



STEEL INDUSTRIES LIMITED

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**19TH ANNUAL REPORT
2002-2003**

ENSA STEEL INDUSTRIES LIMITED

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ANNUAL REPORT 2002-03

BOARD OF DIRECTORS

R. J. Sandesara

Director

J. C. Sandesara

Director

R. B. Dixit

Director

T. S. Suthar

Director

BANKERS
Corporation Bank

AUDITORS

H. S. Hathi & Co.
Chartered Accountants

REGD. OFFICE

43, Atlanta,
Nariman Point,
Mumbai – 400 021

Members are requested to bring their
copy of the Annual Report with them
to the Annual General Meeting.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****DIRECTOR'S REPORT**

To the Members,
ENSA STEEL INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2003.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	Year Ended 30-06-2003	Year Ended 30-06-2002
OPERATING PROFIT (PBIDT)	388.30	423.61
Interest	13.38	33.26
GROSS PROFIT	374.92	390.35
Depreciation	303.55	351.08
PROFIT BEFORE TAX	71.37	39.27
Provision for Tax	7.75	4.00
NET PROFIT AFTER TAX	63.62	35.27
Transfer to General Reserve	-	25.00
Balance carried to Balance Sheet	63.62	10.27

DIVIDEND

Your Directors do not recommend any dividend for the current year with a view to conserve the resources and to meet the long-term fund requirements of your Company.

OPERATIONS & FUTURE OUTLOOK

During the year under review, the adverse market conditions in Iron and Steel sector continued, which has again resulted in decline in Sales to Rs. 1050.30 lacs from Rs. 1446.77 lacs in the previous year. The expenditure of the company has also been decline from 1420.56 lacs in the previous year to Rs. 992.55 lacs in the current year. There is marginal increase in net profit from Rs. 35.27 lacs to Rs. 63.62 lacs in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis as per clause 49 of the Listing Agreement is enclosed.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance in terms of Clause 49 of the Listing Agreement is annexed.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****DIRECTORS**

Shri J. C. Sandesara and Shri T. S. Suthar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible offers themselves for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm :

- i) That in the preparation of the Annual Accounts for the year ended 30th June, 2003, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors have 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) that the Directors have prepared the Annual Accounts for the year ended 30th June, 2003 on a 'going concern' basis.

FIXED DEPOSITS

The Company has not accepted any deposits from the Public during the year under review.

AUDITORS

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible have given their consent for reappointment. The Board recommends their re-appointment. The observations made by the Auditors are self explanatory and have been dealt with in the notes forming part of the Accounts and hence need no further clarification.

INDUSTRIAL RELATIONS

The Board wishes to place on record their appreciation for the services rendered by all the employees of the Company. It is gratifying to note that the industrial relations remained cordial and peaceful during the entire year.

PARTICULARS OF EMPLOYEES

No employees of the company is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules 1988.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 the required information relating to conservation of energy, technology absorption and foreign exchange earnings and out go is annexed to this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the assistance and continued co-operation extended by Bankers, Central, State and Local Governments. Your Directors are also pleased to record their appreciation of the valued contribution, devotion and sense of commitment extended by the employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 29th September, 2003

R. J. SANDESARA
Director

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ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****ANNEXURE TO THE DIRECTORS' REPORT**

Disclosure of particulars with respect to Conservation of energy, Technology absorption and Foreign Exchange earning and outgo as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. Conservation of Energy

The Company continued its efforts to improve methods of energy conservation and utilization.

B. Form A

Form for disclosure of particulars with respect to conservation of energy.

a) Electricity Purchased :

	Current Year	Previous Year
Units (kwh)	4531828	7229455
Total Amount Rs.	18353903	29134706
Rate / Unit Rs.	4.05	4.03

b) Consumption per unit of production

Electricity Consumption per unit	kwh/ tonne Current Year	kwh/ tonne Previous Year
Steel Products	663	659

C. TECHNOLOGY ABSORPTION

1. The Technology used is entirely indigenous.
2. The company has the most modern steel melting facility, which is updated in most effective and efficient way.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and outgo during the year under review.

