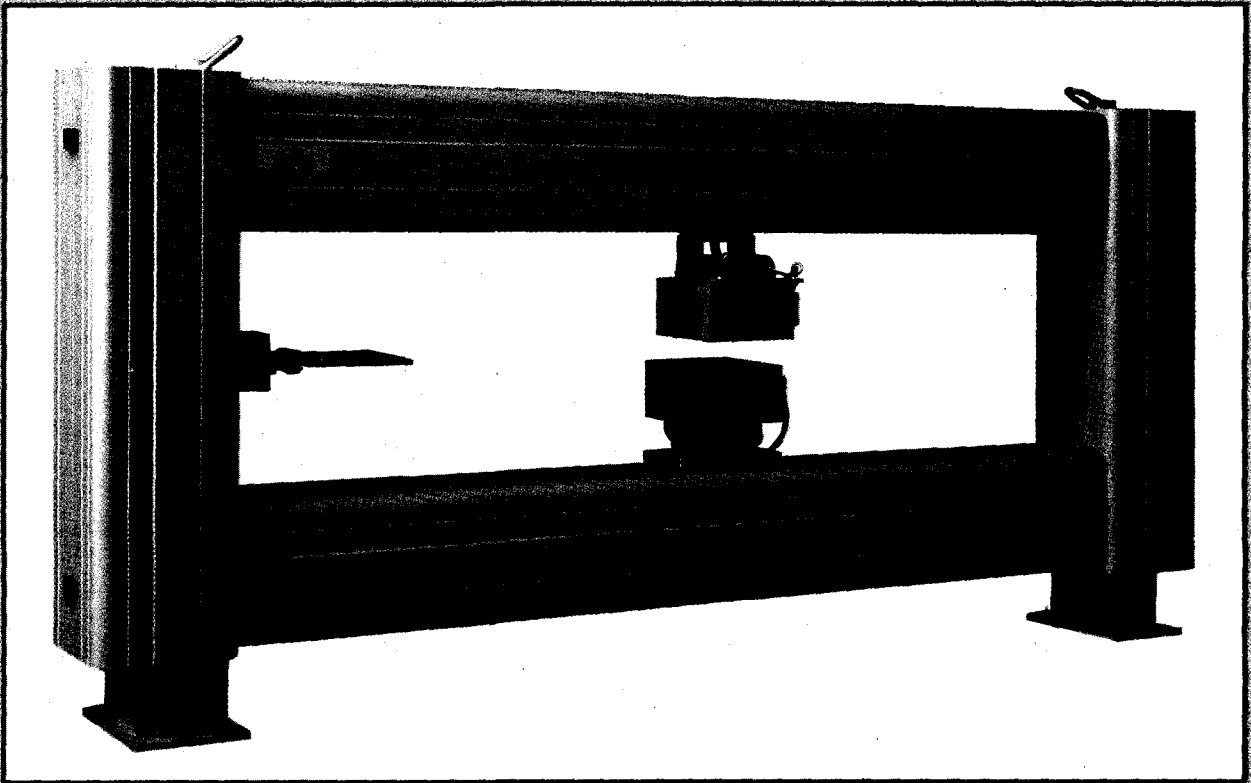


23rd ANNUAL REPORT 2008 - 2009

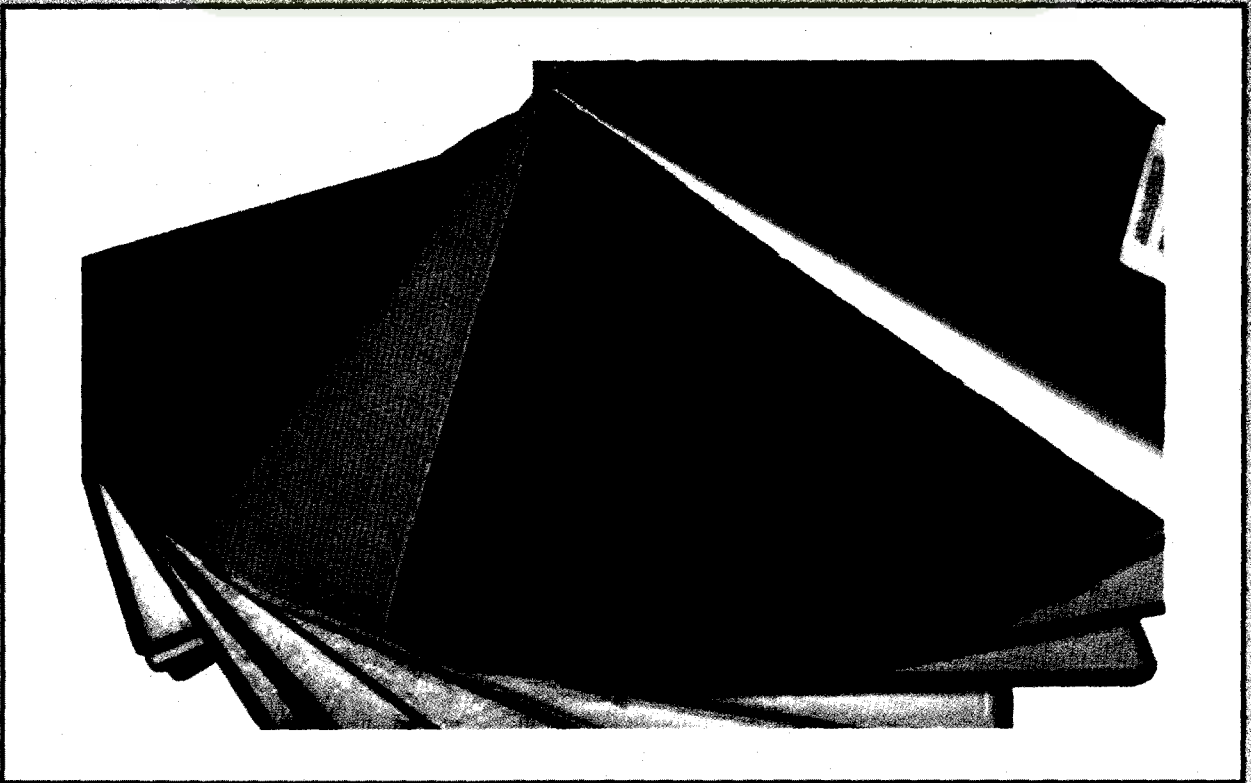


JASCH INDUSTRIES LIMITED





INDUSTRIAL GAUGING SYSTEM



SYNTHETIC LEATHER

JASCH INDUSTRIES LIMITED

TWENTY THIRD ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

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

COMPANY SECRETARY

S. K. VERMA

AUDITORS

Arora & Choudhary Associates
Chartered Accountant
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.
(Unit : Jasch Industries 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 23rd ANNUAL GENERAL MEETING

To

The Members,

NOTICE is hereby given that the 23rd Annual General Meeting of Members of JASCH INDUSTRIES LIMITED will be held on Tuesday, the 29th day of September, 2009 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 31st March, 2009.

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

To appoint a Director in place of Shri Manish Garg 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 Shri Ramnik Garg 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 : Appointment of Shri K.L. Khetarpaul as Director**

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

"Resolved that Shri K.L. Khetarpaul, who was appointed Additional Director in the Board meeting held on 25th October, 2008 and holds office as such upto the date of the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, his appointment being subject to retirement of directors by rotation."

AGENDA ITEM NO. 6 : Appointment of Justice A.S. Garg (Retd) as Director

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

"Resolved that Justice A.S. Garg (Retd), who was appointed Additional Director in the Board meeting held on 18th July, 2009 and holds office as such upto the date of the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, his appointment being subject to retirement of directors by rotation."

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

Place : Sonapat
Dated : 18th July, 2009

S.K. VERMA
COMPANY SECRETARY

NOTES

1. Explanatory Statement relating to Agenda Item No. 5 and 6 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 1st September, 2009 to 28th September, 2009 (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.**

ANNEXURE TO NOTICE

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
IN RESPECT OF AGENDA ITEM NO. 5 AND 6**

Item Nos. 5 and 6

Shri K.L. Khetarpaul (66) is a retired Executive Director of Reserve Bank of India. He was appointed Additional Director in the Board Meeting held on 25-10-2008. Justice A.S. Garg (69) is a retired judge of Punjab & Haryana High Court. He was appointed Additional Director in the Board Meeting held on 18-07-09. Both these appointments come to an end at the end of the forthcoming Annual General Meeting.

Notices under Section 257 of the Companies Act, 1956 have been received from two members, signifying their intention to propose these Directors as candidates for the office of Directors of the Company. The Board recommends passing of the respective Resolutions as Ordinary Resolutions.

