



# **ANNUAL REPORT**

## **2006 - 2007**



**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.

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## ESSEN SUPPLEMENTS (INDIA) LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of ESSEN SUPPLEMENTS INDIA LIMITED, will be held on Saturday, 29<sup>th</sup> September 2007 at 11.30 A.M at the Registered office of the company, to transact the following business:

#### AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31<sup>st</sup> March 2007 and Statement of Profit and Loss for the period ended 31<sup>st</sup> March 2007 together with Auditor's Report and Director's Report thereon.
2. To appoint a Director in place of Shri V. Subramaniam, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Vimal C.Jain, Chartered Accountants, the retiring auditors as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

#### AS SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as ordinary resolution.

"RESOLVED THAT Shri. Sanjay Jhaharia, who was appointed by the Board as an Additional Director of the company on 28<sup>th</sup> May, 2007 and who holds office up to the date of the Annual General Meeting and in respect of whom a notice in writing pursuant to section 257 of the companies Act, 1956 was received proposing his candidature for the office of the director be and is hereby appointed as a Director liable for retirement by rotation."

5. To consider and if thought fit, to pass with or without modification, the following resolution as ordinary resolution.

"RESOLVED THAT Shri. Pawan Kumar Goel, who was appointed by the Board as an Additional Director of the company on 28<sup>th</sup> May, 2007 and who holds office up to the date of the Annual General Meeting and in respect of whom a notice in writing pursuant to section 257 of the companies Act, 1956 was received proposing his candidature for the office of the director be and is hereby appointed as a Director liable for retirement by rotation."

**By order of the Board  
for ESSEN SUPPLEMENTS INDIA LIMITED**

Place: Secunderabad  
Date : 31<sup>st</sup> July, 2007

N.L.Kanani  
Managing Director.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Members are requested to intimate any change in their address quoting their registered folio number.
3. The Members are requested to bring the Annual Report along with them to the Annual General Meeting and are also requested to send their queries, on the adoption of accounts well in advance so as to enable the company to place relevant records and information at the time of Annual General Meeting.
4. Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and the Share transfer books of the Company will remain closed from 26<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007 (Both days inclusive).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956**

**ITEM NO. 4**

Shri. Sanjay Jhajharia was appointed as an additional director of the company by the Board of directors of the company. According to the provisions of Section 260 of the companies Act, 1956 he holds office as director only up to the date of the ensuing annual general meeting. As required by section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Shri. Sanjay Jhajharia as a director along with a deposit of Rs. 500/-. The Board considers it desirable that the company should continue to avail his services.

Except, Shri. Sanjay Jhajharia no other directors are concerned or interested in the proposed resolution.

**ITEM NO. 5**

Shri. Pawan Kumar Goel was appointed as an additional director of the company by the Board of directors of the company. According to the provisions of Section 260 of the companies Act, 1956 he holds office as director only up to the date of the ensuing annual general meeting. As required by section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Shri. Pawan Kumar Goel as a director along with a deposit of Rs. 500/-. The Board considers it desirable that the company should continue to avail his services.

Except, Shri. Pawan Kumar Goel no other directors are concerned or interested in the proposed resolution.

**By order of the Board**

**for ESSEN SUPPLEMENTS INDIA LIMITED**

Place: Secunderabad  
Date : 31<sup>st</sup> July 2007

Sd/-  
N.L. Kanani  
Managing Director.



## DIRECTORS' REPORT

To,  
The Members,

Your Directors are presenting their Sixteenth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2007.

### 1. PERFORMANCE OF THE COMPANY

During the year under review, the performance of the company was satisfactory. The Company has earned a Net Profit after tax of Rs. 9,981,169/- mainly because of reversal of interest on secured loans. The Company has entered into a One-Time Settlement with IDBI and State Bank of Travancore and has liquidated the amount of loan to the extent not payable.

During the year, the Company was not able to attain projected turnover due to financial constraints. Still the Company was able to achieve operational 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 31<sup>st</sup> March 2007.

### 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 2006-07. The Company will pay 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 31<sup>st</sup> March, 2007 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 31<sup>st</sup> March 2007 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 31-03-2007	Previous Year Ended 31-03-2006
1. Electricity		
a) Purchase : Units	20,260	29,620
Total Amounts (Rs.)	2,46,310	2,56,451
Rs. / Unit	12.16	8.66
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 Jhaharia, 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 co-operation 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 : 31<sup>st</sup> 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. Your Company was able to earn operational profit due to this economy upturn. 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.

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## 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.