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CHANDRA PRABHU INTERNATIONAL LIMITED

23rd ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. Akash Jain

DIRECTORS

Mr. Piyush Jain

Mr. Ved Prakash Goel

Mr. Jagdish Jhunjunwala

Mr. Prakash Goyal

Mr. Sudhanshu Mishra

COMPANY SECRETARY

Shikha Gupta

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, Guwahati & Ludhiana

BANKERS

State Bank of Bikaner & Jaipur

New Delhi

HDFC

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.

CONTENTS

01. Company Information	II
02. Notice Convening 23 rd AGM.	01
03. Directors Report	04
04. Report on Corporate Governance	08
05. Auditor's Report	12
06. Balance Sheet	14
07. Profit & Loss A/c.	15
08. Cash Flow Statement	16
09. Schedules to Accounts	17
10. Balance Sheet Abstracts	26
11. Consolidated Accounts	27
12. Subsidiary Company	39
13. Subsidiary Company	48
14. Proxy and Attendance slip	59

NOTICE**Chandra Prabhu International Ltd.**

Notice is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of CHANDRA PRABHU INTERNATIONAL LTD. will be held on Monday, the 29th day of September, 2008 at 9:30 A.M. at B-2639, First Floor, Narela Industrial Area, Near DSIDC Park, Narela, Delhi-110040 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, 2008, 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 Goyal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Sudhanshu Mishra who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and to authorize Board of Directors to fix their remuneration. The retiring Auditor, M/s. J.P.S. & Company, Chartered Accountants, retires 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 authorized 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 Ludhiana 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."

By order of the Board of Directors

Registered Office:

14, Rani Jhansi Road,
New Delhi 110 055

4th September, 2008

Akash Jain
Managing Director

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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 HIMSELF 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 IS ANNEXED HERETO.

3. The Register of Members and Share Transfer Books will remain closed from Wednesday 24-09-2008 to Monday 29-09-2008 (both days, inclusive).

4. The Members holding shares in physical form are requested to intimate to the Registrar and Transfer Agent, Alankit Assignments Limited, 2E/21, Jhandewalan Extn., New Delhi 110 055, 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 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 DPID numbers for easy identification of attendance at the meeting.

8. 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 no. of companies in which they hold directorship, are given hereinunder :

Mr. Ved Prakash Goyal

Mr. Ved Prakash Goyal, age about 65 years, has been a Director of the company since 1st October 2003. He has done his graduation with consistent good academic record & is a Chartered Accountant. Mr. Goyal is well known entrepreneur having vast knowledge and experience o business and corporate functioning. His expertise in specific functional areas include finance, investment and management. Mr. Goyal does not hold any other Directorship.

Mr. Sudhanshu Mishra

Mr. Sudhanshu Mishra, age 32 years, has been a Director of the company since 29th September, 2001. He has done his B. Tech with thrust to

NOTICE**Chandra Prabhu International Ltd.**

become an entrepreneur and gained qualitative experience, expertise and knowledge in the trading of coal. Mr. Mishra hold other directorship in M/s. Chandra Prabhu Overseas Ltd. only.

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.

**EXPLANATORY STATEMENT PURSUANT TO
SEC.173 (2) OF THE COMPANIES ACT, 1956**

By order of the Board of Directors

Item No. 5

Company has branches at Bhatinda, Chandasi, Guwahati and Ludhiana. 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

Registered Office:
14, Rani Jhansi Road,
New Delhi 110 055
4th September, 2008

Akash Jain
Managing Director

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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 2007-08 and to submit the Annual Report & Audited Statement of Accounts for the year ended 31st March, 2008.

