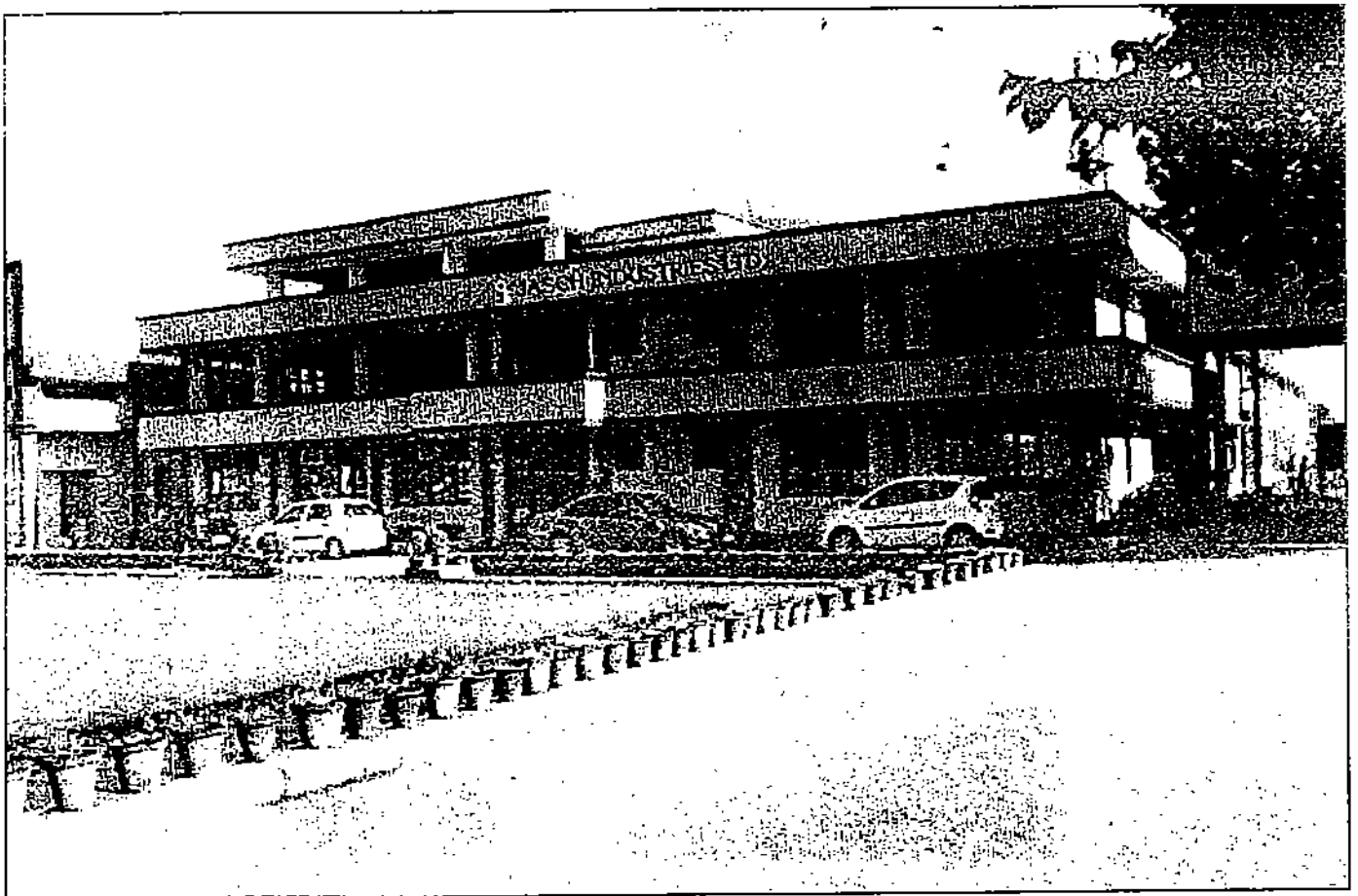




JASCH INDUSTRIES LTD.