None of the Director of the Company is (except the proposed appointees themselves), in any way, concerned or interested in the said resolutions.

18th July, 2009

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 23rd Annual Report and Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS*(Rs. in lakh)*

Particulars	Current Year	Previous Year
Gross Sales & Other Income	5626.17	4614.83
Less Excise Duty/VAT/Service Tax	458.22	462.84
Net Turn Over	5167.95	4151.99
Other Income	27.50	14.46
Net Sale & Other Income	5195.45	4166.45
Operating Profit before Interest, Dep., Income Tax exceptional items and prior period adjustments	573.59	534.66
Interest & Financial Charges	199.81	174.03
Gross Profit before Depreciation	373.78	360.63
Depreciation	163.35	142.63
Less : Provision for Income Tax & F.B.T.	59.94	67.48
Net Profit before Deferred Tax	150.49	150.52
Add / (Deduct) Provision for Deferred Tax (Assets) / Liability	(25.84)	2.82
Net Profit available for appropriation	124.65	153.34
Surplus brought forward from previous year	627.86	474.52
Transfer to General Reserve	—	—
Surplus carried forward	694.33	627.86

DIVIDEND

In view of your Company's need to conserve resources for modernization of Plant & Machinery with a view to meeting tough competition in both local & International market due to recessionary trend all over the world and requirement of fund for augmentation of long term resources for working capital, the Board has not recommended any dividend for the year ended on 31st March, 2009.

OPERATIONS & PERFORMANCE

Your company has achieved gross sales of Rs. 5626.17 lakh during 2008-2009 which were 21.90% higher as compared with the sales of previous year. The sales of Synthetic Leather Division at Rs. 3863.80 lakh during 2008-2009 were higher by 24.20% as compared with the sales of Rs. 3110.60 lakh in the previous year. The sales of Electronic Gauge Division also increased by 17.20% to Rs. 1762.37 lakh during 2008-09 as compared with sales of Rs. 1504.23 lakh in the previous year.

The exports of Electronic Gauge Division increased to Rs. 783.4 lakh during 2008-09, which were 44.40% of total sales of this Division during the year & were 23.50% higher as compared with export of Rs. 607 lakh in the previous year.

The increase in the sales of Synthetic Leather division is due to installation of New PU Coating Line and modernization of existing PU Wet Process & PVC Dry Process Coating Lines in the last two years. The performance of Electronic Gauge Division was also satisfactory due to increase in Number of orders. The company has executed several prestigious orders for supply of Gauges to South Africa, China, USA etc. to the complete satisfaction of customers.

The company's Operating profit before interest, depreciation, Income Tax, Fringe Benefit Tax and Deferred Tax has increased to Rs. 573.59 lakh which is 07.60% higher as compared with that of the previous

year, mainly due to higher production and sales of synthetic leather. The interest & Finance charges have increased to Rs. 199.81 lakhs during 2008-09 i.e. an increase of 14.80% as compared with interest charges of Rs. 174.03 lakh in the previous year due to increase in the interest rate charged by the bankers consequent to general increase in the interest rate in the economy, higher banking service charges & partly due to availment of higher term loan and working capital borrowings from the Banks for Modernization of plant and machinery and for sustaining higher production and sales during the year.

The Gross Profit before interest, depreciation & income tax increased to Rs. 373.78 lakh during the year 2008-09 which represent an increase of 07.30% over previous year. After providing depreciation of Rs. 163.35 lakh and provision of Income Tax and Fringe Benefit Tax of Rs. 59.94 lakh, the company has earned net profit of Rs. 150.49 lakh which is comparable with the net profit of Rs. 150.52 lakh achieved in the previous year. After providing deferred income tax of Rs. 25.84 lakh the net profit was Rs. 124.65 lakh during 2008-09. The cash profit of the company after ignoring deferred tax provision has increased from Rs. 293.15 lakhs during 2007-08 to Rs. 313.84 during 2008-09. In view of recessionary trend in domestic & international economics during 2008-09 particularly during second half of the year, the Management considers performance of the company during the year under review as satisfactory. It is noteworthy that the Management has pursued very conservative and prudent policies throughout the year, resulting in stable performance, despite volatility and economic turmoil in the economy.

The Company had proposed preferential issue of equity shares/warrants to non-promoters in the last Annual General Meeting. However, due to recessionary trends in economy, the management decided to drop the proposal.

