



STEEL INDUSTRIES LIMITED

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ENSA STEEL INDUSTRIES LIMITED

21ST ANNUAL REPORT
2004-2005

BOARD OF DIRECTORS

R. J. Sandesara

Director

J. C. Sandesara

Director

R. B. Dixit

Director

T. S. Suthar

Director

BANKERS

Andhra Bank
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**21st Annual Report 2004-05****DIRECTOR'S REPORT**

To the Members,
ENSA STEEL INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2005.

FINANCIAL RESULTS

	Year Ended 30-06-2005	(Rupees in Lacs) Year Ended 30-06-2004
OPERATING PROFIT (PBIDT)	347.54	387.74
Interest	12.48	14.96
GROSS PROFIT	335.06	372.78
Depreciation	227.49	262.67
PROFIT BEFORE TAX	107.57	110.11
Provision for Tax	18.00	10.00
NET PROFIT AFTER TAX	89.57	100.11
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	89.57	100.11

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's turnover was marginally reduced to Rs. 1148.67 lacs against Rs. 1170.92 lacs in the previous year. Profit before tax for the year was Rs. 107.57 lacs compared to Rs. 110.11 lacs in the previous 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.

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.

ENSA STEEL INDUSTRIES LIMITED**21st Annual Report 2004-05****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, 2005, 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, 2005 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 1975.

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 : 1st December, 2005

R. J. SANDESARA
Director

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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)	4223971	4682580
Total Amount Rs.	20253425	22063583
Rate / Unit Rs.	4.79	4.71

b) Consumption per unit of production

Electricity Consumption per unit	kwh/ tonne	kwh/ tonne
	Current Year	Previous Year
Steel Products	628	695

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 : 1st December, 2005

R. J. SANDESARA
Director

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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: 30/09/2004, 29/10/2004, 28/01/2005 & 29/04/2005.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 31.12.2004
R. J. Sandesara	4	YES
J. C. Sandesara	3	YES
R. B. Dixit	4	YES
T. S. Suthar	3	NO

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

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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 three times on 30-09-04 (Adoption of Annual Accounts) 29-10-04 and 28-01-05 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 two times.

iv) **General Body Meetings :**

Year	Venue	Date	Time	Any Special Resolution
2004	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064.	31 st December, 2004	10.30a.m.	No
2003	Ashish Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064.	27 th December, 2003	10.00a.m.	No
2002	43, Atlanta, Nariman Point, Mumbai – 400 021.	28 th December, 2002	3.30 p.m.	No

Special Resolution if any passed by Postal Ballot NIL

v) **Disclosures :**

1. As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. During the year under review, there was no transaction with related party, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. which may have potential conflict with the interests of Company at large.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

vi) **Means of Communications :**

- a. Quarterly/ Half Yearly Financial Results of the Company are forwarded to the Stock Exchanges where the shares of the company are listed and published in National & Regional Newspapers.