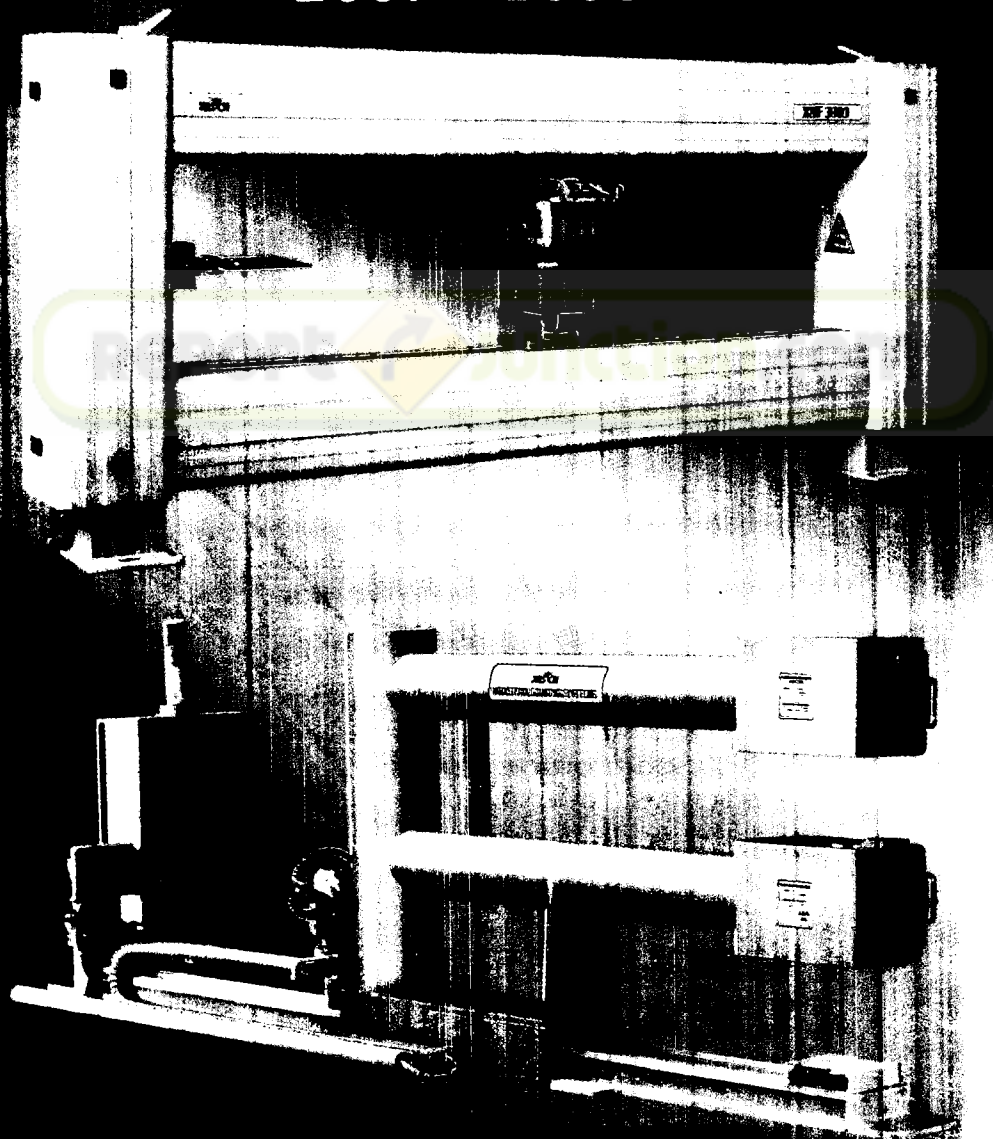




# 22<sup>nd</sup> ANNUAL REPORT

## 2007 - 2008



**INDUSTRIAL GAUGING SYSTEMS**

**JASCH INDUSTRIES LIMITED****TWENTY SECOND ANNUAL REPORT 2007-2008****BOARD OF DIRECTORS**

<b>J.K. GARG</b>	CHAIRMAN & MANAGING DIRECTOR
<b>O.P. GARG</b>	EXECUTIVE DIRECTOR
<b>MANISH GARG</b>	WHOLE TIME DIRECTOR
<b>RAMNIK GARG</b>	WHOLE TIME DIRECTOR
<b>NAVNEET GARG</b>	WHOLE TIME DIRECTOR
<b>KAMLESH GARG (MS)</b>	DIRECTOR*
<b>S.K. KHANDELWAL (DR.)</b>	DIRECTOR
<b>K.C. VARSHNEY (DR.)</b>	DIRECTOR
<b>ASHOK MITTAL (DR.)</b>	DIRECTOR
<b>KULDEEP SINGAL</b>	DIRECTOR
<b>A.S. GARG (RETD JUSTICE)</b>	DIRECTOR**

\*(Appointed w.e.f. 01-05-2008)

\*\*(Ceased w.e.f. 01-05-2008)

**COMPANY SECRETARY**

S. K. Verma

**AUDITORS**

Arora & Choudhary Associates  
Chartered Accountants  
8/28, W.E.A., Abdul Aziz Road  
Karol Bagh, New Delhi-110 005