For and on behalf of the Board of Director

Place : Mumbai
Date : 29th September, 2003

R. J. Sandesara
Director

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****MANAGEMENT DISCUSSION AND ANALYSIS :****a. Industry structure and developments :**

Indian Steel industry is currently doing well after a long period of recession in steel industry. The industry and the country is currently going through a process of consolidation. The company is expected to attain significant growth in the coming years with stability in steel industry.

b. Opportunity and Threats ;

Your Company operates in an area where a large market exists and offers ample opportunities for growth. Your company's products are well received in the market.

c. Outlook :

In view of slow down in the market, your Directors feel the performance of the Company has been reasonably good.

The Management is conscious about the changing scenario in Steel industry. it is expected that your Company would be in a position to strengthen its operations.

d. Risks and Concerns :

Ideally, the Company needs to fully utilise its installed capacities at optimum level. Due to competition and sluggishness in the economy, it may not be possible to achieve optimum capacity utilization.

e. Internal control systems and their adequacy :

The Company has proper and adequate control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly.

f. Financial performance :

Financial performance of the Company has been indicated in the Directors' Report.

g. Development on Human Resources / Industrial Relations Front :

The Company continuously monitors its manpower requirements to ensure that it has adequate human skills commensurate with its needs, Industrial relations of the Company continue to be cordial.

h. Cautionary Statement

Management Discussion and Analysis detailing the Company's objectives 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 depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes, economic developments within India and overseas.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****REPORT ON CORPORATE GOVERNANCE****i) Corporate Governance Philosophy**

The Company views sound corporate governance as an integral part of its efforts to enhance shareholders' value. The Company endeavours to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of the society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

ii) Board of Directors (Board) :

Presently, the Board, comprises of 4 Directors, all being Non-executive Directors. All the Directors are eminent industrialists and/or professionals with experience in overall management, finance and law, who bring a wide range of skills and experience to the Board.

a. Composition of the Board

Name	Category	No. of other Directorships and Committees Memberships / Chairmanships		
		Other Directorships	Committee Memberships	Committee Chairmanships
R. J. Sandesara	Non-executive	4	-	-
J. C. Sandesara	Non-executive	2	-	-
R. B. Dixit	Independent / Non-executive	5	2	3
T. S. Suthar	Independent / Non-executive	-	-	-

b. Number of Board Meetings :

During the year under report the Board of Directors met 5 times on the following dates: 29/07/2002, 30/10/2002, 20/11/2002, 27/01/2003 & 30/04/2003.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 28.12.2002
R. J. Sandesara	5	YES
J. C. Sandesara	5	YES
R. B. Dixit	5	YES
T. S. Suthar	2	NO

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2002-03****iii) Committee of Directors**

As mentioned in the last report, the board constituted following committees.

A. Audit Committee Constituted on 27th January, 2003 to reviews the company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, reports of the Company's internal Auditors, quarterly/half yearly financial statements as well as its financial risk policies. It also recommends appointment of statutory auditors, fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

During the year under review, the committee met one times and the meeting was attended by all the directors of the Audit Committee namely Shri R. J. Sandesara, Shri R. B. Dixit and Shri T. S. Suthar.

B. Investors/Shareholders Grievance Committee constituted on 27th January, 2003 comprises of Shri R. J. Sandesara, Shri R. B. Dixit and Shri T. S. Suthar. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet etc. During the year the committee met one times.

C. Remuneration Committee of the Board

The company proposes to appoint Remuneration Committee during the year 2003-2004.

iv) General Body Meetings :

Year	Venue	Date	Time	Any Special Resolution
2002	43, Atlanta, Nariman Point, Mumbai – 400 021.	28 th December, 2002.	3.30 p.m.	No
2001	Ashish Hall, Land Mark, Link Road, Mith Chowkey, Malad (West), Mumbai – 400 064	22 nd December 2001.	10.00 a.m.	No
2000	Landmark Banquet Hall, Linking Road, Evershine Nagar, Malad (W)Mumbai – 400 064.	23 rd December 2000	10.00 a.m.	No