(Rs. In Lacs)

Financial Results	2007-08	2006-07
Turnover/Income from operations	855.19	585.98
Other Income	18.16	7.92
Profit/(Loss) before tax,		
Interest & depreciation	(51.32)	35.11
Interest	4.54	3.43
Depreciation	3.90	4.64
Profit/(Loss) before tax	(59.76)	27.04
Provision for Taxation	5.10	3.48
Provision for Fringe Benefit Tax	0.59	0.64
Tax related to earlier years (FBT)	0.10	-
Tax related to earlier years	(0.84)	6.46
Deferred Tax	(0.36)	(0.47)
Profit/(Loss) after tax	39.79	16.83
Surplus brought forward from		
Previous Year	181.64	164.81
PROFIT AVAILABLE FOR		
APPROPRIATION	221.43	181.64
Surplus carried to Balance Sheet	221.43	181.64

OVERALL PERFORMANCE

The year under review resulted in Net Profit of Rs. 39.79 Lacs as compared to Net Profit of Rs. 16.83 Lacs during the previous year. The Company has done well during the year under review and the turnover of the Company has increased by 45.94% to 855.19 Lacs as against the previous year's turnover of Rs. 585.98 Lacs. The Overall performance of the company was satisfactory during the year and management of the Company is hopeful to improve further.

DIVIDEND

Keeping in view the fund requirement to improve the performance of the Company further, your directors do not 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

With the existing trading portfolio of Synthetic Rubber, Chemical and Coal, the Company has improved significantly its overall performance in the past. The Company is extending its product portfolio to include minerals along with the existing products. In the present economic scenario, huge potential/demand of these products in Indian market, via its strategic competency, operational efficiencies and expanding its network will definitely make a mark in the years to come.

Coal turnover of your company has significantly grown during the year and enhanced networking of the Company will further provide an impetus to its growth. Your company is poised to enhance its market share by tapping all the available opportunities. The Company plan to trade in minerals with its existing products with emphasis to export it in third countries. The Board expects that the Company will continue to improve its overall performance and excel to enhance the profitability of the Company.

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

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and 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 is a well-known name in the trading of Coal, Synthetic Rubber & Chemicals for last many years.

DIRECTORS REPORT**Chandra Prabhu International Ltd.**

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.

The Industry: Opportunities & Threats.

The India's economy is on the fulcrum of an ever increasing growth curve, with an expected growth rate of about 8.5%, the country's overall macroeconomic fundamentals are strong. The Trading industry had also got momentum with the overall industrial growth of the country and is giving eminence and having very good prospect, demand will definitely rise with rapid industrialisation in the coming future.

The trading activities of the Company can be broadly divided into four business segments i.e. Coal, Synthetic Rubber, petroleum products and minerals.

Coal has been recognized as the most important source of energy for electricity generation and industries such as steel, cement, fertilizers and chemicals are major sectors of coal consumption. As per "Indian Coal Industry outlook till 2012" a market research report by RNCOS, Coal requirement for the power utility will grow at a CAGR of around 10% during 2007-08 to 2011-12, Coal demand from the Indian cement industry looks bright and it is expected that coal requirement by the industry will rise steadily from 2007-08 to 2011-12 and coking coal requirement in steel production is expected to touch over 85.34 million tonnes in 2011-12.

India's synthetic rubber production is increasing marginally, but rising demand from auto tyre and non-tyre segment has led to higher imports. 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. Further lack of substitutes and poor availability of natural rubber has lead to higher demand for synthetic rubber.

Major player of the industries using coal and synthetic rubber as raw material have grown to significant size in the recent past and 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 is to strengthen business, where we have competencies and remain leaders.

The Company is aggressively strengthening its coal business by increasing its network and source of supplies. In addition of coal, synthetic rubber and petroleum products the Company has explored minerals as new product from the international market and its export in third countries, as there is huge demand of Minerals required for production of high purity materials for use in electronics and other newly emerging technologies.

The overall performance of the Company depends largely on trading coal and imported synthetic rubber, the core of its business portfolio. Apart from strengthening its coal business, to gain competitive strength and consolidate customer relationship, the Company plans to foray in mineral in the future. The Company's subsidiary M/s South West Drilling & Infrastructure Ltd., is venturing in the field of coal mining and has entered into agreements/joint ventures with third parties during the year.