**BANKERS**

STATE BANK OF INDIA  
OVERSEAS BRANCH, JANPATH, NEW DELHI

**REGISTRARS**

Alankit Assignments Ltd.  
2E/21, Jhandewalan Extn.  
New Delhi - 110 055

**REGISTERED OFFICE AND WORKS**

43/5, BAHALGARH ROAD  
P. O. BAHALGARH  
DISTT. SONEPAT-131 021 (HARYANA)

**CORPORATE OFFICE**

JASCH HOUSE, BEHIND KHALSA COLLEGE  
5105/1, DEV NAGAR, KAROL BAGH  
NEW DELHI-110 005

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**NOTICE OF 22<sup>nd</sup> ANNUAL GENERAL MEETING**


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To

The Members,

NOTICE is hereby given that the 22<sup>nd</sup> Annual General Meeting of Members of JASCH INDUSTRIES LIMITED will be held on Monday, the 8<sup>th</sup> of September, 2008 at 10:00 AM at Registered Office of the Company at 43/5, Bahalgarh Road, PO, Bahalgarh, Distt. Sonapat-131021, Haryana, to transact the following business:

**ORDINARY BUSINESS:**

**AGENDA ITEM NO. 1 : Adoption of Annual Accounts**

To consider and adopt the audited Balance Sheet and Profit & Loss Account of the Company and the Reports of Directors and Auditors thereon for the year ended 31<sup>st</sup> March, 2008.

**AGENDA ITEM NO. 2 : Re-appointment of Retiring Director**

To appoint a Director in place of Dr. K. C. Varshney who retires by rotation, and being eligible, offers himself for re-appointment.

**AGENDA ITEM NO. 3 : Re-appointment of Retiring Director**

To appoint a Director in place of Dr. Ashok Mittal, who retires by rotation, and being eligible, offers himself for re-appointment.

**AGENDA ITEM NO. 4 : Re-Appointment of Statutory Auditors**

To appoint M/s Arora & Choudhary Associates, Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

**AGENDA ITEM NO. 5 : Alteration of Capital Clause of Memorandum of Association**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** Clause V of Memorandum of Association of the Company be and is hereby substituted by the following :

"The Authorised Share Capital of the Company is Rupees 12,50,00,000 (Rupees twelve crores fifty lakhs) divided into 1,25,00,000 (one crore twenty five lakhs) equity shares of Rs. 10/- (Rupees ten) each."

**AGENDA ITEM NO. 6 : Alteration of Capital Clause of Articles of Association**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** Article 3 of the Articles of Association of the Company be and is hereby substituted by the following :

"The Authorised Share Capital of the Company is Rupees 12,50,00,000 (Rupees twelve crores fifty lakhs) divided into 1,25,00,000 (one crore twenty five lakhs) equity shares of Rs. 10/- (Rupees ten) each."

**AGENDA ITEM NO. 7 : Alteration of Articles to Include new Articles on Issue of Share Warrants**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** after the existing Article 3 of the Articles of Association of the Company, the following new Article and marginal notes "Issue of Share Warrants" be and are hereby inserted as a new Article 3A:

"3A The Company may, subject to such approvals from Government and other regulatory authorities as may be required, issue Share Warrants, entitling bearers thereof to shares specified therein. The Share Warrants so issued shall be transferable by delivery of such Warrant."

**"RESOLVED FURTHER THAT** after the existing Article 75 of the Articles of Association of the Company, the following new Article and marginal notes "Provisions as to Share Warrants" be and are hereby inserted as a new Article 75A :

- "75A (1) The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling meeting of the company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the shares included in the deposited warrant. Not more than one person shall be recognized as depositor of the share warrant. The company shall, on two days' written notice, return the deposited share warrant to the depositor.
- (2) No person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of a meeting at a meeting of the company, or be entitled to receive any notices from the company. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Member as the holder of the shares included in the warrant, and he shall be a member of the company
- (3) The Board may, from time to time, make rules as to the terms of which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction. "

**AGENDA ITEM NO. 8 : Raising additional long term funds**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with enabling provisions of the Memorandum & Articles of Association of the Company, the Rules/Regulations/Guidelines, if any, prescribed by the Securities Exchange Board of India and/or by any other regulatory authority, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s) and/or sanction(s) and which may be agreed to by the Board of Directors of the Company (hereinafter called the 'Board' which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution), the Board be and is hereby authorized on behalf of the Company to create, offer, issue and allot from time to time, in one or more tranches, equity shares and/or warrants entitling the holder(s) thereof to subscribe, from time to time, the equity shares of the Company (hereinafter referred to as the "securities") to the promoters/promoter group or any other persons or entities, whether or not such persons or entities are Members of the Company, under a preferential issue through offer letter and/or such other documents/writings, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the aggregate number of equity shares/resultant equity shares of the Company to be issued against warrants shall not exceed 11,70,000 fully paid equity shares of the face value of Rs. 10 each, at a price being the highest of the following :

- (a) The average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange, Mumbai during the six months preceding the "relevant date"; or
- (b) The average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange, Mumbai during the two weeks preceding the "relevant date"
- (c) The price, if any, fixed by the Board of Directors or a Committee thereof.