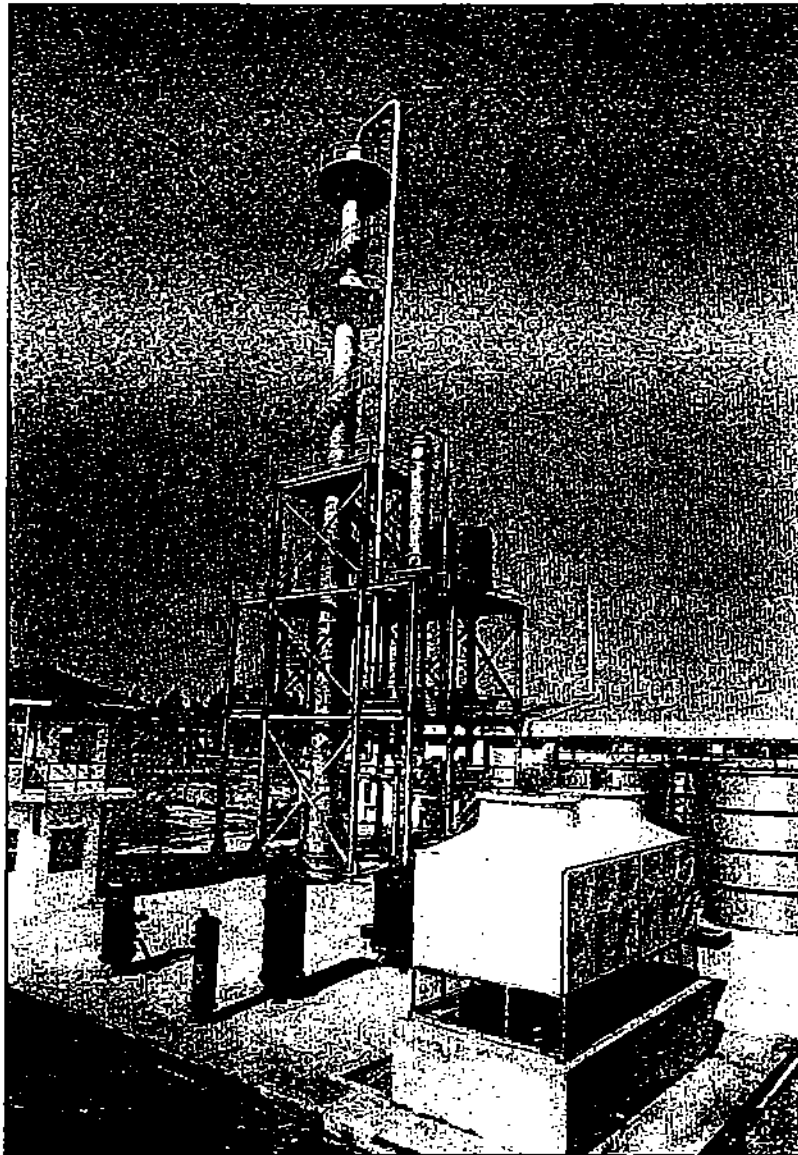
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24th ANNUAL REPORT 2009 - 2010

For Jasch Industries Ltd.

S. K. Verma
S. K. VERMA
SECRETARY

J. K. Garg
J. K. GARG
Director



DMF RECOVERY PLANT

JASCH INDUSTRIES LIMITED

(An ISO 9001:2008 Company)
24th ANNUAL REPORT 2009-2010

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
S.C. VARSHNEY (DR.)	DIRECTOR
ASHOK MITTAL (DR.)	DIRECTOR
KULDEEP SINGAL	DIRECTOR
P.L. KHETARPAL	DIRECTOR
ANIL K. GUPTA (CUSTODIAN)	DIRECTOR

COMPANY SECRETARY

ANIL K. GUPTA

REGISTERED OFFICE

Arora & Choudhary Associates
Chartered Accountant
5/28, W.E.A Abdul Aziz Road,
Kardol 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, Jhandowalan Extn.,
New Delhi - 110 055

REGISTERED OFFICE AND WORKS

43/5, SAHALGARH ROAD,
P. O. SAHALGARH,
DISTT SONENAT - 131 021 (HARYANA)

CORPORATE OFFICE

502, BLOCK C, NDM-2
NETAJI SUBHASH PLACE
PITAMPURA, DELHI - 110 034

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NOTICE OF 24th ANNUAL GENERAL MEETING

To

The Members,

NOTICE is hereby given that the 24th Annual General Meeting of Members of JASCH INDUSTRIES LIMITED will be held on Thursday, the 12th day of August, 2010 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, 2010.

