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CHANDRA PRABHU INTERNATIONAL LIMITED
26th ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. Akash Jain

DIRECTORS

Mr. Ved Prakash Goel
Mr. Jagdish Jhunjhunwala
(Upto 31/12/2010)
Mr. Prakash Goyal
Mr. Sudhanshu Mishra

AUDITORS

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

REGD. OFFICE

14, Rani Jhansi Road,
New Delhi 110 055

BRANCHES

Bhatinda, Chandasi, Guwahati & Gurgaon

BANKERS

State Bank of Bikaner & Jaipur
New Delhi
HDFC
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 is hereby given that the **Twenty Sixth Annual General Meeting** of the Members of **Chandra Prabhu International Ltd.** will be held on Wednesday, the 28th day of September, 2011 at 10.00 A.M. at 3rd Floor, 14, Rani Jhansi Road, New Delhi-110055, to transact the following business(s):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31st March, 2011, the Balance Sheet as at that date & the Reports of Directors & the Auditors' thereon.
2. To declare final dividend on equity shares.
3. To appoint a Director in place of Sh. Prakash Goyal 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 Auditor, M/s. J P S & Company, Chartered Accountants, retires and being eligible offers 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 Gurgaon, 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

(A..ash Jain)
Managing Director

31st August, 2011



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 dividend declared at the AGM will be paid to those members whose names are on Register of Members of the Company as 22nd September, 2011. The Register of members will be closed from Friday 23rd September, 2011 to Wednesday 28th September, 2011 (both days inclusive) under section 154 of Companies Act 1956, for the purpose of payment of dividend and 26th Annual General Meeting.

4. The members holding shares in physical form are requested to intimate to the Registrar and Transfer Agent, Alankit Assignments Ltd, 2E/21, Jhandewalan Extn., New Delhi-110055, 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, where in Demat Account is held by them.

5. Final Dividend on Equity shares as recommended by the Directors for the year ended March 31, 2011 when declared at the meeting will be paid on or before 25th October, 2011:-

a) To those members whose names appears on the Company Register of Members after giving effect to all valid share transfers in physical form lodged with Alankit Assignments Ltd, Registrar and share transfer agent of the Company on or before 22nd September, 2011.

b) In respect of shares held in electronic form to those "deemed members" whose names appear in the statements of beneficial ownership furnished by NSDL (National Securities Depositories Ltd.) and CDS (Central Depository and Services Ltd.) as on 22nd September, 2011.

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 DPI numbers for easy identification of attendance at the meeting.

8. Pursuant to Section 205A and Section 205B of the Companies Act, 2013, as the Company had no unclaimed dividend upto the Financial Year 2003-2004, therefore was not required to transfer to the Investor Education and Protection Fund.

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. Prakash Goyal**

Mr. Prakash Goyal, aged about 57 years, has been on Board of the Company since 31st January, 2003. He is a qualified Chartered Accountant and has experience of 27 years in the Profession of Chartered Accountancy. His expertise in specific functional areas including Finance, Taxation, Investment and Management.

Mr. Prakash Goyal holds Directorship in the following other Companies:

1) South West Drilling & Infrastructure Limited; 2) Moser Baer Electric Power Limited; 3) Moser Baer Clean Energy Limited; 4) Moser Baer Power & Infrastructure Limited.

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

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

By order of the Board of Directors

Registered Office:

14, Rani Jhansi Road,
New Delhi 110 055

(Akash Jain)
Chairman

31st August, 2011



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 2010-2011 and to submit the 26th Annual Report, Audited Balance Sheet as on 31st March, 2011 and Profit & Loss Account for the period ended on 31st March, 2011.

