



ANNUAL REPORT
2007 - 2008



ESSEN SUPPLEMENTS INDIA LIMITED

SECUNDERABAD.



BOARD OF DIRECTORS : Shri N.L. Kanani - Managing Director
Shri Mayur N. Kanani - Executive Director
Shri V. Subrahmaniam - Director
Shri A. V. Ravi Kumar - Nominee Director (APIDC)
Shri Sanjay Jhajharia - Additional Director
Shri Pavan Kumar Goel- Additional Director

AUDITORS : **VIMAL C. JAIN & CO.**
Chartered Accountants

BANKERS : H.D.F.C. West Marredpally, Secunderabad.

REGISTERED OFFICE : Plot No. 35, Samrat Colony,
West Marredpally, Secunderabad - 500 026.

CONTENTS		Page No.
NOTICE	---	3
DIRECTORS REPORT	---	5
AUDITORS REPORT	---	21
BALANCE SHEET	---	28
PROFIT & LOSS ACCOUNT	---	29
SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT	---	30
NOTES ON ACCOUNT	---	37
CASH FLOW STATEMENT	---	41



ESSEN SUPPLEMENTS INDIA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the members of **ESSEN SUPPLEMENTS INDIA LIMITED** will be held on Monday, 29th day of September, 2008 at the Registered Office of the Company at 11:30 a.m. for transacting the following:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2008 the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N.L.Kanani, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor to hold office from conclusion of the Seventeenth Annual General Meeting until conclusion of the Eighteenth Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business:

4. Increase of Authorized Share Capital

To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be increased from Rs.3,50,00,000/- (Rupees Three crores and fifty lacs Only) divided into 35,00,000 Equity Shares of Rs.10/- each to Rs.10,00,00,000/- (Rupees Ten crores Only) divided into 1,00,00,000 Equity Shares of Rs.10/- each ranking pari-passu with the existing Equity Shares of the Company.

RESOLVED FURTHER that the existing Clause V of the Memorandum of Association of the Company be substituted by the following clause:

Clause V – 'The Authorized Share Capital of Company is Rs.10,00,00,000/- (Rupees – Ten crores Only) divided into 1,00,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each.'

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board is hereby authorized to do all such acts, deeds, matters and things and resolve



any doubts or question as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be.”

5. Issue of Equity Shares on Preferential Allotment Basis:-

To consider, and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the various Stock Exchanges where the Company’s shares are listed, the guidelines and clarifications thereon issued by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), and any other statutory / regulatory authorities and subject to all such other approvals, permissions, consents and sanctions of banks, financial institutions or any appropriate authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them by granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the company (hereinafter referred to as the ‘Board’, which term shall also include any committee thereof), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches, upto 30,00,000 Equity Shares of the face value of Rs.10/- each at par in the equity share capital of the company ranking pari passu, on preferential basis in compliance with Chapter XIII of SEBI (DIP) guidelines, 2000 and subsequent amendments thereto & on such terms and conditions and in such manner as the Board may in its absolute discretion deem fit, to the following persons/entities as mentioned below:

Name of the Proposed Allottees	No. of Equity Shares	Category
MR.GANESH KUMAR SINGHANIA	10,00,000	Acquirer
MRS. ANITA SINGHANIA	10,00,000	Acquirer
MRS. ABHA SULTANIA	5,00,000	Strategic Investor
M/S. VASTAV DEALERS PVT. LTD	5,00,000	Strategic Investor

RESOLVED FURTHER THAT

(i) the relevant date for the purpose of pricing of issue of the shares in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 be fixed as 29th August, 2008 being the 30th day prior to 29th September, 2008 i.e., the date on which the Annual General Meeting of the



shareholders is convened, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed preferential issue.

(ii) the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of equity shares, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price on a higher side than mentioned above, as it may deem expedient, without being required to seek any further consent or approval of the Company in a General Meeting.

(iii) the Offer, issue and allotment of the aforesaid equity shares shall be made at such time or times as the Board may in its absolute discretion decide.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of shares of the Company, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient or desirable and to settle any question, difficulties or doubts that may arise in this regard including but not limited to the offering, issue and allotment of equity shares of the Company as it may in its absolute discretion deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by these Resolutions to any Committee of Directors of the Company to give effect to the aforesaid Resolutions."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Instrument appointing a Proxy must be lodged at the Registered Office of the Company at least 48 hours prior to the time of the meeting.
3. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act 1956 annexed herewith and forms part of the Notice.
4. The Memorandum & Articles of Association of the Company are open for inspection for the members at the Company's Registered Office between 11 A.M. and 1 P.M on any working day from 6th September, 2008 onwards up to the date of the Annual General Meeting and at the meeting.
5. A certificate from the Statutory Auditors of the Company certifying that the above issues are in accordance with prescribed SEBI Guidelines on preferential issues is also available for inspection at the Registered Office between 11 A.M. and 1 P.M.



on any working day from 6th September, 2008 onwards up to the date of the Annual General Meeting and at the meeting.

6. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to the Proxy Form and hand over the slip at the entrance to the place of the Meeting.
7. Members holding shares in physical form are requested to notify immediately changes, if any, in their registered address and bank particulars, to the Company at its Registered Office or to its Registrars & Share Transfer Agent, at the following address quoting their folio numbers; -

M/S. Maheshwari Datamatics (P) Ltd
6, Mangoe Lane (2nd Floor)
Kolkatta-700001
Phone-033 -2243 - 5029/5809, 2248-2248.
Fax-033-2248-4787
EMAImdpl@cal.vsnl.net.in



Explanatory Statement Pursuant to Section 173(2) of The Companies Act, 1956

ITEM NO. 4

At present the Authorised Share Capital of the Company is Rs.3,50,00,000/- (Rupees Three crores and fifty lacs Only) divided into 35,00,000 Equity Shares of Rs.10/- each. To facilitate issue of further shares, it is considered desirable to increase the authorized capital from existing Rs.3,50,00,000/- to Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each.

Amendment of Clause V of the Memorandum of Association of the Company as set out in Item No.1 of this notice is consequential. Your approval is also sought to the proposed resolution. The directors commend approval of the aforesaid resolution.

None of the Directors of the Company is interested in this resolution.

ITEM No. 5

The special resolution as mentioned above proposes to authorize the Board of Directors to issue upto 30,00,000 equity shares of the face value of Rs.10/- each at par being Rs. 10/- per Equity Share by way of preferential allotment.

Information pertaining to the proposed preferential allotment in terms of the clause 13.1A of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto are set out as below:

i. Object of the issue

The Object of the Issue is to meet the Long-term working capital requirements of the company and to enhance its net worth.

ii. Intention of the existing promoters/directors/ key-management persons to subscribe to the offer.