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

To appoint a Director in place of Shri Navneet 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 Kuldeep Singal 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, (Registration No. 003870N) 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 : Power to dispose of undertaking U/s 293(1)(a) in favour of State Bank of India

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

"Resolved that the consent of the Company as required under the provisions of section 293(1)(a) of the Companies Act, 1956 and other relevant or applicable provisions of the said Act, if any, be and is hereby accorded to the disposal by the Board of Directors of the Company's undertakings or a part of the undertaking at 43/5 Bahalgarh Road, Sonapat, Haryana and of the immovable properties comprising lands, buildings, structures, plant & machinery, fixtures and fittings and all other movable assets including outstanding moneys, receivables, claims, bills, invoices, documents, contracts, engagements, securities, investments and rights of the Company situated at 43/5 Bahalgarh Road, Sonapat in the State of Haryana or wherever else the same may be, to the State Bank of India by way of first equitable mortgage by deposit of title deeds and/or by way of hypothecation, pledge, floating charge, lien or any other charge with powers of sale, appointment of receivers, taking over of management and business of the company in case of default and such other powers as the directors may consider necessary or advisable for securing the various credit facilities granted or to be granted in future by the said bank to the company for sums not exceeding in the aggregate at any one time the sum of Rs. 50 crores with interest thereon, commitment charges, costs, other charges, expenses and other moneys as stipulated in the loan or other agreements entered into/to be entered into with the State Bank of India."

"Resolved further that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolutions by and with the authority of Board of Directors or Committee of Directors be and are hereby confirmed and ratified."

AGENDA ITEM NO. 6 : Authority to borrow u/s 293(1)(d)

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

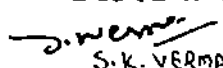
"Resolved that the Board of directors of the Company be and is hereby authorized to borrow at all or any times moneys which together with the moneys already borrowed by the company, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the paid up capital and the free reserves that is to say reserves not set apart for any specific purpose subject to such borrowings in the aggregate not exceeding Rs. 50 crores [Rupees Fifty Crores] at any one time"

Place : Sonapat
Dated : 12th June, 2010

By Order of the Board of Directors
For JASCH INDUSTRIES LTD

CERTIFIED TRUE COPY
For Jasch Industries Ltd.

S.K. VERMA
COMPANY SECRETARY


S.K. VERMA
SECRETARY


J.K. GARG
Director

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 July, 2010 to 15th July, 2010 (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 NOS. 5 & 6

As the members are aware, the Company is availing financial assistance from State Bank of India. As a part of routine documentation necessary to obtain such financial assistance, the Banks require security by way of charge on the assets of the Company which includes an authority from borrowers to dispose of the whole or substantially the whole of undertaking of the Company in certain eventualities, which may not at all happen. Under Section 293(1)(a) of the Companies Act, 1956, approval of members of the Company is required for disposing the whole or substantially the whole of undertaking of the Company. Further, under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up share capital of the Company and its reserves at any one time, except with the consent of shareholders of the Company in a General Meeting.

In the Company's Annual General Meeting held on 15th September, 2006, members had authorised the Directors u/s 293(1)(d) to borrow upto a maximum amount of Rs. 30 Crores, irrespective of the fact that such amount together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) exceeded the aggregate of the paid up capital and free reserves of the Company as on that date. In the same meeting, the members had also approved creation of security on the Company's fixed assets in favour of State Bank of India under Section 293(1)(a) of the Companies Act, 1956 upto a limit of Rs. 20 crore.

Since the Company is planning expansion and growth, it requires, and may also require in future, additional financial assistance from the Bank, making it necessary to increase both the above limits to Rs. 50 crores. It is, therefore, proposed to obtain members' approval under Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956 authorizing the Board to borrow in excess of prescribed limits and to create security on its fixed assets upto a limit of Rs. 50 crores in favour of State Bank of India. The resolutions seeking members' approval is proposed accordingly.

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

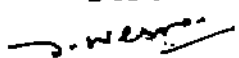
12th June, 2010

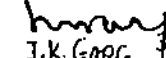
Registered Office :
Jasch Industries Ltd.
43/5, Bahalgarh Road,
P.O. Bahalgarh, Distt Sonapat
Haryana

By Order of the Board
For Jasch Industries Ltd.

S. K. Verma
COMPANY SECRETARY

CERTIFIED TRUE COPY
For Jasch Industries Ltd.