	(Rs. in Lacs)	
Financial Results	2010-11	2009-10
Turnover/Income from operations	6,595.72	3465.20
Other Income	72.93	52.65
Profit/(Loss) before tax,		
Interest & depreciation	205.52	180.28
Interest	18.16	16.76
Depreciation	12.68	14.01
Profit/(Loss) before tax	174.66	149.52
Provision for Taxation	69.00	36.00
Tax related to earlier years	3.90	0.56
Deferred Tax	(1.01)	(1.37)
Profit/(Loss) after tax	102.77	114.32
Surplus brought forward from Previous Year	320.75	252.70
PROFIT AVAILABLE FOR APPROPRIATION	423.52	367.02
Appropriations:		
Proposed Dividend	36.98	36.98
Tax on Proposed Dividend	5.71	6.29
Transfer to General reserve	3.00	3.00
Surplus carried to Balance Sheet	377.84	320.75

OVERALL PERFORMANCE

The company has outperformed during the year and the turnover during the year increased by approx 90% at Rs. 6,595.72 Lacs as against Rs. 3,465.20 Lacs in the previous year. The year under review resulted in Net Profit of Rs. 102.77 Lacs as compare to Net Profit of Rs. 114.32 Lacs during the previous year. The increased cost of goods and stiff competitive market prices have been the main causes among others for the lower net profit margin during the year. The management is hopeful to maintain the growth momentum in future also.

DIVIDEND

The Board has recommended a final dividend of Rs. 1/- per equity share (@ 10% on face value of Rs 10/- per equity share) to be appropriated from the profits for the 2010-11 subject to the approval of shareholders at the ensuing general meeting. The dividend shall be paid in compliance with applicable regulations.

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 review, turnover in coal has spurred significantly and rubber has also maintained the growth momentum and the company shall endeavor to capitalize further with the existing trading portfolio of synthetic rubber, Petrochemical and Coal.

Further the Company is planning to restart the import of petroleum products segment like base Oil, Slack Wax, Paraffin Wax, RPO etc. with the existing products to improve performance of the company in future.

On the strength of its existing product portfolio, operational efficiency and enhanced network, the company, expects to sustain growth momentum, a robust growth and enhanced market share in future with the successful implementation of trade in new product portfolio. The Board expects that the Company will continue to improve its overall performance and excel to enhance the profitability of the Company, in the present economic scenario and huge potential demand of these products in the Indian market, via its strategy competency, operational efficiencies.

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 projects in any such forward-looking statements.

The Company assumes no responsibility to Company amends, modify or revise any forward looking statements,



on the basis of any subsequent developments, information or events.

Chandra Prabhu International Ltd. is a well known name in the field of trading of Coal, Synthetic Rubber and Chemicals for last many years. Over the years Chandra Prabhu International Ltd. has built a formidable reputation of being a completely professionally managed Company where customer satisfaction is of paramount consideration.

The Industry: opportunities & Threats

The performance of Indian economy has emerged from the global financial crises remarkably. The global economic and financial situation is recovering slowly. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

The company being a trading company, the activities of the company can be broadly divided into three business segments i.e. coal, Synthetic Rubber, and petroleum products minerals.

The Indian coal industry is the fourth largest in terms of coal reserves and third largest in terms of coal production in the world. Recognized as the most important source of energy for electricity generation, other 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 2007-2008 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 and coking coal requirement in steel production is expected to touch over 85.34 million tonnes in 2011-12.

The rubber industry in India is basically divided in two sectors - tyre and non-tyre sector produces all types of auto tyres, conventional as well as radial tyres and exports to advance countries like USA. The non-tyre sector comprises the medium scale, small scale and tiny units. It

produces high technology and sophisticated industrial products. Asia is now the focus of growth in the rubber industry.

The company's rubber supply is mainly to footwear industry and it shall endeavour to extend its supplies to tyre industry also. Major players of the industries using coal and synthetic rubber as raw material would play a dominant role, in determination of your Company's future prospects.

Business Outlook and Overview:

The company is aggressively strengthening its coal and rubber business, where it has core competencies, by increasing its network and source of supplies. Further minerals as new product from the International market, added to its existing product portfolio would give further impetus to its growth momentum in line with the objectives of Long-term growth, in anticipation of huge demand of minerals, require for production of high purity material for use in electronics and other newly emerging technologies.

To boost the overall performance, the Company shall also endeavor to canalize with the exporters of Automotive Tyres and Tubes, Rubber Footwear, Cycle Tyres, Pharmaceutical Goods, Rubber Hoses, Cots and Aprons, Belts and Beltings and Sheeting.

Market Influencing Factors such as season, growth in industrial production: automobile industry, the ratio of utilization of domestic production and imported rubber by tyre manufacturers, Government policies have a profound influence on rubber prices. These include subsidies, restrictions on ports etc., international rubber price movements, have a slow influence and lastly stockiest and speculators also play a significant role in influencing prices.

