



STEEL INDUSTRIES LIMITED

ENSA STEEL INDUSTRIES LIMITED

**24TH ANNUAL REPORT
2007-2008**

BOARD OF DIRECTORS

R. J. Sandesara
Director

J. C. Sandesara
Director

R. B. Dixit
Director

T. S. Suthar
Director

T. R. Thakkar
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.

DIRECTOR'S REPORT

To the Members,
ENSA STEEL INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2008.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year Ended 30-06-2008	Year Ended 30-06-2007
OPERATING PROFIT (PBIDT)	201.61	155.16
Interest	7.56	4.94
GROSS PROFIT	194.05	150.22
Depreciation	146.03	171.13
PROFIT BEFORE TAX	48.02	(20.91)
Provision for Tax	16.00	0.00
NET PROFIT AFTER TAX	32.02	(20.91)
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	32.02	(20.91)

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 increased to Rs. 1048.37 lacs against Rs. 761.09 lacs in the previous year. Profit before tax for the year was Rs. 48.02 lacs compared to loss of Rs. 20.91 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 Exchange, a report thereon is saperately attached to this report.

DIRECTORS

Shri R.J.Sandesara and Shri R. B. Dixit 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, 2008, 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, 2008 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 retire at the forthcoming Annual General Meeting and having furnished Certificate pursuant to Section 224(1B), they 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.

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.

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 of Directors

Place : Mumbai
Date : 27th November, 2008

R. J. SANDESARA
Director

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 5 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			Relationship with other Directors
		Other Directorships	Committee Memberships	Committee Chairmanships	
R. J. Sandesara	Non-executive	1	-	-	Son of J. C. Sandesara
J. C. Sandesara	Non-executive	27	-	-	Father of R.J. Sandesara
R. B. Dixit	Independent / Non-executive	6	2	3	None
T. S. Suthar	Independent / Non-executive	-	-	-	None
Tirthesh Thakkar	Independent / Non-executive	-	-	-	None

b. Number of Board Meetings

During the year under report the Board of Directors met 5 times on the following dates: 30/07/2007, 30/10/2007, 05/12/2007 (Adoption of Annual Accounts), 30/01/2008 & 30/04/2008.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 30-12-2007
R. J. Sandesara	4	Yes
J. C. Sandesara	4	No
R. B. Dixit	5	Yes
T. S. Suthar	3	Yes
Trithesh Thakkar	2	Yes

iii) Committee of Directors

The board constituted following committees.

A. Audit Committee 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 five times on 30-07-2007, 30/10/2007, 05/12/2007 (Adoption of Annual Accounts), 30-01-2008 and 30-04-2008 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 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
2007	Sheetal - I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064.	31st December, 2007.	11.30a.m.	No
2006	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064.	30th December, 2006	10.30a.m.	No
2005	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064.	26th December, 2005	10.30a.m.	No
Special Resolution if any passed by Postal Ballot				N.A.

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.
- b. The company has not made any presentations to any Institutional Investors / Analyst during the year.
- c. Management Discussion & Analysis Report is covered in Directors' Report to the Shareholders.

vii) General Shareholder Information :

a. Annual General Meeting

Date : 27th day of December 2008
 Time : 10.30 A.M.
 Venue : Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai-400 064.

b. Date of Book Closure : 20th December, 2008 to 27th December, 2008
 (both days inclusive)

c. Financial Calendar 2008-2009 : Annual General Meeting December 2009 (next year)

		Board Meeting
Unaudited Results – Qtrly.	September 2008	October 2008
Unaudited Results – Qtrly.	December 2008	January 2009
Unaudited Results – Qtrly.	March 2009	April 2009
Unaudited Results – Qtrly.	June 2009	July 2009
Audited Accounts	June 2009	September/October 2009

d. Stock Exchanges where securities are listed

Listed on Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Association Limited.