Relevant date for this purpose shall be the date 30 days prior to the date of passing this resolution. i.e. 9<sup>th</sup> August, 2008.

**"RESOLVED FURTHER THAT** the equity shares/resultant equity shares to be issued and allotted upon exercise of rights attached to the warrants in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the company and be listed on Stock Exchange(s) where the equity shares of the Company are listed."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things that it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board, in its absolute discretion, may deem necessary, expedient proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any later stage without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or the Company Secretary or executive(s)/officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc as may be necessary to give effect to the aforesaid Resolution."

**AGENDA ITEM NO. 9 : Re-appointment of Shri Ramnik Garg, Whole Time Director**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 269, Schedule XIII and all other applicable provisions of the Companies Act, 1956, re-appointment of Shri Ramnik Garg, made by the Board as Whole Time Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2008 for an initial remuneration of Rs. 50,000 per month in the time scale of Rs. 50,000 – 75,000 as approved by the Remuneration Committee, on the terms and conditions set out in Annexure, or as may be varied in the General Meeting, be and is hereby approved."

**AGENDA ITEM NO. 10 : Re-appointment of Shri Om Prakash Garg, Executive Director**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 269, Schedule XIII and all other applicable provisions of the Companies Act, 1956, re-appointment of Shri Om Prakash Garg, made by the Board as Executive Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2008 for an initial remuneration of Rs. 25,000 per month in the time scale of Rs. 25,000 – 35,000 as approved by the Remuneration Committee, on the terms and conditions set out in Annexure, or as may be varied in the General Meeting, be and is hereby approved."

**AGENDA ITEM NO. 11 : Appointment of Ms. Kamlesh Garg as Director**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:

**"RESOLVED THAT** Ms. Kamlesh Garg, who was appointed as Additional Director in the Board Meeting held on 24<sup>th</sup> April, 2008 and holds office as such upto the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member, signifying his intention to propose Ms. Kamlesh Garg as a candidate for office of Director of the Company, be and is hereby appointed as Director of the Company."

By Order of the Board of Directors  
For **JASCH INDUSTRIES LTD.**

Place : Sonapat  
Dated : 1<sup>st</sup> August, 2008

**S.K. VERMA**  
COMPANY SECRETARY



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**NOTES**


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1. Explanatory Statement relating to Agenda Item No. 5 to 11 is annexed and forms part of this Notice.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy and vote in his stead. The proxy need not be a member of the Company. Proxy in the order to be valid, must be lodged at the Registered office of the Company not less than 48 hours, before the commencement of Meeting.
3. A Member or his Proxy is requested to produce at the entrance of the Registered Office, Attendance Slip forwarded to them along with this Annual Report, to facilitate their attendance at the AGM.
4. Members desirous of getting any information related to the accounts of the Company for the period under reference are requested to write to the Company at least ten days before the meeting, to enable it to make the requisite details available at the Meeting.
5. Members are requested to address all correspondence, including intimation of change in their addresses, if any, to M/s Alankit Assignments Ltd, who are Registrars & Share Transfer Agents of the Company and whose address is given in Corporate Governance Report.
6. The Register of Members and share transfer book of the Company will remain closed from 16<sup>th</sup> August, 2008 to 6<sup>th</sup> September, 2008 (both days inclusive).
7. Members are requested to bring a copy of the Annual Report along with them to the Annual General Meeting since as a measure of economy as extra copies will not be supplied at the meeting.
8. Members, who hold shares in dematerialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
9. **FOR SPECIAL ATTENTION OF MEMBERS : NO GIFTS/COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

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**ANNEXURE TO NOTICE**


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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956  
IN RESPECT OF AGENDA ITEM NO. 5 TO 11**

**Item Nos. 5 and 6**

At present, the Authorised Capital of the Company is Rs. 12.00 crores and the Paid Up Capital is Rs. 11.33 crores. The company, in order to meet its growth objectives and to strengthen its financial position, needs to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs 12.00 crores to Rs 12.50 crores and, for that purpose, the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at item Nos. 5 and 6 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members by way of a Special Resolution, for alteration of Capital Clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommend the resolutions set out at item Nos. 5 and 6 of the accompanying Notice for the approval of the Members as Special Resolutions.

None of the Director of the Company is, in any way, concerned or interested in the said resolutions.

**Item No. 7**

Under Section 114 of Companies Act, 1956, a Company can issue Share Warrants only if there is a provisions in its Articles to this effect. At present, there is no provisions in the Articles of Associations of the Company for issue of Share Warrants. Thus, the Company is at a disadvantage and cannot avail of this option of raising capital. It is therefore, proposed to amend the Articles of Association by insertion of new Articles, for enabling the Company to issue Share Warrants.

The Board of Directors accordingly recommend the resolution set out at item Nos. 7 of the accompanying Notice for the approval of the Members as Special Resolution.

None of the Director of the Company is, in any way, concerned or interested in the said resolutions.

**Item No. 8**

As already stated hereinabove, the company, in order to meet its growth objectives and to strengthen its financial position, needs to generate long term resources by issuing securities.

It is proposed to issue up to 11,70,000 equity shares/warrants entitling the holders to subscribe to an equivalent number of equity shares of the Company by the promoters and/or entity/entities in the promoter group or any other person(s)/entities whatsoever on a preferential allotment basis in accordance with the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the "Preferential Issue Guidelines") including any statutory modification(s) or re-enactment thereof for the time being in force.