The promoters, directors and their associated companies do not intend to subscribe any Equity Shares out of the proposed preferential allotment.

iii. Shareholding Pattern before and after the Proposed preferential Issue (based on the shareholding pattern as on 30th June 2008:

	Category	Pre-Preferential Issue		Post- Preferential Issue	
		No. of Shares held	Percentage of share holding	No. of Shares held	Percentage of share holding
A	Promoter's Holding				



1.	Promoters				
	a. Indian Promoters	1365234	43.9137 44.7838	1365234	22.3483 22.5715
	b. Foreign Promoters				
	Sub-Total	1365234	43.9137 44.7838	1365234	22.3483 22.5715
B	Non-Promoter's Holding				
2.	Institutional Investors				
	a. Mutual funds, UTI, etc.	70800	2.2773 2.3225	70800	1.1590 1.1705
	b. Banks, Financial Institutions, Insurance Companies (Central /State Govt. /Inst./ Non-Government Institutions)				
	c. FIIs				
	Sub-Total	70800	2.2773 2.3225	70800	1.1590 1.1705
3.	Others				
	a. Private Corporate Bodies	564000	18.1415 18.5009	1064000	17.4172 17.5911
	b. Indian Public	1108866	35.6675 34.3928	3608866	59.0755 58.6669
	c. NRIs/ OCBs				
	d. Any Others				
	Sub-Total	1672866	53.808 52.8937	4672866	76.4928 76.2580
	Grand total	3108900	100	6108900	100
		3048498	100	6048498	100

Figures in bold indicates percentage of voting share capital

iv. Proposed time limit within which the allotment shall be completed

The allotment of Equity shares are proposed to be made within 15 days of the date of passing of this resolution, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by a regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval. However, if so required the period of allotment may be extended subject to requisite approval / applicable provisions.

v. Identity of the Allottee(s)

a)



Name of the Proposed Allottees	No. of Equity shares to be Allotted	% of Post issue shareholding(based on Equity Share Capital)	% of Post issue shareholding(based on Voting Share Capital)
Promoter Group			
Nil	-	-	
Non Promoter Group			
Mr. Ganesh Kumar Singhania	10,00,000	16.3696	16.5330
Mrs. Anita Singhania	10,00,000	16.3696	16.5330
Mrs. Abha Sultania	5,00,000	8.1848	8.2665
M/s. Vastav Dealers Private Limited	5,00,000	8.1848	8.2665

b) No. and % of shares proposed to be allotted pursuant to special resolution passed under Section 81(1A) Preferential Allotment.

30,00,000- Equity Shares constituting 49.1087% of the expanded Equity Share Capital of the Company.

c) Consequential changes, if any, in Board of Directors.

For broad basing the board, change in the composition of the Board of Directors of the Company is contemplated pursuant to the issue of equity shares on preferential allotment basis.

d) Whether the said allotment would result in change in control over the Company.

Issue of Equity Shares may result in change in control of the Company as the acquisition exceeds 15% of the enhanced equity share capital of the company which will require the Acquirers to make an Open Offer to the existing shareholders of the target company to acquire additionally 20% of the enhanced paid up share capital and voting right of the target company as a result of which the shareholding of the Acquirers will exceed the shareholding of the existing promoters and management group of the company.

e) Pricing of the Proposed Preferential Issue:

The shares of the company are not been traded since long in the stock exchange , the issue price of the proposed equity shares has been determined based upon the certificate received from the Statutory Auditors of the company.

f) Certification from Statutory Auditors:



M/s Vimal C. Jain & Co., Chartered Accountants, Statutory Auditors of the company have certified that the issue of equity shares is being made in accordance with the Guidelines for preferential Issues under the SEBI (DIP) Guidelines, 2000. Copy of the said certificate is open for inspection at the Registered office of the company during the office hours on all working days except Saturdays between 10.00 A.M and 1 P.M upto 26th September, 2008 and shall be laid before the meeting of the shareholders convened on 29th September, 2008 to consider the proposed issue.

g) Lock In Period:

The shares to be issued under preferential allotment shall be subject to lock in period in accordance with the Regulation 13.3.1 of the SEBI (DIP) guidelines 2000 and subsequent amendments thereto.

Section 81(1A) of the Companies Act, 1956 permits offering of further shares to any person(s) in any manner whatsoever if special resolution to that effect is passed by the members of the Company. The Listing Agreements with the Stock Exchanges also stipulate that the Company in the first instance should offer all the shares to be issued for subscription pro-rata to the existing equity shareholders unless the shareholders in a general meeting decide otherwise.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing Agreements executed by the Company with the Stock Exchanges, where the Company's shares are listed.

Your Directors commend the resolution as a special resolution for approval of the shareholders.

None of the directors may be deemed to be concerned or interested in the resolution.

By order of the Board
for ESSEN SUPPLEMENTS INDIA LIMITED

N.L.Kanani
Managing Director.

Place: Secunderabad

Date : 4th September, 2008



DIRECTORS' REPORT

To,
The Members,

Your Directors are presenting their Seventeenth Annual Report together with the Audited Accounts for the year ended 31st March 2008.

1. PERFORMANCE OF THE COMPANY

During the year under review, the Company has incurred a Net Loss of Rs. 1,417,573/-.

During the year, the Company was not able to attain projected turnover due to financial constraints. Still the Company was able to achieve Cash profit. During the year under review, the operations of the Company were stable. The Company has identified new clients and new growth areas. Your Directors are hopeful of achieving better performance in the forthcoming year(s).

2. DIVIDEND

In view of the accumulated losses, the Directors have decided not to propose any dividend for the year ended 31st March 2008.

3. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of operation of the Company for the year under review as required under clause 49 of the listing agreement with the Stock Exchanges, is given in the section of Corporate Governance elsewhere in the Annual Report.

4. PUBLIC DEPOSITS

Your Company has not accepted any Deposits from the public.

5. LISTING OF SECURITIES OF THE COMPANY

The equity shares of your Company continue to be listed on the Stock Exchanges at Mumbai, Hyderabad and Ahmedabad. The listing fees for the Bombay Stock Exchange have been paid for the year 2007-08. The Company has also paid the listing fees of Hyderabad and Ahmedabad Stock Exchanges during the current year.

6. DIRECTORS RESPONSIBILITIES STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm that they have:



- i. Followed in the preparation of Annual Accounts, the applicable accounting standards and given proper explanation in the respective notes to accounts of the company;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2008 and of the profit for the year ended on that date;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- iv. Prepared the annual accounts on a going concern basis.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Lighting systems have been designed to have optimum energy utilization. The company does not have any research and development programme except for regular quality improvement techniques and the foreign exchange earnings & outgo are given in the Notes on Accounts.

The details regarding the Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings & Outgo as per section 217(f)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Direction) Rules, 1988 for the year ended 31st March 2008 are as follows:

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Direction) Rules, 1988.

A. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken. The Company continues to give high priority to conservation of energy on an on-going basis. A few significant measures taken are:
 - i. Periodical and preventive maintenance of equipment's and ensured optimum utilization of electric energy.
 - ii. Improvement in power factor by continuous use and maintenance of capacitor banks.
 - iii. Regular and efficient maintenance of standby DG sets to reduce consumption of HSD and lower the cost per unit of energy produced as and when required.
- b) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. The impact of the measures taken above would result in reduction in energy consumption in future years to come.
- c) Total energy consumption and energy consumption per unit of production.