Name of Stock Exchange	Code
Bombay Stock Exchange Limited, (BSE)	512135
The Calcutta Stock Exchange Association Ltd.	15003

e. Stock Price Data (BSE)

Month	High Rs.	Low Rs.
July 2007	—	—
August 2007	—	—
September 2007	—	—
October 2007	15.13	6.35
November 2007	32.55	15.85
December 2007	34.60	25.60
January 2008	33.95	19.90
February 2008	23.10	16.20
March 2008	18.10	12.75
April 2008	21.50	14.00
May 2008	20.50	15.60
June 2008	18.75	14.55

Equity shares of the Company were suspended and the suspension has been lifted w.e.f. 4th October, 2007

f. Share Transfer System

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. Officers / Directors of the Company have been authorized to approve transfers.

The total number of shares transferred in the non-dematerialised segment during year 2007-2008 was 40956 shares.

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 18.11.2000. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within the stipulated time. Upto 30-06-2008, 68.38 % equity shares of the company have been dematerialized.

g. Shareholding Pattern – as on 30th June 2008

Sl.No.	Category	No. of Shareholder	% age	No. of Equity Shares	% age
1.	Resident Individuals	12346	98.29	3052278	62.37
2.	Indian Companies	180	1.43	355276	7.26
3.	FIs/ MFs/Banks	3	0.02	510	0.01
4.	Indian Promoters	17	0.14	1448280	29.59
5.	NRIs/OCBs/FIIs/FCs	15	0.12	37732	0.77
TOTAL		12561	100.00	4894076	100.00

Distribution of Shareholding – as on 30th June 2008

Sl. No	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	11204	89.20	1808217	36.95
2	5001 – 10000	854	6.80	634638	12.97
3	10001 – 20000	314	2.50	452884	9.25
4	20001 – 30000	75	0.60	188876	3.86
5	30001 – 40000	34	0.27	119421	2.44
6	40001 – 50000	22	0.17	105327	2.15
7	50001 - 100000	39	0.31	276783	5.66
8	100001 & Above	19	0.15	1307930	26.72
TOTAL		12561	100.00	4894076	100.00

h. Dematerialisation of Shares

ISIN Number for Equity Shares of the : INE322C01016
 Company in NSDL & CDSL

Total No. of Shares dematerialized upto 30-06-2008 – 3346633
 -With NSDL 2673047
 - With CDSL 673586

i. Location

Plot No. 2404, GIDC Chhatral, Kalol, North Gujarat.

j. Address for Correspondence

Shareholders can correspond at the Registered Office of the Company at Mumbai.

k. Complaints by Shareholders & their redressal during 01-7-2007 to 30-06-2008

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	34	32
Delay in Transfer of Shares	5	5
Non-receipt of Dividend Warrants	0	0
Change of Address	28	25
Pending Demat cases (Since Processed)	0	0
Other-Remat of Share (Since Processed)	0	0

AUDITORS' CERTIFICATE

To the Members of
Ensa Steel Industries Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Ensa Steel Industries Limited, for the year ended 30th June, 2008, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

The compliances of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

For and on behalf of
H. S. Hathi & Co.
Chartered Accountants

Place : Mumbai
Date : 27th November, 2008

Hemant S. Hathi
Partner

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 reflecting scenarios of the market. 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.

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 :

Company operates in the areas where competition is intense from organized and unorganized players.

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 :

The Company continuously monitors its manpower requirements to ensure that it has adequate human skills commensurate with its needs.

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.