Other disclosures in terms of Clause 13.1A of the Preferential Issue Guidelines are as under:

- (i) The object(s) of the issue through preferential offer : To meet Company's growth objectives and to strengthen its financial position.
- (ii) Intention of Promoters / Key Management persons to subscribe to the offer : None of the promoters or Key Management Person intends to subscribe to the proposed offer.

(iii) Shareholding pattern before and after the preferential issue:

Shareholders	Pre-issued share holding*		Post-issue shareholding**	
	No. of shares	%	No. of shares	%
<b>A. SHAREHOLDING OF PROMOTERS GROUP</b>				
1a. Indian Promoters	6083473	53.69%	6083473	48.67%
1b. Foreign Promoters	0	0%	0	0%
2. Associates of Promoters/Persons acting in concert	0	0%	0	0%
Total Promoters Group (A)	6083473	53.69%	6083473	48.67%
<b>B. NON-PROMOTER SHAREHOLDING</b>				
<b>3. Institutional Investors</b>				
3a. Mutual Funds	1100	0.01%	1100	0.01%
3c. Banks, Financial Institutes, etc	0	0	0	0
3d. FIIs	0	0	0	0
<b>4. Others</b>				
4a. Private Corporate Bodies	480472	04.24%	480472	3.84%
4b. Indian Public	4612224	40.71%	5782224	46.26%
4c. NRIs/OCBs	152731	01.35%	152731	01.22%
4d. Others	0	0%	0	0
Total Non Promoters Group (B)	5246527	46.31%	6416527	51.33%
<b>Total Capital (A + B)</b>	11330000	100.00%	12500000	100.00%

\* Based on data as on 01-08-2008.

\*\* Assuming that all the proposed Warrant Holders avail of their entitlements to shares in full.

- (iv) Proposed time within which the allotment shall be completed : The allotment of equity shares and/or warrants would be completed within the time prescribed under the Preferential Issue Guidelines.
- (v) The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by it :

Identity of proposed allottee	Pre-issue holding	No of equity shares / warrants to be allotted	% of post issue holding
Shri Hem Chander Garg	0	1,00,000	0.80%
Shri Anshul Garg	0	25,000	0.20%
Smt Kaushalya Garg	0	25,000	0.20%
Shri Vinodkumar Jain	0	50,000	0.40%
Smt Anita Jain	0	50,000	0.40%
Shri Varun V. Jain	0	50,000	0.40%
Shri Anuj Vinod Jain	0	50,000	0.40%
Smt. Richa Jain	0	50,000	0.40%
Shri Nilender Kumar Jain	4520	1,00,000	0.83%
Smt. Mridula Jain	0	70,000	0.56%
Shri Swaraj Jain	200	70,000	0.57%
Smt Renu Jain	0	70,000	0.56%
Shri Naveen Jain	6524	70,000	0.61%
Smt Arun Jain	100	1,00,000	0.80%
Shri Parmod Jain	0	70,000	0.56%
Smt. Vandana Jain	100	70,000	0.56%
Shri Vishwa Bhushan Wadhwa	0	25,000	0.20%
Shri Vijender Jain	0	25,000	0.20%
<b>TOTAL</b>	<b>11444</b>	<b>11,70,000</b>	<b>9.45%</b>

- (vi) Price : The issue of equity shares including equity shares to be issued against warrants will be at a price being the highest of the following :

(a) The average of the weekly high and low of the closing prices of the Company's shares quoted on Mumbai Stock Exchange during the six months preceding the "relevant date"; or

(b) The average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the two weeks preceding the "relevant date".

(c) The price, if any, fixed by the Board of Directors or a Committee thereof.

(vii) Relevant Date : The "relevant date" for determining the issue price of the resultant equity shares to be allotted against warrants shall be 9<sup>th</sup> August, 2008, being the date which is 30 prior to the date of passing the relevant resolution by requisite majority of members.

(viii) An amount, as may be decided by the Board of Directors, not being less than 10% of the issue price shall be payable upon subscription to the warrants. The warrants would be allotted on the following terms:

- The holder of warrants will be entitled to apply for and be allotted, in one or more tranches, 1 (one) equity share of the Company per warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment. Upon exercise of the right to subscribe for equity shares, the warrant holders shall be liable to make the payment of balance sum per warrant (being 90% or less as the case may be of the issue price) towards subscription to each equity share, as may be applied. The amount paid against warrants shall be adjusted / set off

against the issue price of the resultant equity shares.

- Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one equity share per warrant by appropriating Rs. 10 towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
  - If the entitlement against the warrants to apply for the equity share is not exercised within 18 months from the date of allotment, then such warrants along with the rights attached thereto shall expire and any amount paid on allotment of such warrants shall stand forfeited.
  - The warrant holders shall also be entitled to any future issue of bonus / rights, if any, of equity shares or warrants convertible into equity shares or such other securities by the Company, in the same proportion and manner as any other shareholders of the Company for the time being and the Company shall reserve proportion of such entitlement for the warrant holders.
  - The warrant by itself does not give to the holder(s) thereof any rights of the shareholders of the Company.
  - The equity shares issued as above shall rank *pari passu* in all respects with the then existing equity shares of the Company. The equity shares and warrants shall be subject to the Memorandum and Articles of Association of the Company.
- (ix) Lock-in : The Securities issued as above shall be locked in for a period of three years from the date of allotment. The lock-in on the shares allotted on exercise of option of conversion attached to warrants, if any, shall be reduced to the extent the warrants have already been locked-in. However, the locked-in equity shares / warrants may be transferred to and amongst promoter / promoter group subject to continuation of lock-in in the hands of transferee for the remaining period.
- (x) Letters of intent have been received from the proposed allottees; agreeing to subscribe to the offer.
- (xi) The Auditor's certificate certifying that the issue of the Securities is being made in accordance with the Preferential Issue Guidelines will be available for inspection at the Registered Office of the Company on all working days between 11:00 a.m at 1:00 p.m. up to the date of the ensuing Annual General Meeting.

Pursuant to the provision of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares/warrants in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution.

The Board of Directors recommend the resolution set out at item No. 8 of the accompanying Notice for the approval of the Members as Special Resolution.

None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

#### Item No. 9

Shri Ramnik Garg, 37, is a Graduate Polymer Engineer and has been the Production Manager and later, the Whole Time Director of Jasch Plastics India Ltd for over ten years. He was appointed Whole Time Director of the Company for a period of five years w.e.f. 1<sup>st</sup> July,

2003 and the remuneration last drawn by him was @ Rs. 50,000 per month in the scale of Rs. 30,000 – 50,000. On expiry of his term on 30<sup>th</sup> June, 2008, he was re-appointed by the Board for a further period of five years, w.e.f. 1<sup>st</sup> July, 2008 in the Board Meeting held on 12<sup>th</sup> July, 2008.

The Remuneration Committee, in its Meeting held on 12<sup>th</sup> July, 2008, has approved the following remuneration, perks and terms of his appointment :

Monthly Salary : Rs. 50,000 per month in the time scale of Rs. 50,000 – 75,000.

Perks : In addition to salary, he will be entitled to following perks :

1. Chauffeur-driven car
2. Telephone at residence
3. Gratuity as per law
4. Medical Insurance and/or Medical reimbursement for indoor treatment for self & family on actual basis.
5. Leave Travel concession for self and family within India once in a year.

Terms & Conditions :

He will be entitled to the above remuneration and perks even in case there are no profits or if the profits are inadequate. The remuneration and perks shall be payable if the appointee and the Company fulfill the conditions of eligibility and quantum as laid down under Schedule XIII of the Companies Act, 1956. This appointment will be terminable by either side by giving three months' notice in writing.

The Directors recommend his re-appointment as Whole Time Director for a period of five years w.e.f. 1<sup>st</sup> July, 2008, by way of passing the proposed Resolution as Special Resolution.

Shri Ramnik Garg, Shri Navneet Garg, Shri J. K. Garg, Shri Manish Garg and Smt Kamlesh Garg being the proposed appointee/his relatives, may be deemed to be interested in the above appointment and remuneration.

#### Item No. 10

Shri O.P. Garg, 60, is a Mechanical Engineer. He has been associated with the Company as Executive Director since 1993. Prior to that he has held management positions in Industrial Development Bank of India. He has vast experience in Project Finance and Industrial Management/Commerce. He is a member of Shareholder's Grievance Committee. He is also Director of Modern Electro-Power Ltd.

Shri O.P. Garg was re-appointed Executive Director of the Company for a period of five years w.e.f. 1<sup>st</sup> July, 2003. The remuneration last drawn by him was Rs. 18,000 in the scale of Rs. 13,000 – 18,000. On expiry of his term on 30<sup>th</sup> June, 2008, he was re-appointed by the Board for a further period of five years, w.e.f. 1<sup>st</sup> July, 2008 in the Board Meeting held on 12<sup>th</sup> July, 2008.

The Remuneration Committee, in its Meeting held on 12<sup>th</sup> July, 2008 has approved the following remuneration, perks and terms of his appointment :

Monthly Salary : Rs. 25,000 per month in the time scale of Rs. 25,000 – 35,000.

Perks : In addition to salary, he will be entitled to following perks :

1. Chauffeur-driven car
2. Telephone at residence
3. Gratuity as per law
4. Medical Insurance and/or Medical reimbursement for indoor treatment for self & family on actual basis.

Terms & Conditions :

He will be entitled to the above remuneration and perks even in case there are no profits or if the profits are inadequate. The remuneration and perks shall be payable if the appointee and the Company fulfill the condition of eligibility and quantum as laid down under Schedule XIII of the Companies Act, 1956. This appointment will be terminable by either side by giving three months' notice in writing.

The Directors recommend his re-appointment as Executive Director for a period of five years w.e.f. 1st July, 2008, by way of passing the proposed Resolution as Special Resolution.

None of the Directors, except the proposed re-appointee is interested in the above appointment and remuneration.

#### Item No. 11

Smt Kamlesh Garg, 60, is a Graduate. She has been associated with the Company as a promoter-shareholder since 1993. In the Board Meeting held on 24<sup>th</sup> April, 2008, she was appointed Additional Director of the Company. She vacates office as such on the date of the ensuing Annual General Meeting. Notice along with deposit of Rs. 500 has been received from a member, proposing her as a candidate for appointment as Director. The Director recommend the proposed

Resolution as Ordinary Resolution. If appointed as Director, she will be liable to retire by rotation of Directors.