CREDIT RAITING AND ISO 9001 CERTIFICATION

The Company's performance and financial position was rated by CRISIL Ltd, the premier credit rating agency in the country. CRISIL has assigned BBB Stable rating to fund based long term bank loans and P3+ to non-fund based facilities from State Bank of India. Our rating reflects moderate safety to timely payment of financial obligations and comes under Investment Grade rating. The Company has obtained ISO 9001:2008 and ISO 9001:2000 Quality Certificates for its Synthetic Leather and Electronic Gauge Division respectively.

MODERNIZATION AND TECHNICAL COLLABORATION

The Company has modernized its PU wet Processing Line & PVC Dry Process Line during 2007-09 which has resulted in higher productivity, reduced energy consumption & inputs with better quality of products. The Company has also installed 3 Nos. of computerized Numerically Controlled Machining Centre in its Electronic Gauge Division for improving productivity and finish of the Gauges.

The company's Technical Collaboration agreement 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 companies insurance claim regarding fire accident in November, 2001 is pending in Delhi High Court. 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 modernization & upgradation of facilities in both Synthetic Leather Division and Electronic Gauge

Division, the company's sales are expected to increase by about 10% during the current year with better profitability. However there are recessionary trends in the international market which may adversely impact receipt of orders in Electronic Gauge Division and volatility in raw material prices of Synthetic Leather Division which may adversely affect margin.

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 31st March 2009 was Nil.

DIRECTORS

Shri Manish Garg and Shri Ramnik Garg, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Shri K.L. Khetarpaul and Justice A.S. Garg (Retd), were appointed as Additional Directors in the Board Meetings held on 25-10-08 and 18-07-09 respectively. They vacate their office at the ensuing Annual General Meeting. A notice along with a deposit of Rs. 500 each has been received from members, signifying their intention to propose them as candidates 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/reappointments are subject to approval of this Annual General Meeting by way of ordinary Resolution. The directors recommend these appointments/reappointments.

AUDITORS & THEIR REPORT

M/s Arora and Choudhary Associates, Chartered Accountant 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 reappointment, if

made would be within the prescribed limit under section 224(1B) of Companies Act, 1956 and that they are not disqualified from being reappointed as Auditor U/s 226. The Directors and the Audit Committee recommends 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 Shri 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 37 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) Appropriate accounting policies have been selected and applied consistently, and judgments and 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 31st March, 2009 and of the profits of the Company for the year ended 31st March, 2009.
- (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

Place : Sonapat

Date : 18th July, 2009

(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 & Nucleonic & X-Ray and Nucleonic 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, Galvanising Sheet, Aluminium foil & Non Ferrous Metal Rolling Industry

(Rs. in Lakh)

Business Distribution	2008-2009		2007-2008	
	Value	%	Value	%
- PU/PVC Coated Fabrics	3863.80	68.68	3110.60	67.40 %
- Electronic Gauges	1762.37	31.32	1504.23	32.60 %
	5626.17	100 %	4614.83	100.00 %

As may be seen from above, the business of Synthetic Leather has shown higher rate of growth than Electronic Gauge due to higher productivity consequent to modernization in Synthetic Leather Division and slightly slackening of orders for Electronic Gauge due to recession.

INDUSTRY STRUCTURE AND DEVELOPMENT

PU/PVC 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 badly 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 year after year.

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

	2008-2009	2007-2008 (Rs. Lakhs)
Production lakh meter	27.01	24.65
Segment Revenue	3863.80	3110.60
Segment Profits/(Loss) before interest & other common unallocable expenditure	159.29	134.30
Capital Employed	3068.96	2949.81

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.

	2008-2009	2007-08 (Rs. Lakhs)
Production (in Nos.) (Gauges + Parts)	66+229	46+270
Segment Revenue	1762.37	1504.23
Segment Profits before interest & other common unallocable expenditure	254.89	258.99
Capital Employed	560.19	514.59

The company has domestic and export orders of more than Rs. 200 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 items & hence can grow only in line with expansion & modernization of user Industries, which are facing acute recession due to slow down in capital expenditures all over the world. 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. 16.12 lakh were Rs. 3240.39 lakhs as on 31st March 2009. The net addition of fixed assets of Rs. 219.04 lakh was due to ongoing modernization of PU Wet Process Line and PVC Dry Process Line during the year.

