | |
| b. Technology Absorption | Not Applicable | (Rs. in Lacs) |
| c. Foreign Exchange Earnings | Current Year | NIL |
| | Previous Year | NIL |
| d. Foreign Exchange Outgo | | |
| i) Foreign Traveling Exp. | Current Year | Rs. 1.14 |
| | Previous Year | Rs. 0.73 |
| ii) CIF Value of Imports | Current Year | Rs. 19.14 |
| | Previous Year | Rs. NIL |

PUBLIC DEPOSITS

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

DELISTING OF SECURITIES

During the year, exercising the power conferred upon by the members of the company, the Board of Directors of your company made application for voluntary delisting of securities from Delhi, Jaipur, Kanpur and Kolkata Stock Exchanges. Securities of your company has been delisted from Delhi, Jaipur & Kanpur Stock Exchanges with effect from 20.01.2005, 19.02.2005 and 24.02.2005 respectively. Application for voluntary delisting of securities with Calcutta Stock Exchange is still pending for final disposal.

The company's equity shares shall continue to be listed on the Stock Exchange, Mumbai (BSE) which has nation wide trading terminals. The company has paid the Annual Listing Fees to all the Stock Exchanges for the Financial Year 2004-2005.

ACKNOWLEDGEMENT

Your Directors place on record their warm appreciation of the assistance and cooperation 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 continuance support.

for and on behalf of
the Board of Directors

Place: New Delhi
Date: 25th Aug. 2005

Gajraj Jain
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE**Chandra Prabhu International Ltd.****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

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.

2. COMPOSITION OF BOARD OF DIRECTORS:

(A) Presently the Board of the company consists of seven Directors with an optimum combination of Executive, Non Executive and Independent Directors. The composition of the Board is in conformity with the Listing Agreement. The Board meets regularly and is responsible for the proper direction and management of the Company. The composition of the Board, number of meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and number of Directorship and Chairmanship / Membership of committees in other companies in respect of each Director is given herein below :

| Name of Directors | Category | Attendance Particulars | | at AGM held on 30/10/2004 | Other Directorships # |
|---------------------------------------------------------|---------------------------|-----------------------------------------|----------|---------------------------|-----------------------|
| | | at Board Meetings held during 2004-2005 | | | |
| | | Held | Attended | | |
| Cairman Cum Managing Director Mr. Gajraj Jain | Promoter & Executive | 7 | 7 | Yes | 7 |
| Executive Director Mr. Akash Jain | Promoter & Executive | 7 | 7 | Yes | 7 |
| Directors Mr. Abhash Jain | Promoter & Non-Executive | 7 | 7 | Yes | 6 |
| Mr. Prakash Goyal | Independent Non-Executive | 7 | 4 | Yes | 1 |
| Mr. Sudhanshu Mishra | Independent Non-Executive | 7 | 3 | Yes | 1 |
| Mr. Ved Prakash Goel | Independent Non-Executive | 7 | 3 | No | - |
| Mr. Jagdish Jhunjunwala | Independent Non-Executive | 7 | 4 | No | - |

No. of other Directorships indicated above is inclusive of Directorship of Private Limited companies. None of the Directors is either Chairman or Member of committees in other companies.

(B) Date and No. of Board Meetings held

During the Financial year ended March 31, 2005, the Board met 7 (seven) times on 30th April 2004, 31st July 2004, 25th August 2004, 22nd September 2004, 27th October, 2004 13th December 2004 and 31st January, 2005.

3. AUDIT COMMITTEE:

(A) The Audit Committee of the company presently consists of three Non-Executive Directors. The Chairman of the committee is an independent Director having financial and accounting knowledge. The composition of Audit Committee and attendance of Directors at committee meetings is shown below :

| Name of Directors | Designation | Attendance at Committee Meetings | |
|----------------------|-------------|----------------------------------|----------|
| | | Held | Attended |
| Mr. Prakash Goyal | Chairman | 5 | 5 |
| Mr. Sudhanshu Mishra | Member | 5 | 3 |
| Mr. Abhash Jain | Member | 5 | 5 |

The Executive Director, Internal Auditors, Statutory Auditors are invited to participate in the meetings of Audit Committee wherever necessary. The Company Secretary acts as Secretary to the Committee.