Shri Ramnik Garg, Shri Navneet Garg, Shri J. K. Garg, Shri Manish Garg and Ms. Kamlesh Garg being the proposed appointee/her relatives, may be deemed to be interested in the above appointment.

1<sup>st</sup> August, 2008

Registered Office :  
Jasch Industries Ltd.  
43/5, Bahalgarh Road,  
P.O. Bahalgarh, Distt Sonapat  
Haryana

By Order of the Board  
For **Jasch Industries Ltd.**

**S. K. Verma**  
COMPANY SECRETARY

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

#### FINANCIAL RESULTS

(Rs. in Lakh)

Particulars	Current Year	Previous Year
Gross Sales & Other Income	<b>4614.83</b>	3813.99
Less Excise Duty/VAT/Service Tax	<b>462.84</b>	314.71
NET TURNOVER	<b>4151.99</b>	3499.28
Other Income	<b>14.46</b>	4.38
NET SALE & OTHER INCOME	<b>4166.45</b>	3503.66
Operating Profit before Interest, Depreciation, exceptional items and prior period adjustments	<b>535.99</b>	422.39
Interest & Financial Charges	<b>174.03</b>	105.40
Gross Profit before Depreciation	<b>361.96</b>	316.98
Depreciation	<b>142.63</b>	113.61
Exceptional items and prior Period adjustments	<b>1.33</b>	2.87
Less Provision for Income Tax & F.B.T	<b>67.48</b>	27.15
Net Profit before deferred Tax	<b>150.52</b>	173.36
Add / (Deduct) Provision for Deferred Tax Assets / (Liability)	<b>2.82</b>	(28.94)
NET PROFIT Available for Appropriation	<b>153.34</b>	144.42
Surplus brought forward From previous year	<b>474.52</b>	330.10
Transfer to General Reserve	—	—
Surplus carried forward	<b>627.86</b>	474.52

#### DIVIDEND

In view of Company's need to conserve resources for Technology Upgradation in PU/PVC Coated Fabric (Synthetic Leather) Division so as to withstand competition & requirement of fund for augmentation of long term resources for working capital, the Board has not recommended any dividend for the year ended on 31<sup>st</sup> March, 2008.

#### OPERATIONS & PERFORMANCE

Your company has achieved Gross Sales of Rs. 4614.83 lakh during 2007-2008 which were 21% higher as compared with the sales of previous year. The sales of Synthetic Leather Division at

Rs. 3110.6 lakhs during 2007-2008 were higher by 22.4% as compared with the sales of Rs. 2540.52 lakhs in the previous year. The sales of Electronic Gauge Division also increased by 21.1% to Rs. 1504.23 lakh during 2007-08 as compared with sales of Rs. 1241.85 lakh in the previous year.

The exports of Electronic Gauge Division increased to Rs. 634 lakh during 2007-08, which were 42% of total sale of this division during the year & were marginally higher as compared with export of Rs. 607 lakh during the previous year 2006-07.

The increase in the sales of Synthetic Leather Division is due to installation of New PU Coating Line in March, 2007 and Modernization of existing PU Wet Process Coating Line. The performance of Electronic Gauge Division was also satisfactory due to higher production after installation of 2 more Computerized Numerically Controlled Machining Centres during the year under review. The company has executed several prestigious export orders for supply of Gauges to South Africa, Philippines etc. to the complete satisfaction of customers & hence many repeat orders have been received.

The company's Operating profit before interest, depreciation, Income Tax, Fringe Benefit Tax, Deferred Tax and exceptional items and prior period adjustments has increased to Rs. 535.99 lakh which is 26.9% higher as compared with that of the previous year, mainly due to higher production & sales despite sharp increase in the prices of petroleum oil based raw material of Synthetic Leather Division. The interest & Finance charges have sharply increased to Rs. 174.03 lakhs during 2007-08 i.e. an increase of 66% as compared with interest charges of only Rs. 105.41 lakh in the previous year mainly due to sharp increase in the interest rate charged by the bankers consequent to general increase in the interest rate in the economy & partly due to availment of higher term loan and working capital borrowings from the Bank for Modernization of Plant and Machinery and for sustaining higher production & sales during the year.

The gross profit before depreciation increased to Rs. 44.98 lakh during the year 2007-08 which represents an increase of 14.2% over previous year. After providing depreciation of Rs. 142.63 lakhs and provision of Income Tax and Fringe Benefit Tax of Rs. 67.48 lakh, exceptional items of Rs. 1.33 lakh & writing back of deferred tax of Rs. 2.82 lakh the company has earned net profit of Rs. 153.34 lakh which is marginally higher than the net profit of Rs. 144.42 lakh achieved in the previous year. The provision for income tax till 2006-07 was low as the company was paying only minimum alternate tax on book profit due to carry forward depreciation. Despite substantial capital investment in the Plant & Machinery during last 2 years and consequent provision of higher depreciation, the company is paying income tax under normal rate during 2007-08 resulting in higher tax outgo and lower net profit. The cash profit after ignoring deferred tax provisions has increased from Rs. 286.96 lakh during 2006-07 to Rs. 293.15 lakh during 2007-08.



