

BOARD OF DIRECTORS

R. J. Sandesara
Director

J. C. Sandesara
Director

R. B. Dixit
Director

T. R. Thakkar
Director

Sanjay Chohan
Director

BANKERS
Punjab National 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.

DIRECTORS' REPORT

To the Members,

ENSA STEEL INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2012.

FINANCIAL RESULTS**(Rupees in Lacs)**

| Particulars | Year Ended 30-06-2012 | Year Ended 30-06-2011 |
|----------------------------------|--------------------------|--------------------------|
| OPERATING PROFIT (PBIDT) | (1.76) | (0.74) |
| Interest | 0.07 | 0.28 |
| GROSS PROFIT | (1.83) | (1.02) |
| Depreciation | 80.96 | 93.80 |
| PROFIT/(LOSS) BEFORE TAX | (82.79) | (94.82) |
| Provision for Tax | - | - |
| NET PROFIT/(LOSS) AFTER TAX | (82.79) | (94.82) |
| Transfer to General Reserve | - | - |
| Balance carried to Balance Sheet | (82.79) | (94.82) |

DIVIDEND

In the absence of profit, your directors do not recommend any dividend.

OPERATIONS

During the year under review, the Company's turnover declined to Rs. 129.61 lacs against Rs.443.19 lacs in the previous year. Your Company has incurred a Loss of Rs. 82.79 lacs in the current year in compared to loss of Rs. 94.82 lacs in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis is enclosed as a part of the Annual Report

REPORT ON CORPORATE GOVERNANCE

In Pursuance of the system of Corporate Governance Instituted by SEBI, forming part of the Listing Agreement with the Stock Exchanges, a report thereon is saperately attached to this report.

We have examined the attached Cash Flow Statement of Ensa Steel Industries Limited for the year ended 30th June 2012 and 30th June, 2011. The statement has been prepared by the company in accordance with the listing agreements of the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the members of the Company.

As per our report of even date
For H. S. Hathi & Co.,
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
Partner
Membership No. 37109

Place : Mumbai.
Date : 27th August, 2012.

For and on behalf of the Board

R. J. Sandesara-Director

R. B. Dixit-Director

DIRECTORS

Shri J.C. Sandesara and Shri T. R. Thakkar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer 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, 2012, 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 loss 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, 2012 on a 'going concern' basis.

FIXED DEPOSITS

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

AUDITORS AND THEIR REPORT

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company shall retire at the forthcoming Annual General Meeting and having furnished Certificate pursuant to Section 224(1B) of the companies Act, 1956, they being eligible have given their consent for re-appointment. 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.

PARTICULARS OF EMPLOYEES

No employee 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 as amended.

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 is not applicable. There was no foreign exchange earnings and outgo during the year under review.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the assistance and continued co-operation extended by Bankers 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

R. J. Sandesara-Director

J. C. Sandesara-Director

Place : Mumbai

Date : 27th August, 2012

CASH FLOWS STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2012

| Particulars | (Amount in Rs.) | |
|---|---|---|
| | For the Year Ended 30 th June, 2012 | For the Year Ended 30 th June, 2011 |
| (A) Cash Flow from Operating Activities | | |
| Net Profit before tax & Extraordinary Items | (8,278,862) | (9,482,419) |
| Adjustment for : | | |
| Depreciation & Amortisation | 8,095,540 | 9,380,419 |
| Financial Charges | - | - |
| Dividend Charges | - | - |
| Profit on Sale of Fixed Assets | - | - |
| Prior Year Adjustments | - | - |
| Share Issue Expenses | - | - |
| Operating Profit before Working | (183,322) | (102,000) |
| Adjustment for : | | |
| Trade Receivables | 19,475,294 | 6,459,056 |
| Other Receivables | (29,068,901) | (41,780,172) |
| Inventories | 9,921,471 | 33,803,132 |
| Trade Payables | (1,416,168) | (833,759) |
| Cash Generated from operations | (1,271,626) | (2,453,743) |
| Interest Paid | - | - |
| Direct Tax Paid | - | - |
| Cash Flow before Extraordinary Items | (1,271,626) | (2,453,743) |
| Extra Ordinary Items : Dividend | - | - |
| Net Cash from operating Activities | (1,271,626) | (2,453,743) |
| (B) Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | - | - |
| Sale of Fixed Assets | - | - |
| Dividend Received | - | - |
| Sale Investments | 450,000 | - |
| Net Cash realised/(Used) in investing activities | 450,000 | - |
| (C) Cash Flow from Financing Activities | | |
| Proceeds from Issue of Share Capital | - | - |
| Proceeds from Long Term Borrowing | - | - |
| Repayment of long Term Borrowing | - | - |
| Share Issue Expenses | - | - |
| Net Cash Used in Financing Activities | - | - |
| Net increase/(Decrease) in | | |
| Cash & cash Equivalents (A+B+C) | (821,626) | (2,453,743) |
| Cash & Cash Equivalents as at 1 st July (Opening) | 932,309 | 3,386,052 |
| Cash & Cash Equivalents as at 30 th June (Closing) | 110,683 | 932,309 |