POWER & FUEL CONSUMPTION

	Current Year Ended 31-03-2008	Previous Year Ended 31-03-2007
1. Electricity		
a) Purchase: Units	40,572	20,260
Total Amounts (Rs.)	2,47,685	2,46,310
Rs. / Unit	6.11	12.16
b) Own Generator		
Units	NIL	NIL
Total Amount (Rs.)	NIL	NIL
Cost Unit (Rs.) per Ltr of Diesel Oil	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil (Servo thermal oil in ltrs)	NIL	NIL

B. RESEARCH AND DEVELOPMENT:

- Areas on which R&D carried out by the Company: Research and Development has been carried out for quality improvement.
- Benefits derived as a result of the above R&D: The Company was able to improve the quality of its products.
- Expenditure on R&D: No Separate account is being maintained by the Company for the expenditure incurred on R&D.

C. TECHNOLOGY ABSORPTION:

The technology development as a result of R&D activity was properly absorbed which has resulted in product improvement and cost reduction.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of foreign exchange earnings and outgo are given in the Notes to the accounts, which forms a part of the Annual Report.

8. DIRECTORS

In accordance with the provisions Companies Act, 1956 Sri V. Subramaniam, Director retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. Sri Pawan Kumar Goel and Sri Sanjay Jhajharia, additional directors of the Company were appointed in compliance of the terms and conditions of the listing agreement. Their appointments are yet to be regularized in the forthcoming Annual General Meeting of the Company.

9. AUDITORS

M/s. Vimal C. Jain, Chartered Accountants, auditors of the Company retire at the conclusion of this Annual General Meeting and have given their consent to act as auditors of the Company till the conclusion of the next Annual General Meeting.



10. PARTICULARS OF EMPLOYEES

The particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are not given as none of the employees were in receipt of remuneration in excess of Rs. 24 lacs per annum or Rs. 2 lacs per month.

11. ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the assistance and cooperation extended by the Financial Institutions viz. IDBI, APIDC and by the Company's Bankers viz. State Bank of Travancore and various agencies of the State and Central Government and other business constituents.

Your Directors wish to place on record their deep appreciation for the commitment displayed by all Officers, Staffs and Workmen of the Company. Your Directors would also like to thank all the shareholders who have reposed confidence in this Company.

By Order of the Board
For **ESSEN SUPPLEMENTS INDIA LIMITED**

Place: Secunderabad
Date: 31st July 2007

Sd/-
Chairman.



MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT
(forming part of Director's Report)

A structural shift has taken place in the Indian economy, which has propelled real GDP growth from the 6 percent averaged over the previous two decades, to around 9 percent in the year ahead. With this, the per capita consumption of Construction Chemical is also on the rise in India. There has been increase in the use of construction chemical for industrial purposes in various product segments. With its established product range and a sound track record for over a decade, your company is expected to win bulk orders in the current order.

Your Company continues to face stiff competition from existing large players in the markets. The operational margin is also getting squeezed with the increasing cost of production. Your Company is striving hard to control its cost so as to remain competitive in the market. The relationship of Company's management with staffs and labours remain cordial during the year.

Statements in the Management Discussion and Analysis describing your Company's position and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.



COMPLIANCE REPORT ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT.

1. Company's Philosophy on Corporate Governance

Your Company is committed to good Corporate Governance and has benchmarked itself against the prescribed standards. The fundamental objective of Corporate Governance is the enhancement of shareholder value and protecting the interest of the stakeholders. Your Company's philosophy of Corporate Governance is aimed at assisting the management in the efficient conduct of the business of the Company and in the meeting its obligations to shareholders and others.

2. Board of Directors

a) Composition of the Board

The Company's Board consists of Six Directors including the two non independent Executive Directors, three Non-Executive independent directors and an independent nominee director. The Executive Director receives only the remuneration payable to him and does not have any material pecuniary relationship or transactions with the Company, its Promoter, Management or Subsidiaries.

b) Board Procedures:

The Board of Directors of the Company has prescribed appropriate systems and procedures for the purpose of conducting of meetings of Board of Directors of the company, which can be briefed as under

1. The meetings are convened by giving proper notice to the stock exchanges as may be required and to the members of the Board
2. The agenda and other explanatory notes are circulated in advance among the Board members and other invitees.
3. The chairman, generally at the commencement of the meeting explains to the Board Members about the developments that have taken place in the company from the last Board Meeting
4. The chairman at the Meeting will place the information, which cannot be circulated in advance to the Members.
5. The Board if required, considering the necessity or urgency of the issue will take up any other item of business, which is not part of agenda.
6. The minutes of the meetings are recorded and are entered in the minutes Book and these minutes will be confirmed in next board meeting and the same will be signed by the chairman.
7. The company secretary of the company ensures compliance of the applicable provisions of companies Act and Rules and regulations of Stock Exchanges, SEBI of any other statutory Authority as per the requirements.



c) Number of Board Meetings held during the financial year and the date of the Board Meetings

Five Board Meetings were held during the financial year 2007-08. The time gap between any two Board Meetings did not exceed by more than four months.

The date on which the said Board Meetings were held are as follows:

1 st Board Meeting	20-04-2007
2 nd Board Meeting	28-05-2007
3 rd Board Meeting	30-07-2007
4 th Board Meeting	29-10-2007
5 th Board Meeting	30-01-2008

d) Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM)

Board Meetings were held during the financial year 2007-08.

S.No.	Name of the Director	Category of Directorship	No. of Board Meetings held during the tenure of the Director	No. of Board Meetings Attended	Attendance at the AGM
1	SRI. N. L. KANANI	MANAGING DIRECTOR	5	ALL	YES
2	SRI. MAYUR N KANANI	EXECUTIVE DIRECTOR	5	ALL	YES
3	SRI. S V SUBRAMANIAN	INDEPENDENT NON EXECUTIVE DIRECTOR	5	ALL	YES
4	SRI. A. V. RAVI KUMAR	NOMINEE DIRECTOR APIDC	5	NIL	NIL
5	SHRI. SANJAY JHAJHARIA	INDEPENDENT NON EXECUTIVE DIRECTOR	4	3	NIL
6	SHRI. PAWAN KUMAR GOEL	INDEPENDENT NON EXECUTIVE DIRECTOR	4	1	NIL

Notes:

Date of last Annual General Meeting (AGM) – 29th September 2007

e) Pecuniary relationship or transactions of the non-executive Directors vis-a-vis the Company

The Company's non-executive Directors do not have any 'pecuniary relationship or transactions with the Company.



f) Number of other Boards/Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman of:

S. No.	Name of the Director	No. of Other Companies in which Director	No. of Companies (Other than those constituted by the company in which Member / Chairman)
1	N. L. KANANI	NIL	NIL
2	MAYUR N KANANI	1	1
3	SRI. S V SUBRAMANIAN	NIL	NIL
4	SRI. A. V. RAVI KUMAR	NIL	NIL
5	SHRI. SANJAY JHAJHARIA	3	NIL
6	SHRI. PAWAN KUMAR GOEL	4	NIL

3. AUDIT COMMITTEE:

The company has constituted Audit Committee, as per the provisions of Section 292A of the companies Act 1956 and the Audit committee comprises of the following members

- a) Sri. Mayur N Kanani
- b) Sri. N. L. Kanani
- c) Sri. S V Subramanian

The Audit Committee was mainly constituted for the purpose of overseeing and monitoring the audit aspects of the company and for reviewing with the management the annual financial statements and to review the adequacy of internal control systems, functions, structures and frequency of reporting of audit systems and to review the financial and risk management policies.

