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**CHANDRA PRABHU INTERNATIONAL LIMITED**  
**27<sup>th</sup> ANNUAL REPORT 2011-2012**

## **BOARD OF DIRECTORS**

**CHAIRMAN CUM  
MANAGING DIRECTOR**

Mr. Akash Jain

**DIRECTORS**

Mr. Ved Prakash Goel

Mr. Prakash Goyal

Mr. Sudhanshu Mishra

(Upto 31/08/2012)

## **27TH ANNUAL GENERAL MEETING**

**DATE :** SEPTEMBER 27, 2012

**DAY :** THURSDAY

**TIME :** 10.00 AM

**VENUE :** 3RD FLOOR, 14 RANI JHANSI ROAD  
NEW DELHI-110055

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## **AUDITORS**

M/s. J P S & Company

Chartered Accountants

New Delhi

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## **REGD. OFFICE**

14, Rani Jhansi Road,

New Delhi 110 055

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## **BRANCHES**

Bhatinda, Chandasi, Guwahati & Gurgaon

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## **BANKERS**

State Bank of Bikaner & Jaipur

New Delhi

HDFC

New Delhi

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## **REGISTRAR & SHARE**

### **TRANSFER AGENT**

M/s. Alankit Assignments Limited

2E/21, Jhandewalan Extn.

New Delhi - 110055

**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 SEVENTH ANNUAL GENERAL MEETING** of the Members of **CHANDRA PRABHU INTERNATIONAL LTD.** will be held on Thursday, the 27<sup>th</sup> Day of September, 2012 at 10.00 A.M. at 3<sup>rd</sup> Floor, 14, Rani Jhansi Road, New Delhi-110055 to transact the following business(s):

**ORDINARY BUSINESSES:-**

1. To receive, consider and adopt the Audited Profit and Loss Statement of the Company for the financial year ended 31<sup>st</sup> March, 2012, 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. Ved Prakash Goel 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 BUSINESSES**

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."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies act, 1956, the consent of members of the Company be and are hereby accorded to the re-appointment of Mr. Akash Jain as Managing Director of the Company for a period of Five Years commencing from 1<sup>st</sup> February, 2012, on the following terms & conditions:

**SALARY:** Rs. 1, 00,000/- P.M. with suitable increase and revision as approved by the Board / committee from time to time.

**PERQUISITES :**

- i) Reimbursement of ail medical expenses (including medical / hospitalization policy premium) incurred for self & family.
- ii) Subscription to two clubs. Lifetime membership fee or admission fee shall not be included.
- iii) Car with driver for company's business and also telephone at residence and mobile phone.
- iv) Sh. 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 TERM & CONDITIONS:**

- a) The Managing Director shall be responsible for overall management and control of the operations of the company. The Managing Director shall perform his duties and exercise his power subject to the supervision and control of the Board.
- b) The Managing 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.
- c) The Managing Director shall not be paid any sitting fee for attending meetings of the Board / committee thereof.
- d) During his tenure as Managing 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 Managing 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"

**Registered Office:**  
14, Rani Jhansi Road,  
New Delhi – 110 055

New Delhi  
27th August, 2012

By order of the Board of Directors of  
**CHANDRA PRABHU INTERNATIONAL LIMITED**

**AKASH JAIN**  
**MANAGING DIRECTOR**

**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 SCHEDULE TIME OF 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 ARE 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 20th September, 2012. The Register of members will be closed from Friday 21st September, 2012 to Thursday 27th September, 2012 (both days inclusive) under section 154 of Companies Act 1956, for the purpose of payment of dividend and 27th 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.
5. The Board of Directors in their meeting held on 27th August, 2012 have recommended final dividend of Rupee 1/- per share on equity shares of Rupee 10/-each for Financial Year Ended 31.03.2012 which if approved at the Annual general meeting of the Company, will be paid on or before 20th October, 2012:-
  - 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 Assignment Ltd, Registrar and share transfer agent of the Company on or before 20th September, 2012.
  - 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 CDSL (Central Depository and Services Ltd.) as on 20th September, 2012.
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 DPID numbers for easy identification of attendance at the meeting.
8. Pursuant to Section 205A and Section 205-C, the Company had no unclaimed dividend upto the Financial Year 2004-2005, therefore the requirement to transfer to the Investor Education and Protection Fund is not applicable to the Company.
9. Pursuant to the provision of section 205A(5) of the Companies Act, 1956, dividend for the Financial year ended 31.03.2010 and thereafter which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and protection fund pursuant to section 205C of the Companies Act, 1956.
10. 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, aged about 69 years, has been on Board of the Company since 1st October, 2003. Being an entrepreneur having extensive knowledge and experience in business and corporate functioning. His expertise in specific functional areas includes Finance, Investment and Management.