S. K. VERMA
SECRETARY


J. K. GARG
Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in lakh)

Particulars	Current Year 2009-10	Previous Year 2008-09
Gross Sales	7033.77	5626.17
Less Excise Duty/vat/service tax	486.64	458.22
Net Sales Turnover	6547.14	5167.95
Other Income	52.40	46.31
Net sales and & other income	6599.53	5214.26
Operating Profit before Interest, Depreciation, Income Tax, Exceptional Items & Prior Periods Adjustments	656.14	592.41
Interest & Financial Charges	200.90	218.62
Gross Profit Before Depreciation	455.24	373.79
Depreciation	172.12	163.35
Less : Provision for income tax	94.21	59.95
Net profit before deferred tax	188.91	150.49
Add / (Deduct) : Provisions for deferred Tax (Assets) / Liability	(3.69)	(25.84)
Net profit available for appropriation	185.22	124.65
Surplus brought forward from previous year	694.33	627.86
transfer to general reserve	—	—
surplus carried forward	879.55	694.33

DIVIDEND

The company requires internal resources for expansion & modernization and augmentation of long term resources for working capital with a view to support increasing production and sales, hence the Board has not recommended any dividend for the year ended on 31st March, 2010.

PERFORMANCE DURING THE YEAR

Yours company has achieved gross sales of Rs. 7033.77 lakh during 2009-10 which were 25.02 % higher as compared with the sales of previous year. The sales of Synthetic Leather Division at Rs. 5390 lakh during 2009-10 were higher by 39.5 % as compared with the sales of previous year. The sales of Electronic Gauge Division at Rs. 1643.77 lakh were marginal 6.7% less as compared with sales of Rs. 1762.37 lakh during previous year. The Electronic Gauge Division has achieved export of Rs. 838 lakh during the year under review as compared with Rs. 783.0 lakh during 2008-09 and small decline in domestic sale is due to recessionary conditions in user industries of the capital goods items.

The growth of 39.5% in production and sales of Synthetic Leather Division was due to continuous Modernization and Upgradation of Plant & Machinery and development of innovative products for international shoe manufacturers like Reebok, Adidas, Nike etc, which require very stringent quality standard. The company has also made a small breakthrough in international market by exporting Synthetic Leather of Rs. 37 lakh during 2009-10.

The company's Operating Profit before depreciation, income tax, deferred Tax has increased by 11%, to Rs. 656.14 lakh as compared with the previous year's profit of Rs. 592.41 lakh. There was pressure on margin due to escalating cost of raw material on account of

inflationary pressure in the economy, which the company could not pass on to its customers immediately. Despite about 25% increase in production and sales during the year 2009-10, the company has been able to contain interest charges at almost the same level of Rs. 200 lakh during the year due to efficient management of inventory and working capital resources.

The gross profit before depreciation and income tax has also increased to Rs. 455.24 lakh during the year 2009-10, which was 21.72% higher, then that of the previous year. After providing depreciation of Rs. 172.12 lakh & provision of Income Tax of Rs. 94.21 lakh, the company has earned net profit before deferred tax of Rs. 188.91 lakh which was higher by 25.53% as compared with net profit before deferred tax of Rs. 150.49 lakh in the previous year. After providing deferred income tax of Rs. 3.69 lakh, the company has achieved net profit of Rs. 185.22 lakh during the year under review as compared with net profit of Rs. 124.65 lakh during the previous year when the provision for deferred tax was higher at Rs. 25.84 lakh. The cash profit of the company without taking into account deferred tax liabilities has increased from Rs. 313.84 lakh during the previous year to Rs. 361.03 lakh during the year 2009-10. In view of recessionary trend prevailing in the international market and wide fluctuation in the prices of major raw material during the year, the Management considers performance of the company during the year under review as quite satisfactory.

CREDIT RATING 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.

INSURANCE CLAIM

The company's insurance claim of Rs. 48.96 lakhs 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

The company has achieved consistent increase in production and sales in the last few years due to the Management's focus on continuous upgradation and modernization of plant and machinery and development of innovative products. The Management is further planning for upgradation of existing DMF recovery Plant which besides increasing production capacity of PU synthetic Leather by 50%, will also result in substantial saving in cost of power and fuel, thereby improving profitability of the company in the next 2 - 3 years. In view of this, the Management is optimistic about better results in the current year as well as in 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 31st March 2010 was Nil.

DELISTING FROM AHMEDABAD STOCK EXCHANGE

The Company had sought voluntary delisting of its shares from Stock Exchanges at Ahmedabad and Kolkata pursuant to SEBI (Delisting of Shares) Regulations, 2009. The Shares of the Company have been delisted from Ahmedabad Stock Exchange w.e.f. 6th January, 2010. No response has been received from Kolkata Stock Exchange inspite of repeated reminders.