- a) The terms of reference of the Audit Committee are as under
 1. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.



3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



The Audit Committee will also mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by Audit Committee.

b) Details of Audit Committee Meetings and attendance:

Three meetings of the Audit Committee were held during the financial year and all members of the Committee attended the meetings.

Names of Directors	Number of Audit Committee Meetings held	Number of Audit Committee Meetings Attended
N. L. KANANI	3	3
MA YUR N KANANI	3	3
SRI. S V SUBRAMANIAN	3	3

4. REMUNERATION COMMITTEE:

The Board of Directors designated a "Remuneration Committee" as a measure of good corporate governance. The following Directors of the company have been constituted as members of the above committee in the previous year:

- a) Sri. Mayur N Kanani
- b) Sri. N. L. Kanani
- c) Sri. S V Subramanian

a) Remuneration to Non-Executive Directors
Presently, the company has three non-executive independent Directors, other than a Nominee Director.

b) Remuneration to Executive Director
The details of remuneration paid to Executive Director during the financial year 2007-08, are given below



Name of the Executive Director	All elements of remuneration package i.e. salary, allowances and perquisites	Fixed components and performance linked incentives along with performance criteria.	Service contracts, notice period, severance fees	Stock Option details (whether issued at a discount as well as the period over which accrued and over which exercisable)
Sri. Mayur N Kanani	Rs. 15,000 per month			
N. L. Kanani	Rs. 15,000 per month	NIL	NIL	NIL
		NIL	NIL	NIL

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Board of Directors designated an "Investor Grievance Committee" on 30-07-2001 as a measure of good corporate governance and to strengthen the investor relations. The following Directors of the company have been constituted as members of the above committee:

- 1) Sri. N. L. Kanani
- 2) Sri. Mayur N Kanani
- 3) Sri. S V Subramanian

a) Name of the Director heading the Committee
The Committee functions under the Chairmanship of Sri. S.V Subramanian a non-executive independent director.

b) Status of Investors Complaints received during the financial year 2007-08

Nature of Complaint	Received	Cleared
Non Receipt of Share Certificates sent for transfer	NIL	NA
Non Receipt of dividend warrant	NIL	NA
Change of address	NIL	NA
Non receipt of duplicate share certificate	NIL	NA
Request for stop transfers	NIL	NA
Registration of Power of Attorney	NIL	NA
Non receipt of share certificate after split/consolidation	NIL	NA
Demat request pending	NIL	NA
Non receipt of refund order	NIL	NA
Any other complaints	NIL	NA
Total	NIL	NA

c) Number of pending share transfers
There were no share transfers pending as at the end of the financial year.



6. GENERAL BODY MEETING

a) Details of the location and time of the last three Annual General Meetings (AGMs) of the Company

The details in respect of the last three Annual General Meetings of the Company are as follows:

Date (Year)	Venue of Meeting	Time of Meeting
29.09.2007	Registered office	11.30 a.m.
16.09.2006	Registered office	11.30 a.m.
16.09.2005	Registered office	11.30 a.m.

b) Information of Directors seeking appointment/re-appointment as required under Clause 49VI(A) of the Listing Agreement with Stock Exchanges.

This information is provided in the Notes appended to the Explanatory Statement under the heading "Additional information on Directors recommended for appointment/seeking re-election at the ensuing Annual General Meeting." Complied

c) Whether special resolutions were put through Postal Ballot last year, details of voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot.

Not applicable. None of the resolutions has been proposed to be passed through Postal Ballot.

7. DISCLOSURE ::

a) Disclosure

(i) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. That may have potential conflict with the interest of the Company at large.
None

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
None

b) Details about Statutory Compliances:

The Company has complied with all the requirements of the Stock Exchanges as per Listing Agreement and all the rules and regulations of Securities and Exchange Board of India and all other statutory authorities regulating the Capital Markets.



c) **Whistle blower policy:**

The company established mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethical policy. This mechanism also provides for director access to the chairman of the Audit Committee in exceptional cases.

The existence of this mechanism was appropriately communicated.

No personnel have been denied access to the audit committee and an affirmation is given to this effect.

d) **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report form part of this Annual Report and is in accordance with the requirements as laid down in Clause 49 of the Listing Agreement with Stock Exchanges.

e) **Details of Director seeking Reappointment at the forthcoming Annual General Meeting as required under clause 49 of the Listing Agreement:**

Sri N. L. Kanani appointed as Managing Director in the Company and is eligible for reappointment and his areas of experience and Educational Qualifications is graduate.

f) **CEO/CFO Certification:**

Certification by Chief Executive Officer and Chief Financial officer of the Company as required under Clause 49 of the Listing Agreement is provided at the end of Corporate Governance Report

8. MEANS OF COMMUNICATION

a) Quarterly results are being published in two newspapers as per the Listing norms
No

b) The Management Discussion and Analysis Report forms part of the Directors' Report.

c) **Code of conduct:**

i. The Board of Directors of the company has laid down code of conduct for all Board Members and Senior Management Persons of the company

ii. CEO Certification for Code of Conduct:
All the members of the Board and Senior Management Personnel have affirmed compliance with the company's Code of Conduct.

N.L.KANANI
(Managing Director)



9. GENERAL SHAREHOLDER INFORMATION

- a) As indicated in the Notice to our Shareholders, the Annual General Meeting of the Company will be held on 29th September, 2008
- b) The financial year of the Company is from 1st April 2007 to 31st March 2008.
- c) Date of Book Closure: 26th September 2008 to 29th September 2008 (Both Days Inclusive) as stated in Notice of Annual General Meeting.
- d) The shares of the company are listed on:
The Hyderabad Stock Exchange Limited (Regional Stock Exchange)
The Stock Exchange, Bombay.
The Ahmedabad Stock Exchange, Ahmedabad.

The listing fees have been paid. However the shares are suspended from trading in Bombay Stock Exchange.