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

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

**Item No. 6: Approval to the re-appointment of Mr. Akash Jain as Managing Director**

The tenure of Mr. Akash Jain, as a Managing Director of the Company, ended on 31<sup>st</sup> January, 2012. Further during his tenure as Managing director the company witnessed escalated new heights of success both in terms of revenue and scale of operations. Considering the invaluable contributions made by him and also to maintain the growth momentum gained by the Company in the past and for supervision of day to day affairs under his able guidance the Board of directors of the Company in its meeting held on 31<sup>st</sup> January, 2012, have re-appointed him as Managing Director of the Company for another period of 5 years w.e.f. 01<sup>st</sup> February, 2012, subject to approval of members in a General Meeting, on the terms & conditions as contained in resolution.

Further pursuant to the provisions of the XIII of the Companies Act, 1956 the appointment/re-appointment of a managerial person is subject to the approval of members in a general meeting.

Therefore your board of directors recommends passing of the resolution at item no 6 as an ordinary resolution by the members.

None of the directors of the Company except Mr. Akash Jain, himself is deemed to be interested or concerned in the above resolution.

**Registered Office:**  
14, Rani Jhansi Road,  
New Delhi – 110 055

**New Delhi**  
**27th August, 2012**

**By order of the Board of Directors of**  
**CHANDRA PRABHU INTERNATIONAL LIMITED**

**AKASH JAIN**  
**MANAGING DIRECTOR**

**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 2011-2012 and to submit the 27<sup>th</sup> Annual Report & Audited Balance Sheet as on 31<sup>st</sup> March, 2012 and Profit & Loss Statement for the period ended on 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS**

	<b>(Rs. in Lacs)</b>	
	<b>2011-2012</b>	<b>2010-2011</b>
Turnover/ Income from operations	7009.65	6,595.72
Other Income	35.55	72.93
Profit/(Loss) before tax, interest & depreciation	281.88	205.52
Interest	38.00	18.16
Depreciation	10.01	12.68
Profit/(Loss) before tax	233.89	174.66
Provision for Taxation	87.00	69.00
Tax Adjustment for earlier years	(3.69)	3.90
Deferred Tax	39.15	(1.01)
Profit/(Loss) After Tax	111.43	102.78
Surplus brought forward from Previous Year	377.84	320.75
<b>Profit available for appropriation</b>	<b>485.58</b>	<b>423.52</b>
<b>Appropriations:</b>		
Proposed Dividend	36.98	36.98
Tax on Proposed Dividend	5.99	5.71
Transfer to General reserve	3.00	3.00
Surplus carried to Balance Sheet	443.29	377.84

**OVERALL PERFORMANCE**

During the year, the performance of the Company was satisfactory. The turnover during the year was at Rs. 7009.65 Lacs as against Rs. 6595.72 Lacs in the previous year. The year under review resulted in Net Profit of Rs. 111.43 Lacs as compared to Net Profit of Rs. 102.78 Lacs during the previous year. The management is hopeful to improve the performance of the Company in future and a detailed discussion is provided under Management discussion and analysis report.

**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 2011-12 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**

The Company has improved significantly its overall performance in the past with the existing trading portfolio of synthetic rubber and Coal. Turnover in coal has sustained the growth momentum as in the past and rubber has registered tremendous growth during the year and the company shall endeavor to capitalize further.