DIRECTORS

Shri Navneet Garg and Shri Kuldeep Singal, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The directors recommend their reappointments. A brief resume of these proposed re-appointees is given in the Corporate Governance Report. Justice A.S Garg (Retired) resigned during the year from directorship of the company due to his other commitments. The Board places on record its appreciation to the contribution made by Justice Garg in the Board Meetings during his tenure.

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 a 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 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 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 38 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, 2010 and of the profits of the Company for the year ended 31st March, 2010.
- (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 of the company 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 : 12th June, 2010

(J. K. GARG)
Chairman

CERTIFIED TRUE COPY
For Jasch Industries Ltd.


S.K. VERMA
SECRETARY


J.K. GARG
Director

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 Source based Thickness Gauging Systems in Electronic Gauge 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 online 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

Business Distribution	(Rs. in Lakh)			
	2009-2010		2008-2009	
	Value	%	Value	%
- PU/PC Coated Fabrics	5390.00	76.6 %	3863.80	68.68
- Electronic Gauges	1643.77	23.4 %	1762.37	31.32
	<u>7033.77</u>	<u>100 %</u>	<u>5626.17</u>	<u>100 %</u>

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

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, the company has been able to withstand competition both domestic and 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 and modernizing plant & machinery to maintain competitive edge in the market and hence despite tough competition in the market, its sales are growing every year and it has achieved 39.5% increase in production and sales during 2009-10. The company is now concentrating on PU Synthetic Leather where competition is somewhat less.

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

	2009-2010	2008-2009 (Rs. in Lakh)
Production lakh meter	27.01	24.65
Production lakh meter	37.08	27.01
Segment Revenue	5390.00	3863.80
Segment Profits/(Loss) before interest & other common unallocable expenditure	257.56	186.85
Capital Employed	2631.27	2654.45

B. ELECTRONIC GAUGE AUTOMATION DIVISION

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

	2009-10	2008-2009 (Rs. Lakhs)
Production (in Nos.) (Gauges + Parts)	64 + 423	66 + 229
Segment Revenue	1643.77	1762.37
Segment Profits before interest & other common unallocable expenditure	226.47	246.14
Capital Employed	738.19	826.25

The company has domestic and export orders of more than Rs. 200 Lakh on hand of Electronic Gauges 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 and hence can grow only in line with expansion and modernization of user Industries, which are facing acute recession due to slow down in capital expenditure all over the world. The company is continuously updating its manufacturing and product technology in line with international trends.

(i) Fixed Assets

The gross fixed assets including capital work in progress of Rs. 65.85 lakh were Rs. 3453.01 lakhs as on 31st March 2010. The net addition of fixed assets of Rs. 212.62 lakh was due to ongoing modernization and installation of balancing equipments during the year.

(ii) Current Assets

The net current assets as on 31st March, 2010 were Rs. 1574.53 lakhs as compared with Rs. 1674.38 lakh in the previous year resulting a marginal decline of Rs. 99.85 lakh mainly due to decrease in inventory & borrowing for working capital and investment in modernization from internal resources.

(iii) Working Capital and Borrowings

The working capital borrowing from the Bank declined by Rs. 152.96 lakh (i.e. from Rs. 978.39 lakhs in 2008-09 to Rs. 825.43 lakhs in

2009-10) during the year despite about 25% jump in production and sales which reflects efficient management of Inventory and working capital resources. Over all secured debts of the company declined from Rs.1552.14 lakh as on 31.03.09 to Rs. 1304.66 lakh as on 31.03.2010, which indicates decline of secured debts by Rs. 227.48 lakh during the year due to repayment of term loan and reduced working capital borrowings. The net worth of the company has increased from Rs. 1827.32 lakh as on 31.03.2009 to Rs. 2012.55 lakh as on 31.03.2010 due to retention of entire net profit. Overall secured debts to equity ratio declined from 0.84:1 as on 31.03.2009 to 0.65:1 as on 31.03.2010.

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 75% 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 60%.

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 in respect of Coated Fabrics & Electronic Gauges.

c. Technological Obsolescence

Right from the beginning, the company has been engaged in its own Research & Development activity 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 had entered into technical collaboration agreement with DUKSUNG COMPANY LTD., Korea in September, 2006 and has been quite successful in updating technology and development of new products.

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 Synthetic Leather and 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 43.8% 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. 1935.08 lakhs during the year (including capital goods of Rs. 43.17 lakh and foreign travel of Rs. 21.76 lakh) against exports in foreign currency were of Rs. 875.0 lakh, which provides reasonable hedge against adverse fluctuation in foreign currency. The company's foreign currency transactions are on current account basis and there are no deferred liabilities in terms of foreign exchange except small amount due in respect of raw material imported on deferred payment basis after 31st March, 2010.