AUDITORS' REPORT

To the Members of
ENSA STEEL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of ENSA STEEL INDUSTRIES LIMITED as at 30th June, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - b) In our opinion, Proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 30th June, 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 30th June, 2008 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give, the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2008;
- ii) In the case of the Profit & Loss Account, of the Profit of the Company for the period ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For H.S. HATHI & CO.
Chartered Accountants**

Place : Mumbai
Dated : 27th November, 2008

**HEMANT S. HATHI
(Partner)**

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ENSA STEEL INDUSTRIES LIMITED ON THE ACCOUNTS AS AT AND FOR THE PERIOD ENDED 30TH JUNE 2008.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management based on a phased program of verification of all the assets during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
 - (c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) (a) As explained to us inventories have been physically verified by the management at reasonable intervals during the year.
 - (b) In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examinations of records of inventories, we are of the opinion that the Company is maintaining proper records of the inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to Books records.
- (iii) The Company has not granted any unsecured loan to a Company covered in the register maintained under section 301 of the companies Act, 1956. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and sales of Goods and service. We have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of Goods and materials and sales of Goods, material & services made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit System commensurate with the size and nature of its business.

- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained .
- (ix)(a) According to the records of the Company, the Company has been regular in depositing with appropriate authorities, Undisputed statutory dues including Provident Fund, Income tax, VAT, Wealth tax, Service Tax, Custom duty, Cess and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at the 30th June 2008 for a period of more than six months from the date they became payable .
- (c) According to the information and explanations given to us, there are no such statutory dues which have not been deposited on account of any dispute.
- (x) The Company neither has Accumulated losses nor it has incurred any cash losses during the year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of the dues to financial institutions or banks.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us by the management, the Company has not given any Guarantee for loan taken by other from banks or financial institutions.
- (xvi) According to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the companies Act, 1956.

- (xix) The Company has not issued any debentures and hence clause 4(XIX) of the companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xx) During the year covered by our report the Company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us no frauds on or by the Company has been noticed or reported during the year.

**For H.S. HATHI & CO.
Chartered Accountants**

Place : Mumbai
Dated : 27th November, 2008

**HEMANT S. HATHI
(Partner)**

BALANCE SHEET AS AT 30TH JUNE 2008

Schedule	As at 30th June 2008 Rs.	As at 30th June 2007 Rs.
SOURCES OF FUNDS		
1. Shareholder's Funds :		
a) Share Capital	47,841,560	47,841,560
b) Reserves & Surplus	638,538,504	635,336,372
	-----	-----
	686,380,064	683,177,932
2. Loan Funds :		
a) Secured Loans	-	-
b) Unsecured Loans	-	-
Deferred Tax Liability	1,050,000	-
	-----	-----
TOTAL FUNDS EMPLOYED	687,430,064	683,177,932
	=====	=====
APPLICATION OF FUNDS		
1. Fixed Assets :	3	
Gross Block	649,759,063	649,759,063
Less : Depreciation	557,391,028	542,788,193
	-----	-----
Net Block	92,368,035	106,970,870
Capital Work-in-progress	-	-
	-----	-----
	92,368,035	106,970,870
2. Investments	2,275,500	2,275,500
3. Current Assets, Loans and Advances		
Current Assets	5	
Inventories	110,972,466	109,761,219
Sundry Debtors	43,487,703	49,446,465
Cash and Bank Balances	4,961,594	7,924,124
	-----	-----
	159,421,763	167,131,808
Loans & Advances	438,671,923	410,700,218
	-----	-----
	598,093,686	577,832,026
Less : Current Liabilities & Provisions		
a. Current Liabilities	7	2,732,533
b. Provisions	8	1,167,931
	-----	-----
	5,307,157	3,900,464
Net Current Assets	592,786,529	573,931,562
	-----	-----
TOTAL ASSETS	687,430,064	683,177,932
	=====	=====
NOTES TO THE ACCOUNTS	11	

As per our report of even date
For H. S. Hathi & Co

For and on behalf of the Board

Chartered Accountants
Hemant S. Hathi
Partner

R. J. SANDESARA
R. B. Dixit
Directors

Place : Mumbai.
Date : 27th November 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008

