



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.

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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

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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 52.893	4672866	76.4928 76.2580
Grand total	3108900 3048498	100 100	6108900 6048498	100 100

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