- e) **Stock Code**
Script Code: 26532

- f) **Monthly High and Low Quotations during the year under review**

Month & Year		BSE Price (Rs.)	
		High	Low
April	2007	NIL	NIL
May-	2007	NIL	NIL
June -	2007	NIL	NIL
July-	2007	NIL	NIL
August -	2007	NIL	NIL
September -	2007	NIL	NIL
October -	2007	NIL	NIL
November -	2007	NIL	NIL
December -	2007	NIL	NIL
January -	2008	NIL	NIL
February -	2008	NIL	NIL
March -	2008	NIL	NIL

- g) **Registrar & Share Transfer Agents**
Maheshwari Datamatics (P) Ltd
6, Mangoe Lane (2nd Floor)
Kolkatta-700001
Phone-033 -2243 - 5029/5809, 2248-2248.
Fax-033-2248-4787
EMAImdpl@cal.vsnl.net.in

- h) **Share Transfer System**
The Shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares both physical and electronic form.



i) Distribution of Shareholding as on 31st March, 2008

Category	No. of shares held	% of shareholding
RESIDENT INDIVIDUALS	1459066	46.93
FINANCIAL INSTITUTIONS / BANK	70800	2.28
FOREIGN INSTITUTIONAL INVESTORS	-	-
CORPORATE BODY-DOMESTIC	791500	25.46
INDIAN PROMOTERS:		
a) Individuals	787534	25.33
b) Corporate Bodies	-	-
NRIs / OVERSEAS CORP. BODIES (OCBs)	-	-
TOTAL	3108900	100

j) Dematerialization of Shares:

The Company is proposing to Dematerialization of Shares as there are substantial changes during the financial year under review. The Company is viewing to dematerialization of shares in the present financial year under review.

k) Outstanding GDRs/ADRs/Warrants or any other Convertible instruments, conversion date and likely impact on equity. NA

The company has not issued any GDRs/ADRs/Warrants or any other convertible instruments so far.

l) Plant Location

39B & 40B ANRICH INDUSTRIAL ESTATE,
BOLLA RAM, JINNARAM MANDAL,
DIST: MEDAK

m) Address for Correspondence

PLOT NO. 35, SAMRAT COLONY,
WEST MAREDPALLY,
SECUNDERABAD-500026

For and on behalf of the Board
ESSEN SUPPLEMENTS INDIA LIMITED

Place : Secunderabad
Date : 31st July 2008

S/d
Chairman



CEO & CFO CERTIFICATION

We, Sri. N. L. Kanani, Managing Director & Chief Executive Officer and Shri M.Ramakrishna, Manager, Finance and Accounts, to the best of our knowledge and belief, do hereby certify that

1. We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:

a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

4. We have indicated to the auditors and the Audit committee:

i) Significant changes in internal control over financial reporting during the year;

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sri. N. L. Kanani
Managing Director
& Chief Executive Officer

Sd/-
Manager, Finance & Accounts

Date: 31.07.2008
Place: Secunderabad



VIMAL C. JAIN & CO.,
Chartered Accountants

33, F.F., Reddy Complex,
Tilak Road, Hyderabad.
☎ : 24752691

AUDITOR'S REPORT

To
The Members
ESSEN SUPPLEMENTS INDIA LIMITED

1. We have audited the attached Balance Sheet of "ESSEN SUPPLEMENTS INDIA LIMITED" as at 31st March, 2008 and Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we set out in the annexure a statement on the matters specified in the said order.
4. We report that:
 - a) As stated in Note 5 of Notes to Accounts (Schedule 16), Royalty on sales is not provided during the current year. (Accumulated Rs.10,44,395/-).

Contd 2...



VIMAL C. JAIN & CO.
Chartered Accountants

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5. Further to our comments in Paragraph 4 above, we report that :-

- i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our Audit.
- ii. In our opinion proper books of accounts as required by law, have been kept by the company so far as it appears from our examination of those books.
- iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- iv. On the basis of written representations received from the Directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on the date of Balance Sheet from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of The Companies Act, 1956.
- v. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

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Chartered Accountants

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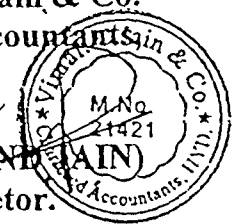
6. In our opinion and to the best of our information and according to the explanations given to us, the said statements read together with the accounting policies and notes thereon attached gives the information as required by the companies act, 1956 in the manner so required and gives a true and fair view in conformity with the Accounting principles generally accepted in India:
- i) in the case of Balance Sheet, the State of affairs of the Company as at 31st March, 2008 and
 - ii) in the case of Profit & Loss Account, the Loss of the Company for the accounting year ended on that date.
 - iii) In case of Cash flow Statement, the cash flows for the year ended on that date.

Place : Hyderabad,
Date : 19th August, 2008.

For Vimal C. Jain & Co.
Chartered Accountants

(VIMAL CHAND JAIN)
Proprietor.

Membership No.21421





ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

DISCLOSURES FOR COMPANIE'S AUDITOR'S REPORT ORDER (CARO)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :-

1.
 - A)The Company has generally maintained proper particulars of quantitative details and situation of fixed assets;
 - B)As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion is reasonable, looking to the size of the Company and nature of its business. According to the information and explanations given to us, discrepancies noticed if any, on physical verification have been adjusted in the books of accounts;
 - C)During the year, the Company has not disposed off substantial part of the fixed assets so as to effect its going concern;
2.
 - A)As explained to us, inventories have been physically verified during the year by the management;
 - B)The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
 - C)On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of accounts;
3. According to the information and explanations given to us, the Company has neither taken nor granted any loan, secured or unsecured from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

Contd...2



VIMAL C. JAIN & CO.,
Chartered Accountants

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:: Page 2 ::

5. In our opinion and according to the information and explanations given to us there are no transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956;
6. The Company has not accepted deposits from the Public and therefore, the provisions of Sec 58A and 58AA of the Companies Act, 1956 and Rules thereunder are not applicable to the Company;
7. The Company has no internal audit system;
8. In our opinion and according to the information and explanations given to us, the Company is exempted from maintaining cost records under section 209(1)(d) of the Companies Act, 1956;
9. A) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Excise Duty, Cess and other statutory dues with appropriate authorities. As explained, the provisions of Provident Fund and Employee's State Insurance are not applicable to the Company. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period exceeding six months from the date they became payable.
B) According to the information and explanations given to us, we are of the opinion that there are no dues of sales - tax, Income tax and wealth tax which have not been deposited because of any dispute.
10. In our opinion, the accumulated losses of the Company as at the end of the financial year exceed net worth of the Company. The Company has made cash profits during current financial year under audit and also during financial year immediately preceding it;
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not obtained any borrowings by way of debentures.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

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
VIMAL C. JAIN & CO.,
Chartered Accountants

33, F.F. Reddy Complex,
Tilak Road, Hyderabad.
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:: Page 3 ::

13. In our opinion, the Company is not a chit fund company or a nidhi / mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is not dealing in shares and securities. Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the Company does not have any investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the Company has not availed any term loan during the year.
17. According to the information and explanations given to us and on an overall examinations of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis during the year have prima facie not been used for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any Debentures during the year, and accordingly, the question of creating security in respect thereof does not arise.
20. The Company has not raised money by any public issues during the year and accordingly, the question of disclosure and verification of end use of such money does not arise.
21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Place: Hyderabad.
Date : 19th August, 2008

For VIMAL C. JAIN & CO.
Chartered Accountants

(VIMAL CHAND JAIN)
Proprietor.
Membership No. 21421



VIMAL C. JAIN & CO.,
Chartered Accountants

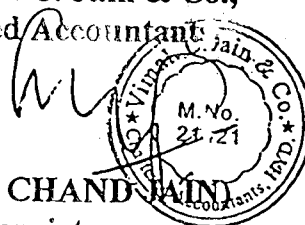
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☎ : 24752691

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of **ESSEN SUPPLEMENTS INDIA LIMITED** for the year ended 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

Place : Hyderabad,
Date : 19th August, 2008.