**MODERNIZATION AND TECHNICAL COLLABORATION**

The Company has Modernized its PU wet Processing Line during 2007-08 which has resulted in higher productivity reduced energy consumption & inputs with better quality of products. The Company has also installed 2 Nos. of Computerized Numerically Controlled Machining Centre in Electronic Gauge Division for improving productivity and finish of Gauges.

The company's Technical Collaboration with Duksung Company Ltd, KOREA is continuing which has enabled the company to develop & market several new products which were earlier imported in the country.

**INSURANCE CLAIM**

The company's insurance claim is pending in the Delhi High court regarding fire accident in November, 2001. Necessary provisions would be made after the case is settled by the court. The company has taken adequate insurance cover for the building, plant & machinery and inventory.

**FUTURE PROSPECTS**

In view of continuing investment in expansion & modernization of facilities in both Synthetic Leather Division and Electronic Gauge Division, the Company's sales are expected to increase by about 20% during the current year with better profitability. However there has been sharp increase in the prices of petroleum oil based raw materials & commodities used as raw materials, which may adversely affect the future prospect of the company if there is no cooling in the prices in the immediate future.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Please refer to Annexure A to this Report.

**INFORMATION PURSUANT TO SECTION 217(1) (a) OF THE COMPANIES ACT, 1956**

Information in accordance with section 217 (1) (a) of Companies Act, 1956 read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Particulars Relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is at Annexure B to this Report.

**CORPORATE GOVERNANCE**

Corporate Governance Report is contained as a separate Section in the Annual Report.

**INFORMATION IN ACCORDANCE WITH SECTION 217 (2A) OF THE COMPANIES ACT, 1956 WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975.**

The Company had no employees drawing remuneration of Rs. 24 lakhs or more per annum or, if employed for a part of the year, Rs. two lakh or more per month during the year under report.

**FIXED DEPOSITS**

The Company did not accept/renew any fixed deposits during the year under report. The deposit outstanding as on 31<sup>st</sup> March, 2008 was Nil.

**DIRECTORS**

Dr. K.C. Varshney and Dr. Ashok Mittal, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Resignation of Justice A.S. Garg, due to personal reasons, was accepted by the Board w.e.f. 01.05.08. The Board appreciates the guidance provided by him as Director of the Company.

On expiry of their five-year term, the Board has re-appointed Shri Ramnik Garg as Whole Time Director and Shri O.P. Garg as Executive Director for a further period of five years with effect from 1<sup>st</sup> July, 2008. The Remuneration committee of the Board has approved remuneration and terms & conditions of these Directors, details of which are given in the Explanatory Statement attached with the Notice of the Annual General Meeting. These re-appointments are subject to approval of the Annual General Meeting by way of Special

Resolutions. Besides this, Ms. Kamlesh Garg, was appointed by the Board as Additional Director w.e.f. 01<sup>st</sup> May, 2008. She vacates office at the ensuing Annual General Meeting. A notice along with a deposit of Rs. 500 has been received from a member, signifying his intention to propose her as a candidate for office of Director. A brief resume of the aforesaid appointees/re-appointees is given in the Corporate Governance Report. The Directors recommend these appointments/re-appointments.

These appointments/re-appointments are subject to approval of the Annual General Meeting by way of Special/Ordinary Resolutions as indicated in the Notice. The Directors recommend these appointments/re-appointments.

**AUDITORS & THEIR REPORT**

M/s Arora and Choudhary Associates, Chartered Accountants retire as Auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from them that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified from being re-appointed as Auditors U/s 226. The Directors and the Audit Committee recommend their re-appointment. Auditors' Report is self-explanatory and requires no comments by the Directors.

**AUDIT COMMITTEE**

The Audit Committee constituted by the Board in compliance with Section 292A of the Companies Act, 1956 and under the Listing agreement, comprised of Dr. K.C. Varshney, Shri Kuldeep Singal and Dr. S.K. Khandelwal all of whom are non-executive Directors. Dr. Varshney, who is the Chairman of the Audit Committee, is a retired executive director of Industrial Development Bank of India with more than 36 years' experience in the field of corporate finance, and as such has sound knowledge of financial matters. The finance executives and statutory auditors of the Company are permanent invitees to the Audit Committee Meetings. Shri S.K. Verma, Company Secretary is the Secretary of the Audit Committee.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, as introduced by Companies (Amendment) Act, 2000, the Directors confirm that :

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (ii) A appropriate accounting policies have been selected and applied consistently, and judgments & estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2008 and of the profits of the Company for the year ended 31<sup>st</sup> March, 2008.
- (iii) Proper and sufficient care has been taken 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.
- (iv) The annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGMENTS**

Your directors are pleased to place on record their sincere thanks to the Bankers and business Associates for their continued and valuable co-operation and support to the Company.

Your Directors also express their appreciation for the hard work and sincere services rendered by workers, staff and executives of the Company during the year.