(b) Interest and Leverage Risk

The interest rate in the Indian economy has been stable in the last 12-18 months. Therefore, 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 2009-2010. Relation with worker and 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 report the forward looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statement – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. In this report, such statements have been identified by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

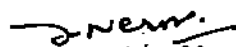
Although due prudence has been exercised while making these assumptions, it cannot be guaranteed that these forward-looking statements will be realized. The achievement of results is subject to risk, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or uncertainties materialized, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.


For & on behalf of the Board

Place : Sonapat
Date : 12th June, 2010

(J.K.GARG)
Chairman

CERTIFIED TRUE COPY
For Jasch Industries Ltd.


S.K. VERMA
SECRETARY


J.K. GARG
Director

ANNEXURE B TO DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217(1)(A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

FORM A (See Rule - 2)

1. CONSERVATION OF ENERGY :

With a view to save electricity, the Company has installed wind powered fans on the ceiling of factory building for proper ventilation, which has saved power. The company has installed capacitor bank to improve power factor, resulting in lower power cost/consumption. The company has also replaced LDO by Pet-coke, so as to reduce the cost of fuel for heating of ovens. The Company has replaced old and obsolete heating ovens of PU Wet Process and PVC Dry Process Lines in the last 2 years which has improved heat transfer efficiency of ovens, resulting in substantial saving in the cost of heating fuel.

FORM A (See Rule - 2)

A) POWER AND FUEL CONSUMPTION DURING THE YEAR ENDED 2009-10

1) ELECTRICITY PURCHASES	KWH UNITS IN LAKH	
TOTAL AMOUNT	RS. IN LAKH	
AVERAGE RATE	RS. PER UNIT	
2) FUEL FOR DG SET		
QUANTITY(LTRS)	LAKH	1.80
TOTAL COST	RS. IN LAKH	117.92
AVERAGE RATE	RS. PER LTR	31.02
3) FUEL FOR BOILER	LAKH KGS	27.35
(PETRO COKE & FIRE WOOD)		
TOTAL COST	RS. IN LAKH	136.11
AVERAGE RATE	RS. PER KG	5.0
4) OWN GENERATION		
THROUGH DIESEL GENERATORS	UNITS IN LAKH	13.65
UNIT PER LTR. OF DIESEL		1.60
COST	RS. PER UNIT	8.62

NOTE Since the Company produces a number of different products with common utility services, it is not feasible to work out product wise energy consumption per unit of production.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- i) Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company had entered into a Technical Collaboration Agreement with Duksung Company Ltd, South Korea for developing advance technology for the manufacture of Premium quality PU Coated fabrics in September, 2006 valid

for a period of three years. The Company has fully absorbed and adopted the technology and successfully marketed Premium quality PU Coated Fabrics to reputed shoe manufacturers such as Reebok, Nike, Bata, etc.

- ii) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction import substitution etc.

The use of technology has contributed to substantial saving in foreign exchange for the country, as many products developed by the company were imported earlier and the company has also exported Synthetic Leather worth Rs. 37 lakh during the year.

- iii) Imported Technology, (Imported during the last 5 years reckoned from the beginning of the financial year)

Technology imported	Technology for manufacture of PU Coated Fabrics from Duksung Company Ltd., Korea
Year of import	2006-07
Has technology been fully absorbed	Yes.
If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	Not applicable

3. The cost of Research & Development is included in respective heads of accounts and not kept separately.

4. Outgo by way of foreign exchange (CIF) during 2009-10
(Rs in Lakh)

a. Foreign exchange outgo	1935.08
b. Foreign exchange earnings	
US\$ 1198712	571.14
Euro 444221	298.88
	<u>870.02</u>

For and on behalf of Board of Directors

Place : Sonapat
Date : 12th June, 2010

(J.K.Garg)
Chairman

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE DISCLOSURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES
Corporate Governance Report of the Company for the financial year ended on 31st March, 2010 is as follows:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on corporate governance is :

"Governance through use of collective wisdom of Directors and transparency in business dealings so as to be fair and also serve the best interests of all stakeholders e.g. shareholders, employees, customers, suppliers and society at large."

2. BOARD OF DIRECTORS

- a) Details of directors, their attendance at Board Meetings during the financial year 2009-2010, their attendance at previous Annual General meeting and number of memberships held by them in the Board/Committees of various companies.