(ii) Current Assets

The net current assets as on 31st March, 2009 were Rs. 1674.38 lakhs as compared with Rs. 1571.39 lakh in the previous year resulting in increase of Rs. 102.99 lakh for sustaining higher level of production and sales.

(iii) Working Capital and Borrowings

The working capital borrowing from Bank increased by about Rs. 34.44 lakhs during the year, for financing higher level of production and sales. Overall secured debt of the company increased from Rs. 1517.89 lakh as on 31-03-2008 to Rs. 1532.14 lakhs against net worth of Rs. 1827.32 lakh indicating overall debt equity ratio at 0.84 : 1 as on 31st March, 2009.

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:-

1. Business Segment Risk**a. User Industry Concentration**

PVC/PU Synthetic Leather is used across a wide spectrum of Industries. However Company's products are mostly (upto 80% of total) used in Footwear Industry. Therefore, the fortunes of the company are invariably inter linked with that of Footwear Industry. Any downward trend in Footwear Industry will have significant impact on the company. The company is making efforts to increase usage of its products in other Industries such as Automobile & General purpose Up-holstery, Sports Goods and Garment Industries & it is hoped that over the next few years the share of Footwear Industry may come down to 70%.

b. Customer & Geographical concentration

Excessive exposure to a few large clients has the potential to adversely affect the sales and profitability in view of failure/shift of clients to other manufacturers. Fortunately, the company's customers and dealers are fairly spread out across the country both for Coated Fabrics & Electronic Gauges.

c. Technological Obsolescence

Right from the beginning, the company carried out its own Research & Development with a view to improve upon/modify the process and product to suit Indian tropical conditions and usage practices. Over the years, the company has been able to develop many new products/applications. Further, the Company has entered into technical collaboration agreement with DUKSUNG COMPANY LTD., Korea in September, 2006 for developing new products & updating its technology as per International Standards.

The Company has developed the technology in-house for the design and manufacture of Nucleonic and X-ray Thickness Gauging System which is being further upgraded continuously. Hence, there is no threat of obsolescence in near future. Also the customers of Electronic Gauges are spread all over India and abroad and there is no Geographical or user concentration.

FINANCIAL RISK**(a) Currency Risk**

The currency risk emerges from the potential upward or downward fluctuations in foreign currency. The Company's foreign exchange spending by way of import of raw materials and consumables currently constitutes about 36% of total cost of raw material and consumables. The Thickness Gauging System has large export potential, which will provide cushion by way of natural hedge on foreign exchange transactions. The company incurred foreign currency expenditure of Rs. 1378.90 lakhs during the year (including capital goods of Rs. 101.67 lakh) and traveling of Rs. 19.91 lakh, against exports in foreign currency were of Rs. 783.4 lakh (excluding deemed export), which provides hedge against adverse fluctuation

in foreign currency to a certain extent. The company's foreign currency transactions are on current account basis and there is no deferred liabilities in terms of foreign exchange except small amount due in respect of raw material imported on deferred payment basis due for payment after 31st March, 2009.

(b) Interest and Leverage Risk

The interest rate in the Indian economy has sharply risen by over 2.5% in the last 24 months due to monetary policies of the Reserve Bank of India but there has been declining trend in the last 6 months. In view of this, the Management is confident of maintaining interest cost at current level in near future.

HUMAN RESOURCES

The Company did not have any labour problem during 2008-2009. Relation with worker & Staff were cordial.

INTERNAL CONTROL

The Management is having tight control on all the operations of the Company, all expenses are scrutinized and approved by the top management. The Company has also introduced Internal Audit System so as to have proper check and control on every department. Further the report of Internal Auditor is placed before Audit Committee of the Board for review and corrective action to be taken, if any.

CAUTIONARY STATEMENT

In this annual report the Board has disclosed forward looking information to enable investors to fully appreciate Company's prospects and take informed investment decisions. This report and other statements – written and oral – are periodically made by the Board or management, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. The Board has tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expect' and words of similar substance, in connection with any discussion of future performance.

It cannot, of course, be guaranteed that these forward-looking statements will be realized, although the Board believes that it has been prudent in its assumptions. The achievement of results is subject to risk, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Therefore, the investors should bear in mind that due to unforeseen circumstances, the actual performance may vary from estimated projection.

On behalf of the Board

Sonepat
18th July, 2009

J.K. GARG
CHAIRMAN