	Schedule	As at 30th June 2008 Rs.	As at 30th June 2007 Rs.
<u>INCOME</u>			
Sales		104,836,713	76,109,416
Other Income		594,688	544,894
Total		----- 105,431,401 =====	----- 76,654,310 =====
<u>EXPENDITURE</u>			
Cost of Goods sold	9	76,645,582	53,397,986
Admin. Selling & Other Expense	10	8,624,738	7,739,622
Financial Charges		756,114	494,359
Depreciation		14,602,835	17,113,377
Total		----- 100,629,269 =====	----- 78,745,344 =====
PROFIT BEFORE TAXATION		4,802,132	(2,091,034)
Provision for Income Tax & FBT		550,000	-
Provision for Deferred Tax		1,050,000	-
PROFIT FOR THE YEAR		3,202,132	(2,091,034)
Less : Prior Year Adjustments		-	-
PROFIT AVAILABLE FOR APPROPRIATION		3,202,132	(2,091,034)
APPROPRIATIONS:			
- Proposed Dividend		-	-
- Dividend Tax		-	-
- Amount transferred to General Reserve		-	-
- Surplus carried to Balance Sheet		3,202,132	(2,091,034)

NOTES TO THE ACCOUNTS 11

As per our report of even date
For H. S. Hathi & Co

For and on behalf of the Board

Chartered Accountants
Hemant S. Hathi
Partner

R. J. SANDESARA
R. B. Dixit
Directors

Place : Mumbai.
Date : 27th November 2008

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2008

	As at 30th June 2008 Rs.	As at 30th June 2007 Rs.
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SCHEDULE 1 - SHARE CAPITAL

AUTHORISED

85,00,000 Equity Shares of Rs. 10/- each (Previous Year : 85,00,000 Equity Shares of Rs. 10/- each)	85,000,000 =====	85,000,000 =====
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ISSUED, SUBSCRIBED & PAID-UP : 48,94,076 Equity Shares of Rs. 10/- each Less : Calls in Arrears	48,940,760 1,099,200 -----	48,940,760 1,099,200 -----
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TOTAL	47,841,560	47,841,560
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SCHEDULE 2 - RESERVES & SURPLUS

General Reserve As per Last Balance Sheet Add : Transferred during the year	425,506,000 - ----- 425,506,000	425,506,000 - ----- 425,506,000
---	--	--

Profit & Loss A/c. As per last Balance Sheet Add : Profit for the year Transferred	112,328,912 3,202,132 ----- 115,531,044	114,419,946 (2,091,034) ----- 112,328,912
--	--	--

Share Premium Account Less : Calls in Arrears	101,348,660 3,847,200 ----- 97,501,460 ----- 638,538,504 -----	101,348,660 3,847,200 ----- 97,501,460 ----- 635,336,372 -----
--	--	--

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2008

SCHEDULE 3 - FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01/07/2007	Additions	As on 30/06/2008	As on 01/07/2007	For the Year	As on 30/06/2008	As on 30/06/2007	As on 30/06/2008
Land & Building	28,310,213	-	2,831,0213	20,996,334	731,388	21,727,722	7,313,879	6,582,491
Plant & Machinery	600,820,083	-	600,820,083	501,399,299	13,829,431	515,228,730	99,420,784	85,591,353
Office Equipments	7,826,721	-	7,826,721	7,809,134	2,446	7,811,580	17,587	15,141
Furniture & Fixtures	7,722,990	-	7,722,990	7,504,370	39,570	7,543,940	218,620	179,050
Vehicles	5,079,056	-	5,079,056	5,079,056	-	5,079,056	-	-
Grand Total	649,759,063	-	649,759,063	542,788,193	14,602,835	557,391,028	106,970,870	92,368,035
Previous Year	649,759,063	-	649,759,063	525,674,816	17,113,377	542,788,193	124,084,248	106,970,870