For & on behalf of the Board

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12<sup>th</sup> JULY, 2008

**(J.K.GARG)**  
Chairman

## ANNEXURE A TO DIRECTORS' REPORT

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**  
(PURSUANT TO CLAUSE-49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES)

**PRODUCT INTRODUCTION**

Jasch Industries Ltd. manufactures PVC/PU Coated Fabrics (also known as Synthetic Leather or Artificial Leather), Non Woven Fabrics & Allied Products in Synthetic Leather Division & Nucleonic & X-Ray Source based Thickness Gauging System in Electronic Division. The major business segment & their product applications are as follows:-

Business Segment	Product Application
- PU/PVC Coated Fabric & Allied products (Non-Woven Fabric, Needle Punched Felt, Laminated Products etc.)	Used in Footwear, Garment, Upholstery, Automobile, Luggage & sports Goods
- Electronic Gauges	Used for on-line measurement of thickness, grammage, moisture & ash contents in Paper Making Industry, on-line measurement of thickness & coating weight in Plastics, Steel Sheet Rolling, Galvanizing Sheet, Aluminum foil & Non Ferrous Metal Rolling Industry

(Rs. in Lakh)

Business Distribution	2007-2008		2006-2007	
	Value	%	Value	%
- PU/PVC Coated Fabrics	3110.6	67.4%	2540.51	66.5%
- Electronic Gauges	1504.23	32.6%	1277.86	33.5%
	4614.83	100%	3818.37	100%

It may be observed from above that both the business are growing at almost the same pace & the ratio of 2/3<sup>rd</sup> for Synthetic Leather & 1/3<sup>rd</sup> for Electronic Gauge Division has been maintained during the year.

**INDUSTRY STRUCTURE AND DEVELOPMENT**

PU/PC Coated Fabric also known as Synthetic Leather is mostly used in Footwear Industry as raw material for Shoe-Upper, Lining, Insole, Chappal & Sandal Straps etc. It is also used in Garment as Lining Material, as Automobile seat cover & Furniture upholstery material, in Ladies & Gents Purses & Bags and in the manufacture of sports goods & Accessories.

Synthetic Leather Industry in India is largely fragmented & somewhat concentrated in Northern India & Western India. Most of the units are in small scale and unorganized sector manufacturing cheap quality products for small & unorganized sector. The Industry has not been able to achieve its full potential due to tough competition from imported Material from China, Taiwan, Hong Kong & Korea, where there are very large units enjoying benefits of economies of scale. The competition has become more acute in the last 2-3 years due to declining custom tariff barrier. However, Jasch Industries Ltd. has been successful in meeting competition from abroad, as it is an integrated player with in-house manufacturing facility for Non-Woven Fabrics & PU Resin, which are main raw materials for PU coated Fabrics. Further the company is continuously upgrading its technology & modernizing plant & machinery to maintain competition edge in the market & hence despite tough competition in the market, its sales are growing at 20% year after year.

Key performance parameters of Synthetic Leather Segment are as under:-

	2007-2008	2006-2007 (Rs. Lakhs)
Production lakh Meter	24.65	21.78
Segment Revenue	3110.6	2540.52
Segment Profits/(Loss) before interest & other common unallocable expenditure	134.3	79.83
Capital Employed	1828.46	1815.87

**B. ELECTRONIC GAUGE AUTOMATION DIVISION**

Electronic Gauging Systems has been developed by in-house research & development. This division's performance has been improving consistently as may be evident from the following results.

	2007-2008	2006-2007 (Rs. Lakhs)
Production (in No.) (Gauges + Parts)	46+270	46+178
Segment Revenue	1504.23	1277.85
Segment Profits before Interest & other common unallocable expenditure	259.06	228.95
Capital Employed	445.06	155.25

The company has domestic and export orders of more than Rs. 600 Lakh on hand for execution in the next 4-5 months. There is very little competition to the company for this segment of business but still the business growth is limited as it is a capital goods item & hence can grow only in line with expansion & modernization of user Industries. The company is continuously updating its manufacturing & product technology in line with international trends.

**RESOURCE UTILISATION****(i) Fixed Assets**

The gross fixed assets including capital work in progress of Rs. 11.24 lakh were Rs. 3010.11 lakhs as on 31<sup>st</sup> March 2008. The net addition to fixed assets of Rs. 388.48 lakh was due to ongoing expansion scheme of PU Coating Plant & modernization of PU Wet Process Line & installation of balancing machinery in Electronic Gauge Division.

**(ii) Current Assets**

The net current assets as on 31<sup>st</sup> March, 2008 were Rs. 1571.39 lakhs as compared with Rs. 1306.92 lakh in the previous year resulting in increase of Rs. 264.47 lakh for sustaining higher level of production and sales.

**(iii) Term Loan and Working Capital**

The working capital borrowing from Bank increased by about Rs. 259.17 lakhs during the year, for financing higher level of production and sales. Overall secured debt of the company increased from Rs. 1121.6 lakh as on 31-03-2007 to Rs. 1517.89 lakhs against net worth of Rs. 1760.86 lakh indicating overall debt equity ratio at 0.86 : 1 as on 31<sup>st</sup> March, 2008, reflecting quite satisfactory debt profile of the company.

**RISK MANAGEMENT**

Risk is an integral part of any business, more so in India. A brief evaluation of business risk of Jasch Industries Ltd. as perceived by the Management is as under:-