For Vimal C. Jain & Co.,
Chartered Accountant



(VIMAL CHAND JAIN)
Proprietor.
Membership No. 21421



VIMAL C. JAIN & CO.,
Chartered Accountants

33, F.F. Reddy Complex,
Tilak Road, Hyderabad.
☎ : 24752691

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

To
The Members of Essen Supplements India Limited

We have examined the compliance of conditions of corporate governance by **ESSEN SUPPLEMENTS INDIA LIMITED** for the year ended on 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

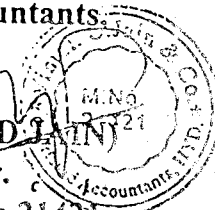
We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars and Share Transfer Agent / Shareholders' Grievance Committee.

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

Place : Hyderabad,
Date : 19th August, 2008.

For Vimal C. Jain & Co.,
Chartered Accountants

(VIMAL CHAND JAIN)
Proprietor.
Membership No. 21421





ESSEN SUPPLEMENTS INDIA LIMITED
SECUNDERABAD.


BALANCE SHEET AS AT ON 31ST MARCH, 2008

PARTICULARS	SCH NO.	AS AT 31.03.08 Rs.	AS AT 31.03.07 Rs.
SOURCES OF FUNDS :			
I. Shareholders Funds :			
Share Capital	1	30,786,990	30,786,990
General Reserve		9,328,000	9,328,000
II. Loan Funds :			
Secured Loans	2	21,850,000	17,146,240
Unsecured Loans	3	5,954,828	10,134,046
		<u>67,919,818</u>	<u>67,395,276</u>
APPLICATION OF FUNDS :			
I. Fixed Assets :			
Gross Block	4	32,808,774	32,808,774
Less: Depreciation		(17,874,183)	(16,447,870)
Net Block		<u>14,934,591</u>	<u>16,360,904</u>
II. Current Assets, Loans & Advances :			
Current Assets	5	2,939,953	2,335,526
Loans & Advances	6	263,913	280,444
		<u>3,203,866</u>	<u>2,615,970</u>
Less : Current Liabilities & Provisions			
Current Liabilities & Provisions	7	(593,719)	(539,105)
Net Current Assets		<u>2,610,147</u>	<u>2,076,865</u>
Profit and Loss account		<u>50,375,080</u>	<u>48,957,507</u>
		<u>67,919,818</u>	<u>67,395,276</u>

Significant Accounting Policies & Notes to Accounts 16
Schedules 1 to 16 Annexed here to Forming part of Balance Sheet.

As per Our report of even date.

for Vimal C. Jain & Co.,
Chartered Accountants


(Vimal Chand Jain)
(Proprietor - M No. 21421)

PLACE : Secunderabad.
DATE : 31.07.2008

For and on behalf of the Board
ESSEN SUPPLEMENTS INDIA LIMITED

Mayur M. Kanani
Director

N.L. Kanani
Managing Director



ESSEN SUPPLEMENTS INDIA LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	SCH NO.	AS AT 31.03.08 Rs.	AS AT 31.03.07 Rs.
INCOME :			
Sales & Other Income	8	8,083,074	7,992,152
Increase / (Decrease) in Stock	9	(21,686)	(96,803)
Liabilities written back		-	10,897,374
Total :		<u>8,061,388</u>	<u>18,792,723</u>
EXPENDITURE :			
Raw Material Consumed	10	4,312,092	3,529,164
Manufacturing Expenses	11	621,309	638,779
Salaries, Wages & Benefits	12	170,524	338,583
Administrative Expenses	13	1,628,564	1,988,404
Financial Expenses	14	180,183	594
Selling Expenses	15	1,040,926	889,717
Depreciation	4	1,426,313	1,426,313
Total :		<u>9,379,911</u>	<u>8,811,554</u>
Profit/Loss Before Tax		(1,318,523)	9,981,169
Prior Period Expenses		(60,750)	-
Fringe Benefit Tax		(38,300)	(48,019)
Income Tax for earlier years		-	(67,730)
Profit / (Loss) After tax		<u>(1,417,573)</u>	<u>9,865,420</u>
Balance Brought/ Profit/(Loss)		(48,957,507)	(58,822,927)
Profit / (Loss) carried to Balance Sheet		<u>(50,375,080)</u>	<u>(48,957,507)</u>

Schedules 1 to 16 Annexed here to Forming part of Profit & Loss Account.

As per Our report of even date.

for Vimal C.Jain & Co.,
Chartered Accountants

35/-
(Vimal Chand Jain)
(Proprietor - M No. 2142 i)

PLACE: Secunderabad
DATE : 31.07 2008

For and on behalf of the Board
ESSEN SUPPLEMENTS INDIA LIMITED

Mayur N. Kanani N.L.Kanani
Director Managing Director



ESSEN SUPPLEMENTS INDIA LIMITED

SCHEDULES FORMING PART OF FINANCIAL STATEMENT

BALANCE SHEET

For the Year Ended 31-03-2008

PARTICULARS	AS AT	AS AT
	31.03.08	31.03.07
	Rs.	Rs.

SCHEDULE-1 : SHARE CAPITAL

Authorised Capital:

35,00,000 Equity Shares of Rs. 10/- each 35,000,000 35,000,000

Issued Capital:

32,70,000 Equity Shares of Rs. 10/- each 32,700,000 32,700,000

Subscribed & Paid up Capital:

31,08,900 Equity Shares of Rs. 10/- each 31,089,000 31,089,000

(Previous Year Rs.31,08,900/-)

Less: Calls in arrears (302,010) (302,010)

Total : 30,786,990 30,786,990

SCHEDULE - 2 : SECURED LOANS

Rupee Term Loan from IDBI - 8,672,000

Accrued interest on term Loan - 1,474,240

Cash Credit from State bank of Travancore - 7,000,000

Loan from Body Corporate 21,850,000

(Secured by Mortgage of Land and Pledge of Equity Shares of Promoters)