(20)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2008

	As at 30th June 2008 Rs.	As at 30th June 2007 Rs.
SCHEDULE 4 - INVESTMENTS		
Quoted & Fully Paid Up	-	-
Unquoted & Fully Paid up	2,275,500	2,275,500
	-----	-----
TOTAL	2,275,500	2,275,500
	=====	=====
SCHEDULE 5 - CURRENT ASSETS		
A) Stock - in - trade	110,972,466	109,761,219
B) Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	3,944,273	5,986,201
Considered Doubtful	-	-
Less Provision for Doubtful Debts	-	-
	-----	-----
Other Debts	39,543,430	43,460,264
	-----	-----
	43,487,703	49,446,465
C) Cash & Bank Balances		
Cash on Hand	322,168	937,964
Bank Balance with Scheduled Bank		
- in current Account	4,639,426	6,986,160
- in Fixed Deposit Account	-	-
	-----	-----
	4,961,594	7,924,124
SCHEDULE 6 - LOANS & ADVANCES		
(Unsecured considered good)		
Advance Recoverable in cash or kind for value to be received	438,671,923	410,700,218
	-----	-----
TOTAL (SCHEDULE 5 & 6)	598,093,686	577,832,026
	-----	-----
SCHEDULE 7 - CURRENT LIABILITIES		
Sundry Creditors	2,354,064	1,804,682
Other Liabilities	1,178,416	927,851
	-----	-----
	3,532,480	2,732,533
SCHEDULE 8 - PROVISIONS		
Provision for expenses	1,224,677	1,167,931
Provision for taxation	550,000	-
Provision for Dividend	-	-
	-----	-----
	1,774,677	1,167,931

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 30TH JUNE 2008**

	As at 30th June 2008 Rs.	As at 30th June 2007 Rs.
SCHEDULE 9 - COST OF GOODS SOLD		
Stock in Trade (At Commencement)	109,761,219	109,722,667
Add : Purchases	77,856,829	53,436,538
	-----	-----
	187,618,048	163,159,205
 Stock in trade (At Close)	 110,972,466	 109,761,219
	-----	-----
TOTAL	76,645,582	53,397,986
	-----	-----

SCHEDULE 10 - ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Salaries & Other		
Employee Benefits	6,709,424	5,711,843
Travelling & Conveyance	172,906	157,820
Telephone & Telex	167,829	324,658
Printing & Stationery	192,628	245,890
Postage, Telegram & Courier	179,021	212,347
Auditors' Remuneration	50,000	50,000
Office Expenses	268,347	421,569
Rent, Rates & Taxes	197,204	194,568
Selling Expenses	533,902	211,680
Miscellaneous Expenses	153,477	209,247
	-----	-----
	8,624,738	7,739,622
	-----	-----

SCHEDULE 11 – NOTES FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and the Provisions of the Companies Act, 1956 as constantly adopted by the Company.

Accounting policies not specifically referred to otherwise are consistently followed and are in consonance with generally accepted accounting principles.

All income and expenditures are accounted for on accrual basis unless otherwise specifically stated.

2. Fixed Assets

Fixed Assets are stated at cost less depreciation. Fixed Assets includes all related expenses upto acquisition and installations.

3. Depreciation

Depreciation on fixed assets have been provided on Written Down Value Method at the rates specified in the schedule xiv of the Companies Act, 1956.

4. Investments

Investments are stated at cost.

5. Inventories

Inventories are valued at Cost or net realizable value, whichever is less.

6. Retirement Benefits

Retirement benefits payable to the employees are accounted for on cash basis as and when paid.

7. Revenue Recognition

Sales are recognized at the time of dispatch of the goods.

B. NOTES TO ACCOUNTS :

	Current Year	(Rs. In Lakhs) Previous year
1. Contingent Liabilities not Provided for Estimated amount of contracts remaining to be executed on Capital Accounts.	—	—
2. In the opinion of the Directors, Current Assets, Loans and Advances, have the value at which they have been stated in the Balance Sheet.		
3. Sundry debtors, Creditors and advances are subject to confirmation and reconciliation.		
4. Payment to Auditors		(Rs. In Lakhs)
	Current Year	Previous Year
Auditor Fees	0.40	0.40
Tax Audit Fees	0.10	0.10
	-----	-----
	0.50	0.50
	-----	-----

5. Additional information pursuant to the provision of paragraphs (3) & (4) of part II of Schedule IV to the Companies Act, 1956, together with other notes.