(B) Meeting / Attendance

During the financial year ended 31st March, 2005 the Audit Committee of the company met five times. The dates of the meetings were 30th April, 31st July, 22nd September, 27th October in 2004 and 31st January in 2005.

(C) Terms of Reference :

The terms of reference of Audit committee cover the matters specified for audit committee under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE**Chandra Prabhu International Ltd.****4. REMUNERATION COMMITTEE:**

(A) The Remuneration Committee consists of three Non Executive Independent Directors with Mr. S. Mishra as Chairman and Mr. Ved Prakash Goel 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.

During the year, the Remuneration Committee had met twice on 31st July, 2004 and 31st January, 2005. All the members of the Committee were present at the meeting.

(B) The following are the details of the remuneration paid to Executive Directors during the Financial Year under discussion:

| Name of Directors | Salary | Perquisites |
|------------------------------------------------------|----------------|-------------|
| Mr. Gajraj Jain Chairman cum Managing Director | Rs. 3,00,000/- | NIL |
| Mr. Akash Jain Executive Director | Rs. 2,40,000/- | NIL |

Non Executive Directors of the company were not paid any remuneration during the year under review.

5. SHAREHOLDER'S GRIEVANCE COMMITTEE:

Shareholder's Grievance Committee consisting of Mr. Abhash Jain, as Chairman of the committee and Mr. S. 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 31st January, 2005 to take note of redressal of shareholders complaint received during the year by the Company. All the members of the committee were present in these both meetings.

All requests received for Share Transfer during the year were given effect within stipulated time. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL Outstanding complaints as on 31st March, 2005 were NIL.

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

6. ANNUAL GENERAL MEETINGS:

(A) The last three Annual General Meetings of the company were held at 11.00 A.M. on 30th October, 2004, 30th September, 2003 and 30th September, 2002 at Khasra No. 36, Siraspur, G.T. Karnal Road, New Delhi 110 042.

(B) Pursuant to Section 192A of the Companies Act, 1956 a Special Resolution relating to alter in Object Clause of the Memorandum of the Association of the company passed through Postal Ballot by the Shareholders with the requisite majority and taken on record on 30th October, 2004. Mr. Mahesh Gupta, M/s. Mahesh Gupta & Co., Practicing Company Secretaries was acted as Scrutinizer for the said Postal Ballot Process.

Details of Votes Pattern:

| Particulars | No. of Ballot | No. of Shares | % of Votes |
|-------------------------------|---------------|---------------|------------|
| (1) Total Shares Polled | 0059 | 25,39,633 | |
| (2) Invalid Shares Polled | 0004 | 60,500 | |
| (3) Valid Shares Polled (1-2) | 0055 | 24,79,133 | |
| (4) Votes in Favour | 0055 | 24,79,133 | 100% |
| (5) Votes Against | NIL | NIL | NIL |
| TOTAL (4+5) | 0055 | 24,79,133 | 100% |

7. DISCLOSURES:

The disclosures on related party transactions are as per Accounting Standards 18 issued by the Institute of Chartered Accounts of India are given in Note No. 26 of the Notes to Accounts (schedule-23)

There were no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Market during the last three years.

8. MEANS OF COMMUNICATION.

The means of communication between the Company and the shareholders are transparent and investor friendly. The Annual, Half yearly and Quarterly results are submitted to the Stock Exchange in accordance with Listing Agreement and the same are published regularly in the newspapers. All price sensitive information is intimated at the earliest to the Stock Exchanges. Management discussions and Analysis forms part of Annual Report, which is posted to the Shareholders of the Company.