Internal Control Systems and Cost:

The Company presently has an adequate internal control system. The Company has an internal audit department headed by a senior executive of the Company. 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 internal audit simultaneously 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/ regional 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.

DIRECTORS REPORT**Chandra Prabhu International Ltd.****Human Resource Development:**

Chandra Prabhu International Limited 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 believes in trust, transparency & teamwork to improve employees productivity at all levels.

SUBSIDIARIES

The audited statement of accounts along with the Directors' report of the company's wholly owned subsidiaries M/s Chandra Prabhu Overseas Limited & M/s South West Drilling & Infrastructure Limited, for the financial year ended 31st March, 2008, is annexed pursuant to the provision of Section 212 of the Companies Act, 1956.

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.

The notes to the accounts referred to in the Auditor's Report and the observations made in the Report under Companies (Auditor's Report) Order, 2003 are self-explanatory and therefore do not call for any further comments.

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

In accordance with the provisions of Companies Act, 1956 and Company's Articles of Association, have offered themselves Mr. Ved Prakash Goyal and Mr. Sudhanshu Mishra retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Your Directors recommend reappointment of both Mr. Ved Prakash Goyal and Mr. Sudhanshu Mishra on the Board.

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 no. of companies in which they hold directorship included in the notes to the Notice convening the Annual General Meeting.

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 Auditor's Report thereon forms part of the Annual Report.

DIRECTORS REPORT**Chandra Prabhu International Ltd.****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	NotApplicable	
b. Technology Absorption	NotApplicable	(Rs. In Lacs)
c. Foreign Exchange	Earnings Current Year	NIL
	Previous Year	NIL
d. Foreign Exchange Outgo		(Rs. In Lacs)
i) Foreign Traveling Expenses	Current Year	Rs. 0.73
	Previous Year	Rs. 1.72
ii) CIF Value of Imports	Current Year	Rs. 169.90
	Previous Year	Rs. 247.35

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.

COMPLIANCE WITH THE LISTING AGREEMENT

The company's equity shares 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 the Stock Exchange for the Financial Year 2008-2009.

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
4th September, 2008**

**Akash Jain
Managing Director**

REPORT ON CORPORATE GOVERNANCE

Chandra Prabhu International Ltd.

**1. COMPANY'S PHILOSOPHY :**

Corporate Governance, as *Chandra Prabhu International Ltd.* believes, is concerned with principles of transparency, fairness and accountability and 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) During the financial year under review the Board of the company consists of six 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			Other Directorships #
		at Board Meetings held during 2007-2008		at AGM held on 29/09/2007	
		Held	Attended		
Managing Director Mr. Akash Jain	Promoter & Executive	8	8	Yes	6
Directors					
Mr. Piyush Jain	Promoter & Non-Executive	8	8	Yes	1
Mr. Prakash Goyal	Independent Non-Executive	8	5	Yes	-
Mr. Sudhanshu Mishra	Independent Non-Executive	8	5	Yes	-
Mr Ved Prakash Goel	Independent Non-Executive	8	3	No	-
Mr. Jagdish Jhunjhunwala	Independent Non-Executive	8	3	No	3

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, 2008, the Board met 8 (Eight) times on 30th April 2007, 30th July, 2007, 31st August, 2007, 29th October, 2007, 31st October, 2007, 31st December, 2007, 29th January, 2008 and 9th February, 2008.

3. AUDIT COMMITTEE:

(A) The Audit Committee of the company presently consists of three Non-Executive Independent 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	5
Mr. Ved Prakash Goel	Member	5	3

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 2008 the Audit Committee of the company met five times. The dates of the meetings were 30th April, 30th July, 31st August, and 29th October in 2007 and 29th January in 2008.

(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 read with Section 292 A of The Companies Act, 1956.