Total : 21,850,000 17,146,240

SCHEDULE - 3 : UNSECURED LOANS

Sales Tax Payable under deferment scheme 5,954,828 10,134,046

Total : 5,954,828 10,134,046

**SCHEDULE - 4.
FIXED ASSETS**

SL. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		Rate
		As at 31.03.2007	Adjustments/ Additions/ Deletions	As at 31.03.2008	As at 31.03.2007	for the year	Total 31.03.2008	As at 31.03.2008	As at 31.03.2007	
1	Land	1,164,723	-	1,164,723	-	-	-	1,164,723	1,164,723	-
2	Buildings	9,307,382	-	9,307,382	3,731,574	310,867	4,042,441	5,264,941	5,575,808	3.34%
3	Plant & Machinery	15,462,394	-	15,462,394	8,799,642	734,464	9,534,106	5,928,288	6,662,752	4.75%
4	Electrical Installation	3,098,590	-	3,098,590	1,769,676	147,183	1,916,859	1,181,731	1,328,914	4.75%
5	Lab Equipments	1,472,559	-	1,472,559	840,685	69,947	910,632	561,927	631,874	4.75%
6	Office Equipments	290,809	-	290,809	184,693	18,408	203,101	87,708	106,116	6.33%
7	Vehicles	605,112	-	605,112	208,724	57,486	266,210	338,902	396,388	9.50%
8	Furniture & Fixtures	522,834	-	522,834	387,600	33,095	420,695	102,139	135,234	6.33%
9	Disel Generator	642,879	-	642,879	367,197	30,537	397,734	245,145	275,682	4.75%
10	Mis. Fixed Assets	149,992	-	149,992	110,608	9,494	120,102	29,890	39,384	6.33%
11	Computers	91,500	-	91,500	47,471	14,832	62,303	29,197	44,029	16.21%
	Total :	32,808,774	-	32,808,774	16,447,870	1,426,313	17,874,183	14,934,591	16,360,904	
	Previous year Figures:	32,808,774	-	32,808,774	15,021,557	1,426,313	16,447,870	16,360,904	17,787,217	





SCHEDULES - 5 :

I) INVENTORIES

Raw material	812,247	547,811
Finished Goods	12,969	34,655
Total (I)	825,216	582,466

II) SUNDRY DEBTORS (Unsecured, Subject to Note No.9)

Outstanding for more than 6 Months :	-	-
Others	1,701,201	1,437,792
Total (II)	1,701,201	1,437,792

III) CASH & BANK BALANCES

Cash in Hand	5,001	58,718
Balances with other banks :		
In Current Accounts	370,335	218,350
In fixed Accounts	38,200	38,200
Total (III)	413,536	315,268

CURRENT ASSETS (I + II + III)

2,939,953	2,335,526
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SCHEDULES - 6 : LOANS & ADVANCES

Staff Advance	-	5,432
Advance to Suppliers	32,322	17,310
Balance with Central Excise Authorities	831	832
Deposits	200,709	200,709
TDS Receivable	1,145	3,115
Retention Money	13,563	13,563
Excise Duty Claim	-	23,868
Prepaid Insurance	11,436	11,619
Interest Receivable	3,907	3,996
Total :	263,913	280,444

SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS:

Sundry Creditors	189,532	166,448
Outstanding Expenses	334,921	308,309
Advances from Customers	69,266	64,348
Total :	593,719	539,105



SCHEDULE - 8 : SALES & OTHER INCOME :

Sales	8,077,758	7,988,156
Other Income	5,316	3,996
Total :	<u>8,083,074</u>	<u>7,992,152</u>

SCHEDULE - 9 : INCREASE /(DECREASE) IN STOCKS

Closing Stock - Finished Goods	12,969	34,655
Opening Stock - Finished Goods	34,655	131,458
Total :	<u>(21,686)</u>	<u>(96,803)</u>

SCHEDULE - 10 : RAW MATERIAL CONSUMED

Opening Stock	547,811	646,774
Add: Purchase & During the Year	<u>4,576,528</u>	<u>3,430,201</u>
	5,124,339	4,076,975
Less : Closing Stock	(812,247)	(547,811)
Raw Material Consumed		
Total :	<u>4,312,092</u>	<u>3,529,164</u>

SCHEDULE - 11 : MANUFACTURING EXPENSES

Consumables	38,800	17,125
Electricity Charges	254,320	253,829
Water Charges	11,425	8,825
Factory Maintenance	135,671	157,263
Freight Inward	181,093	201,737
Total :	<u>621,309</u>	<u>638,779</u>

SCHEDULE - 12 : SALARIES, WAGES & BENEFITS

Salaries & Wages	157,392	323,812
Staff Welfare	13,132	14,687
Provident Fund - employer	-	84
Total :	<u>170,524</u>	<u>338,583</u>



SCHEDULE - 13 : ADMINISTRATIVE EXPENSES

Directors Remuneration & Other Perquisites	360,000	422,500
Directors Travelling Expenses	146,651	204,228
Conveyance & Travelling Expenses	73,234	99,697
Postage & Telegram	16,131	14,301
Rent, Rates & Taxes	149,562	90,691
Advertisement	16,200	43,491
Entertainment	309,914	212,552
Printing & Stationery	19,559	12,930
Telephone Expenses	42,167	59,928
Consultancy Charges	64,162	62,000
Repair & Maintenance	15,060	8,994
General Expenses	7,962	24,382
Bad Debts Written Off	-	232,587
Books & Periodicals	95	40
Insurance	55,326	77,716
Audit Fees	20,000	20,000
Service Tax	277	2,003
Chit Loss	-	50,980
Retainer Fees	317,264	265,242
Business Promotion Expenses	15,000	84,142
Total :	<u>1,628,564</u>	<u>1,988,404</u>

SCHEDULE - 14 : INTEREST & FINANCIAL CHARGES

Interest on Term Loan	123,725	-
Interest on SBT Loan	55,616	-
Bank Charges	842	594
Total :	<u>180,183</u>	<u>594</u>

SCHEDULE - 15 : SELLING EXPENSES

Sales Promotion Expenses	1,935	25,461
Sales Tax	1,016,563	664,394
Freight Outwards	22,428	144,544
Commission on Sales	-	55,318
Total :	<u>1,040,926</u>	<u>889,717</u>

SCHEDULE – 16

Accounting Polices and Notes on Accounts:

A) Significant Account Policies

a) Basis of Accounting.

The Accounts of the Company are prepared under the historical cost of convention and in accordance with applicable accounting standards except where otherwise stated. Mercantile system of accounting is followed except for income on account of insurance and other claims receivable and also expenditure which are accounted for on receipt / payment basis on account of uncertainties.

Accounting policies not specifically referred to here in below are consistent and in consonance with generally accepted accounting principles prevalent in India.

b) Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less depreciation. Depreciation is provided on Fixed Assets on the straight Line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

c) Inventories

Inventories are valued as Follows:

Raw Materials, Stores and Spares and Packing Material : Valued at cost or Net realisable Value whichever is lower.

Finished Goods and other Products : Valued at Net realisable value or cost whichever is lower

d) Revenue Recognition:

Revenue in respect of sale of products is recognized at the point of despatch to the customers.

e) Income-tax:

Deferred Income tax is not being accounted for on account of the sickness of the company and heavy unabsorbed depreciation and brought forward losses under Income Tax Act.

f) Retirement Benefit:

There is no employee in the company, who is working since past 5 years in continuous service. Hence no provision is required for gratuity.

g) Treatment of Contingent Liabilities:

Liabilities; which may or may not arise and not crystallised as at the end of accounting period have been shown, as contingent liabilities.