REPORT ON CORPORATE GOVERNANCE**Chandra Prabhu International Ltd.****9. GENERAL SHAREHOLDER INFORMATION:**

(i) The 20th Annual General Meeting of the Members of the Company is Scheduled to be held on Friday, the 30th day of Sept., 2005 at 11.00 A.M. at B-2639, 1st Floor, Narela Industrial Area, Near DSIDC Park, Narela, Delhi-110 040.

(ii) Financial calendar for the year 2005-2006

First Quarter Unaudited

End July, 2005

Second Quarter Unaudited

Financial Results

End October, 2005

Third Quarter Unaudited

Financial Resulted

End January, 2006

Fourth Quarter Unaudited

Financial Resulted

End April, 2006

(iii) Details of Book Closure:

From Monday, the 26th day of September, 2005 to Friday, the 30th day of September, 2005 (both days inclusive)

(iv) Listing on Stock Exchange :

| Name of the Stock Exchange | Address of the Stock Exchange |
|----------------------------|------------------------------------------------------------------------------------------------|
| The Stock Exchange Mumbai | 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai-400 001. |

During the year securities of your company has been delisted from Delhi, Jaipur & Kanpur Stock Exchanges with effect from 20.01.2005, 19.02.2005 and 24.02.2005 respectively. Application for voluntary delisting of securities with Calcutta Stock Exchange is still pending for final disposal.

(v) Stock Code

Stock Code: **530309 (BSE)**

Demat ISIN : **INE 368D01017 (NSDL and CDSL)**

(vi) Market Price Data:

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

| Month | High (Rs.) | Low (Rs.) |
|---------------|------------|-----------|
| October 2004 | 11.40 | 5.50 |
| November 2004 | 15.25 | 9.00 |
| December 2004 | 19.30 | 14.00 |
| January 2005 | 25.00 | 15.40 |
| February 2005 | 31.35 | 21.50 |
| March 2005 | 32.00 | 21.75 |

Equity shares of the Company were not traded for the rest of the period i.e. April-September 2004.

(vii) **REGISTRAR AND TRANSFER AGENTS:**

Alankit Assignment Ltd.

2E/21, Jhandewalan Extension,

New Delhi- 110 055

Ph: 011 51540060-61

Fax: 011 51540064

E-mail: rta@alankit.com

(viii) **SHARE TRANSFER SYSTEM**

Presently the Shares Transfers, which are received in physical forms, are processed and the share certificates returned within a period of 30 days from the date of receipts, subject to documents being valid and complete in all respects.

(ix) **Distribution of Share holding :**

(A) Distribution of Share holding as on 31st March, 2005

| No. of Shares held | Shareholders | | No. of Shares | |
|--------------------|--------------|---------------|----------------|---------------|
| | Number | % to Total | Shares | % to Total |
| Upto 500 | 1022 | 68.406 | 254287 | 6.876 |
| 501-1000 | 209 | 13.989 | 185653 | 5.020 |
| 1001-5000 | 190 | 12.718 | 457434 | 12.370 |
| 5001-10000 | 29 | 1.941 | 232556 | 6.289 |
| 10001-20000 | 17 | 1.138 | 242263 | 6.551 |
| 20001-30000 | 8 | 0.535 | 207450 | 5.610 |
| 30001-40000 | 0 | 0.000 | 0 | 0.000 |
| 40001-50000 | 6 | 0.402 | 268600 | 7.263 |
| 50001-100000 | 7 | 0.469 | 501367 | 13.558 |
| 100000 & above | 6 | 0.402 | 1348390 | 36.462 |
| Total | 1494 | 100.00 | 3698000 | 100.00 |

(B) Shareholding Pattern as on 31st March, 2005 :

| Categories | No. of Shares | % of Shareholding |
|---------------------------|----------------|-------------------|
| Indian Promoters | 1590390 | 43.007 |
| Persons Acting in Concert | 309000 | 8.356 |
| Institutional Investors | NIL | NIL |
| Corporate Bodies | 545352 | 14.747 |
| Indian Public | 1252258 | 33.863 |
| Non Resident Indians | 1000 | 0.027 |
| Total | 3698000 | 100 |