



STEEL INDUSTRIES LIMITED

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**20TH ANNUAL REPORT
2003-2004**

ENSA STEEL INDUSTRIES LIMITED

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 2003-04****DIRECTOR'S REPORT**

To the Members.

ENSA STEEL INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2004.

FINANCIAL RESULTS

	Year Ended 30-06-2004	(Rupees in Lacs) Year Ended 30-06-2003
OPERATING PROFIT (PBITD)	387.74	388.30
Interest	14.96	13.38
GROSS PROFIT	372.78	374.92
Depreciation	262.67	303.55
PROFIT BEFORE TAX	110.11	71.37
Provision for Tax	10.00	7.75
NET PROFIT AFTER TAX	100.11	63.62
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	100.11	63.62

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 Company has achieved sales of Rs. 1170.93 lacs against Rs. 1050.30 lacs in the previous year. Profit before tax for the year was Rs. 110.11 lacs compared to Rs. 71.37 lacs in 2002-2003, an increase of 54.28%. The expenditure of the Company has also been marginally increased from Rs. 992.55 lacs in the previous year to Rs. 1080.70 in the current year, an increase of 8.88 %. There is increase in net profit from Rs. 63.62 lacs to Rs. 100.11 lacs, an increase of 57.36%.

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.

DIRECTORS

Shri R. J. Sandesara and Shri R. B. Dixit, 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.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2003-04****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, 2004, 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, 2004 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.

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.

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2003-04****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 : 30th September, 2004

R. J. SANDESARA

Director

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ANNUAL REPORT 2003-04

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)	4682580	4531828
Total Amount Rs.	22063583	18353903
Rate / Unit Rs.	4.71	4.05

b) Consumption per unit of production

Electricity Consumption per unit	kwh/ tonne Current Year	kwh/ tonne Previous Year
Steel Products	695	663

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 Directors

Place : Mumbai

Date : 30th September, 2004

R. J. Sandesara
Director

ENSA STEEL INDUSTRIES LIMITED**ANNUAL REPORT 2003-04****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.

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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	-	5
T. S. Suthar	Independent / Non-executive	-	-	-

b. Number of Board Meetings :

During the year under report the Board of Directors met 4 times on the following dates: 29/09/2003, 31/10/2003 30/01/2004 & 27/04/2004.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 27.12.2003
R. J. Sandesara	4	YES
J. C. Sandesara	2	YES
R. B. Dixit	4	YES
T. S. Suthar	3	NO