B) NOTES ON ACCOUNTS

Sl. No.	Particulars	As on 31.03.2008	As on 31.03.2007
1.	Contingent Liabilities (not provided for) in respect of Claims against the Company not Acknowledge as debts Royalty on Sales	Nil	Nil
2.	Estimated amount of contracts remaining to be executed on capital amount (net of advances)	Nil	Nil
3.	Details of Managing Director & Executive Director Remuneration.		

	Year ended 31.03.2008		Year ended 31.03.2007	
	M.D	E.D	M.D	E.D
* Salary	180000	180000	180000	180000
* Provident Fund and Superannuation Fund Other Perquisites	Nil	Nil	Nil	Nil
* Other Perquisites	Nil	Nil	62500	Nil
Total:	180000	180000	242500	180000

4) Auditors Remuneration & to Statutory Auditors

	Year ended 31.03.2008	Year ended 31.03.2007
i) Audit Fees	15000	15000
ii) Tax Audit	5000	5000
	20000	20000

**C) CONSUMPTION OF RAW MATERIAL**

Particulars	Kgs/ Ltr.	Value
1) Inputs for Constructions Chemicals	232240	43,12,092

D) BREAKUP OF RAW MATERIAL CONSUMED

1) Indigenous	232240	43,12,092
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E) CIF VALUE OF IMPORTS

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Capital Goods	Nil	Nil
Trading Goods	Nil	Nil
Raw Material Imported	Nil	Nil

F) EXPENDITURE IN FOREIGN CURRENCY Nil Nil

G) EXPORT SALES:

Sale Proceeds	Nil	170118
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Additional Information Pursuant to Part IV of Schedule to the Companies Act, 1956

1. Registration Details		
Registration Number		13635
State Code		01
Balance Sheet Date		31.03.2008
2. Capital raised During the year		
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
3. POSITION OF MOBILISATION DEPLOYMENT		
Total Liabilities		67,919,818
Total Assets		67,919,818
Sources of Funds		
Paid up Capital		30,786,990
Capital Reserve		9,328,000
Secured Loans		21,850,000
Unsecured Loans		5,954,828
Application of Funds		
Net Fixed Assets		14,934,591
Investments		Nil
Net Current Assets		2,610,147
Accumulated Losses		50,375,080
4. PERFORMANCE OF THE COMPANY		
Turnover and other Income		8,083,074
Total Expenditure		9,462,347
Profit (Loss) before Tax		(1,379,273)
Fringe Benefit Tax		(38,300)
Profit (Loss) after Tax		(1,417,573)
Earning per share (in Rs.)		
Basic		Nil
Diluted		Nil
Dividend %		Nil
5. Generic Number of Principal Product of Company (As per Monetary Terms)		
Item Code No.	382300	& 390700
Product Description	Construction Chemicals & Epoxy Resins	

Schedules I to 16 form parts of financial statements.

As per our report of even date
For **VIMAL C. JAIN & CO.,**

for and on behalf of the Board of.
ESSEN SUPPLEMENTS INDIA LTD

(VIMAL CHAND JAIN)
Proprietor
Place: Secunderabad
Date: 31.07.2008

N. L. Kanani **Mayur N. Kanani**
Managing Director Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008**

	31.03.2008	31.03.2007
A		
<u>CASH FLOW FROM OPERATIONS:</u>		
Net Profit before tax	(13,18,523)	99,81,169
Add: Adjustment for:		
Depreciation	14,26,313	14,26,313
Deferred Sales Tax	0	(7,00,000)
Operating Profit before Working Capital Changes	1,07,790	1,07,07,482
Add : Adjustments for changes in Working Capital		
Receivables	(2,63,409)	10,55,576
Inventories	(2,42,750)	1,95,766
Loans And Advances	16,531	76,773
Current Liabilities	54,614	(3,70,479)
Cash generated from operations	(3,27,224)	0
IT, FBT	(99,050)	(1,15,749)
Net Cash from Operating Activities	(4,26,274)	1,15,49,369
B	0	0
<u>CASH FLOW FROM INVESTING ACTIVITIES:</u>		
C		
<u>CASH FLOW FROM FINANCING ACTIVITIES:</u>		
Bank & Other Borrowings	5,24,542	(1,13,07,374)
Net increase in cash and cash equivalents	98,268	1,51,995
Opening Cash and Cash equivalents	3,15,268	1,63,273
Closing Cash and Cash equivalents	4,13,536	3,15,268

For and on behalf of the Board of Directors

Place: Secunderabad
Date: 31.07.2008MAYUR N. KANANI
DirectorN. L. KANANI
Managing Director



ESSEN SUPPLEMENTS INDIA LIMITED
 Plot No. 35, Samrat Colony,
 West Marredpally, Secunderabad - 50 026.

ENTRANCE PASS

17TH ANNUAL GENERAL MEETING

Time :	Place :	Folio No.
Full Name of the First Share Holder		
Full Name of the person attending the Meeting as a proxy / Sahreholder.		
Date :	Signature :	

ESSEN SUPPLEMENTS INDIA LIMITED
 Plot No. 35, Samrat Colony,
 West Marredpally, Secunderabad - 50 026.

PROXY FORM

Regd. Folio No.	No. of Shares held
-----------------	--------------------

I / We _____ of _____
 in the district of _____ being a member / members of the above named company
 hereby appoint _____ of _____
 in the district of _____ as my / our proxy to vote for me / us on my / our behalf
 at the 17th Annual General Meeting of the Company to be held on 29th Sep 2008 at 11.30 a.m.

Affix
 Rs. 1-00
 Revenue
 Stamp

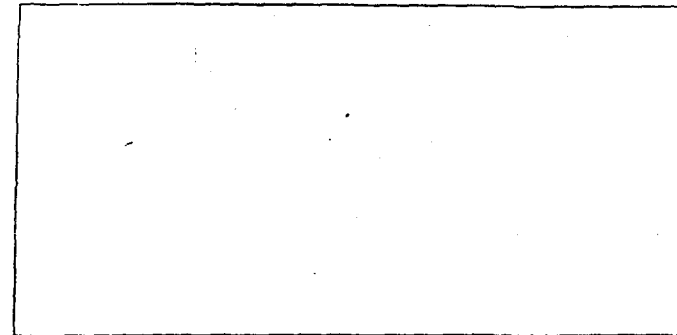
signed this day of 2008

- NOTE :**
1. The Proxy form duly completed should be signed across the stamp, as per specimen signature registered with the Company and must be deposited at the Registered Office of The Company not less than 48 hours before the time fixed for holding the meeting.
 2. A Proxy need not be a member.

(Person attending the meeting should bring this Entrance Pass-duly filled)

BOOK - POST

To,



If undelivered please return to :
ESSEN SUPPLEMENTS INDIA LIMITED
Plot No. 35, Samrat Coiony,
West Marredpally, Secunderabad - 50 026.