The management, on overall basis, expects a robust growth and enhanced market share on the strength of its existing product portfolio, operational efficiency and enhanced network alongwith the successful implementation of trade in minerals in future. 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 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**

During the fiscal, India economy also witnessed a slowdown and the growth rate was slightly over 6%, after having grown @ above 8% in the past two years. This was an indication to slowdown as against the growth momentum of the Indian Economy in the period 2003-2011.

The Company being trading Company, the activities of the Company can be broadly divided into two business segments viz Coal and Synthetic Rubbers.

#### **Coal**

The Indian coal industry, one of the largest in terms of reserve base and production level, has gained significant momentum in the past few years. Mainly dominated by PSUs like Coal India Ltd, which contributes over 75% of the country's total coal production, the industry has attracted government concern and investments.

According to a research report titled as "Indian Coal Industry Forecast to 2013", the coal demand has been rising constantly in India on back of high demand from major coal consuming sectors, including power, cement and steel. Further the plentiful coal reserves in Jharkhand, growing industry demand mainly by power sector and the increasing government support will boost the coal production in the country. It is estimated that coal production will grow at a CAGR of around 9% during 2011-12 to 2013-14 and also anticipated that the demand for thermal coal and coking coal by power and steel sectors, respectively, will gain momentum in near future apart from small consumers of the coal like brick kiln etc.

#### **Rubber**

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.

During the year under review, the consumption among synthetic rubbers, usage of SBR,PBR & other SR increased by 24.30%,26.26% and 5.97% respectively. Thus, the demand for new rubber (NR + SR) registered a growth of 9.75% only. The average compound growth rate of consumption of new rubber during last five years works out to 5.50% per annum.

Citing the ratings firm ICRA Ltd., Economic Times reported Indian tire companies in 2011-12 recorded 28 percent growth, driven in part by high exports on the lowered value of the rupee. Despite weak demand in the price-conscious replacement markets, tire manufacturers pushed through multiple price increases of over 20 percent, the





newspaper reported. Tire majors including MRF, Apollo, Goodyear and JK Tyres saw margins chipped away by raw materials price increases, according to the ICRA report. The demand for tires from the OEM segment to be relatively muted at 8-9 percent during 2012-13, despite anticipated revival in replacement volume, driven by vehicles, particularly truck and bus tires, sold post the recessionary dip of 2009. Pass-through price increases and continued expansion into other Asian markets will keep the Indian firms' sales growing.

The IIP groups the industry into three broad sectors like mining, manufacturing and electricity. The performance of these three sectors indicates that the mining sector have been able to maintain the growth at about trend rates. The rate of growth of manufacturing also improved considerably in the last two years and has been in double digit. Electricity sector however, have grown more at the trends rates.

Going by share of rubber consumption, automotive tyre sector is the single largest sector accounting for about 50% consumption of all kinds of rubbers, followed by bicycles tyres and tubes 15% footwear 12%, belts and hoses 6%, camelback and latex products 7%. India's synthetic rubber imports surged with demand from tyre makers climbing and production remained almost steady. Increase in demand from automobile tyre manufacturers mainly supported the growth in demand for synthetic rubber. Further lacks of substitute and poor availability of natural rubber has lead to higher demand for synthetic rubber. The company's rubber supply is mainly to footwear industry and it shall endeavour to extend its supplies to tyre industry also. The non-tyre sector comprises the medium scale, small scale and tiny units. It produces high technology and sophisticated industrial products.

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. The Company also plans to start import of rubber related chemicals (rubber being core sector) which has good demand in the Indian Market.

The company is also exploring 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. The Company's subsidiaries M/s South west Drilling And Infrastructure Ltd., had ventured in the field of coal mining 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 affair of the Company and the Reports are sent to the Directors of the Company.

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 ail 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 subsidiary M/s Chandra Prabhu Overseas Ltd., for the financial year ended 31<sup>st</sup> March, 2012, is annexed pursuant to the provisions of section 212 of the Companies Act, 1956. During the year under review the Company has divested from another Wholly Owned Subsidiary named M/s. South west Drilling & Infrastructure Limited.

**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 Companies Act, 1956 and Company's Articles of Association, Mr. Ved Prakash Goel retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Yours Directors recommend re-appointment of Mr. Ved Prakash Goel 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 name 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 the Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditor's Report thereon forms part of the Annual Report.