I. Particulars in respect of Licenced Capacity, Installed Capacity and Production :

	Licenced		Installed
	Unit	Capacity	Capacity
Alloy Steel & Ingots	MT	N.A.	75,000
	(MT)	(N.A.)	(75,000)

II. Particulars in respect of Sales : (Rs. In Lakhs)

	Unit	Current Year		Previous Year	
		Quantity	Amount	Quantity	Amount
Alloy Steel	MT	5819	1048.36	4201	761.09

III. Foreign Exchange Earning and Expenditure : (Rs. In Lakhs)

	Current Year		Previous Year	
	Amount		Amount	
a. C.I.F. Value of Imports	NIL		NIL	
b. Expenditure in Foreign Exchange	NIL		NIL	
c. Earning in Foreign Exchange on F.O.B. Basis	NIL		NIL	

6. Figures for the previous year have been regrouped, reclassified whenever necessary to make them comparable with the current year's figures.

As per our report of even date

For and on behalf of the Board

**For H. S. Hathi & Co.,
Chartered Accountants**

**Hemant S. Hathi
Partner**

**R. J. Sandesara
R. B. Dixit
Directors**

Place : Mumbai

Dated : 27th November, 2008

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2008

(Rs. in Lakhs)

	For the Year Ended 30 th June, 2008	For the Year Ended 30 th June, 2007
(A) Cash Flow from Operating Activities		
Net Profit before tax & Extraordinary Items	48.02	(20.91)
Adjustment for :		
Depreciation & Amortisation	146.03	171.14
Financial Charges	7.56	4.94
Dividend Charges	-	-
Profit on Sale of Fixed Assets	-	-
Prior Year Adjustments	-	-
Share Issue Expenses	-	-
Operating Profit before Working	201.61	155.17
Adjustment for :		
Trade Receivables	59.59	32.44
Other Receivables	(279.72)	(187.55)
Inventories	(12.11)	(0.38)
Trade Payables	8.57	(1.80)
Cash Generated from operations	(22.06)	(2.12)
Interest Paid	(7.56)	(4.94)
Direct Tax Paid	-	-
Cash Flow before Extraordinary Items	(29.62)	(7.06)
Extra Ordinary Items : Dividend	-	-
Net Cash from operating Activities	(29.62)	(7.06)
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Dividend Received	-	-
Sale Investments	-	-
Net Cash Used in investing activities	-	-
(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)	(29.62)	(7.06)
Cash & Cash Equivalents as at 1 st July (Opening)	79.24	86.30
Cash & Cash Equivalents as at 30 th June (Closing)	49.62	79.24

We have examined the attached Cash Flow Statement of Ensa Steel Industries Limited for the year ended 30th June 2008 and 30th June, 2007. 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.

**For H. S. Hathi & Co.
Chartered Accountants**

Place : Mumbai
Date : 27th November, 2008

**Hemant S. Hathi
Partner**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	35172	State Code	11
CIN No	L45200MH1985PLC035172	Balance Sheet Date	30/06/2008

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities	6,87,430	Total Assets	6,87,430
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Source of Funds

Paid Up Capital	47,841	Reserves & Surplus	6,38,539
Secured Loans	-	Unsecured Loans	-
Deferred Tax Liability	1,050		

Application of Funds

Net Fixed Assets	92,368	Investments	2,276
Net Current Assets	592,786	Miscellaneous Expenditure	-

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Total Turnover	104,836	Total Expenditure	100,629
Profit before Tax	4,802	Profit after Tax	3,202
Earning per Share in Rs. (Annualised)	0.67	Dividend Rate %	NIL

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY
(As per monetary terms)**

ITC Code	722410
Product Description	Alloy Steel