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.

**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 Accountant for a continuous Internal Audit of the affair of the Company and the Reports are sent to the Directors of the Company. At the Branches, External Firm of Chartered Accountants specifically appointed for the purpose of Internal Audit simultaneously audits all the expenses.

The Company has undertaken an extensive exercise to control the overall cost and has finalized 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 finalize ways of cost reduction.

Human Resource Development:

Human Resource is not only an integral part of any organisation but also strive its success and growth. The Company believes that human resources are the key resources and integral part the organisation and endeavours to create a culture of openness and empowerment amongst its employees and provide good carrier development.

Your Company believes in trust transparency & teamwork to improve employees productivity at all levels and is committed to the welfare of the employees and their families by putting review and reward system in place.

SUBSIDIARIES

The Audited statements of accounts along with Directors Report of the Company's wholly owned subsidiaries M/s Chandra Prabhu Overseas Ltd. and South West Drilling & Infrastructure Ltd., for the financial year ended 31st March, 2011, is annexed pursuant to the provisions 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. Yours 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 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 has 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 The Companies Act, 1956 and Company's Articles of Association, Mr. Prakash Goyal retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Yours Directors recommend re-appointment of Mr. Prakash Goyal on the Board.



Brief resume, pursuant to clause 49 of the Listing Agreement, of Mr. Prakash Goyal proposed to be reappointed at the Annual General Meeting, nature of their expertise in specific functional areas and name of other companies in which he holds 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.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

Pursuant to section 217 (1)(e) of the Companies Act, 1956, the information with respect to conservation of energy, technology absorption & foreign exchange earning and outgo, is as follows:-

a. Conservation of energy	N.A.
b. Technology Absorption	N.A.
c. Foreign Exchange Earnings	(Rs. In Lacs)
Current Year	Nil
Previous Year	Nil
d. Foreign Exchange Outgo	
i) Foreign Traveling Expenses	(Rs. In Lacs)
Current Year	Rs. 0.75
Previous Year	Rs. 0.52
ii) CIF Value of Imports	(Rs. In Lacs)
Current Year	Rs. 1,383.01
Previous Year	Rs. 1,112.59

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 BSE for the Financial Year 2010-2011.

COMPLIANCE CERTIFICATE

Pursuant to proviso of Section 383A of the Companies Act, 1956, the Company has obtained the Compliance certificate obtained from a Company Secretary, in whole time practice and attached as an annexure.

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
31st August, 2011

(Akash Jain)
Chairman



1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance, as Chandra Prabhu International Ltd. believes, is concerned with principles of transparency, fairness, 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) Presently the Board of the company consists of Four 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 2010-2011		at AGM held on 30/09/2010	
		Held	Attended		
Managing Director Mr. Akash Jain	Promoter & Executive	13	13	Yes	7
Directors					
Mr. Prakash Goyal	Independent Non-Executive	13	13	Yes	5
Mr. Sudhanshu Mishra	Independent Non-Executive	13	10	No	1
Mr. Ved Prakash Goel	Independent Non-Executive	13	12	No	2
Mr. Jagdish Jhunjunwala (resigned with effect from 01/01/2011)	Independent Non-Executive	13	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, 2011, the Board met 13 (Thirteen) times on 8th May, 2010; 12th July, 2010; 7th August, 2010; 2nd September, 2010; 4th September, 2010; 23rd September, 2010; 30th September, 2010; 1st October, 2010; 3rd November, 2010; 1st January, 2011; 4th January, 2011; 8th February, 2011; 31st March, 2011.

3. AUDIT COMMITTEE:

(A) The Audit Committee of the company presently consists of three Non-Executive Independent Directors. Mr. Prakash Goyal, non-executive independent director, a Chartered Accountant by profession, is the Chairman of the committee, having vast experience in the field of finance, accounts and taxation. 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	4
Mr. Ved Prakash Goel	Member	5	5

Internal Auditors, Statutory Auditors are invited to participate in the meetings of Audit Committee wherever necessary.

(B) Meeting / Attendance

During the financial year ended 31st March 2011, the Audit Committee of the company met five times. The dates of the meetings were 8th May, 2010, 7th August, 2010, 2nd September, 2010, 3rd November, 2010 and 8th February, 2011.

(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.