

# JASCH INDUSTRIES LTD

(An ISO 9001:2008 Company)  
25<sup>th</sup> ANNUAL REPORT (2010-2011)

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## BOARD OF DIRECTORS

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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

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## COMPANY SECRETARY

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**S.K. VERMA**

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## AUDITORS

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Arora & Choudhary Associates  
Chartered Accountants  
(Registration No. 003870N)  
8/28, W.E.A Abdul Aziz Road,  
Karol Bagh, New Delhi 110 005.

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## BANKERS

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STATE BANK OF INDIA  
OVERSEAS BRANCH, JANPATH, NEW DELHI

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## REGISTRARS

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Alankit Assignments Ltd.  
(Unit : Jasch Industries Ltd)  
2E/21, Jhandewalan Extn.,  
New Delhi – 110 055

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## REGISTERED OFFICE AND WORKS

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

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## CORPORATE OFFICE

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

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## NOTICE OF 25<sup>th</sup> ANNUAL GENERAL MEETING

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To

The Members,

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of Members of JASCH INDUSTRIES LIMITED will be held on Friday, the 30<sup>th</sup> day of September, 2011 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 :** To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.

**AGENDA ITEM NO. 2 :** To declare dividend for the financial year ended 31<sup>st</sup> March, 2011.

**AGENDA ITEM NO. 3 :** To appoint a Director in place of Shri O.P. Garg who retires by rotation, and being eligible, offers himself for re-appointment.

**AGENDA ITEM NO. 4 :** To appoint a Director in place of Dr. S.K. Khandelwal who retires by rotation, and being eligible, offers himself for re-appointment.

**AGENDA ITEM NO. 5 :** To re-appoint Auditors and in this connection, to consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring auditors M/s Arora & Choudhary Associates, Chartered Accountants, being eligible for reappointment, be and are hereby re-appointed as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration of such sum as may be fixed by the Board of Directors / any Committee of the Board of Directors, plus service tax and reimbursement of out of pocket expenses as may be incurred in the performance of their duties."

### **SPECIAL BUSINESS**

**AGENDA ITEM NO. 6 :** TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLOWING RESOLUTION AS SPECIAL RESOLUTION :

"RESOLVED THAT Shri Jai Kishan Garg be and is hereby re-appointed Managing Director for a period of five years w.e.f. 1<sup>st</sup> May, 2011 on remuneration, terms and conditions as sanctioned by remuneration committee and as set out in the Explanatory Statement."

**AGENDA ITEM NO. 7 :** TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLOWING RESOLUTION AS SPECIAL RESOLUTION :

"RESOLVED THAT Shri Navneet Garg be and is hereby re-appointed Whole Time Director for a period of five years w.e.f. 1<sup>st</sup> May, 2011 on remuneration, terms and conditions as sanctioned by remuneration committee and as set out in the Explanatory Statement."

**AGENDA ITEM NO. 8 :** TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLOWING RESOLUTION AS SPECIAL RESOLUTION :

"RESOLVED THAT the existing Clause V of Memorandum of Association and the existing Article 3 of Articles of Association of the Company be and are hereby substituted with the following :

"The Authorised Share Capital of the Company is Rupees 14,00,00,000 (Rupees Fourteen Crores) divided into 1,40,00,000 (one Crore Forty Lakh) equity shares of ₹10 (Rupees ten) each.""

By Order of the Board of Directors  
For JASCH INDUSTRIES LTD

Place : Sonapat  
18<sup>th</sup> July, 2011

S.K. VERMA  
COMPANY SECRETARY

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## NOTES

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1. Explanatory Statement relating to Agenda Item No. 6, 7 and 8 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 Registers of the company will remain closed from 1<sup>st</sup> September, 2011 to 30<sup>th</sup> September, 2011, both days inclusive.
7. Subject to the provisions of Section 206A of the Act, dividend as declared at the meeting, will be payable on or after 5<sup>th</sup> day, of October, 2011 (being 5<sup>th</sup> day from the date of declaration) to those members whose names appear on the Register of Members as on 01<sup>st</sup> Day of September, 2011.
8. Members holding shares in electronic form may please note that: (a) the dividend, when declared, will be credited to their respective Bank Accounts as furnished to the Depository Participants through the National Electronic Clearing Service (NECS) where this facility is available; (b) in other cases, Bank details as furnished to the Depository Participants will be printed on the dividend warrants as per the applicable regulations. The company shall not entertain any direct communications for deletion of / change of such Bank details. Further, it may be noted that instructions, if any, already given by the members in respect of the shares held in physical form will not be automatically applicable to the dividend paid on their holding in electronic form.
9. Pursuant to Section 205C of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the company's Unpaid Dividend Account, will be transferred, to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
10. As the equity shares of the company are compulsorily traded in demat form, members holding equity shares physical form are requested to get the shares converted in demat form.
11. Members holding equity shares in physical form are hereby requested to promptly notify the change of address/ dividend mandate, if any, to the company's Registrar and Share Transfer Agents, Alankit Assignments Ltd (2E/21, Jhandewalan Extension, New Delhi) quoting their folio number and Members holding equity shares in demat form shall have to intimate to their respective Depository Participants quoting their Client ID.
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with Alankit Assignments Ltd (2E/21, Jhandewalan Extension, New Delhi), Registrar and Share Transfer Agent of the company.
13. To avoid loss of dividend warrants in transit and undue delay in receipt thereof, members are advised to avail the facility for receipt of future dividends through National Electronic Clearing Service (NECS). The NECS facility is available at the locations identified by Reserve Bank of India from time to time which covers most of the cities and towns. Members holding shares in dematerialized mode are requested to contact their respective Depository Participant (DP) for availing NECS facility. Members holding shares in physical form and who have not submitted the NECS details and desirous of availing NECS facility are requested to send to the company or to the Share Transfer Agents the details such as: the name of the Shareholder, Bank through which account held, Bank Account number and MICR details immediately and wherever possible the request shall be acceded to.
14. Members are requested to make use of Nomination facility by filing Form 2B. In case of shares held in demat mode Form 2B has to be lodged with the respective DP and in case of the shares held in physical mode the same has to be lodged with the company or its Share Transfer Agents.
15. 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.
16. 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.
17. **FOR SPECIAL ATTENTION OF MEMBERS : NO GIFTS/COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail id with Alankit Assignments Ltd (Registrar and Share Transfer Agents of the company) by sending a request letter duly signed by the first / sole shareholder.

#### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF AGENDA ITEM NOS. 6, 7 & 8

##### AGENDA ITEM NO. 6

Shri Jai Kishan Garg, 64 is a Mechanical Engineer. He has been associated with the Company as Chairman and Whole Time Director since its inception in the year 1985. His last re-appointment for a period of five years was approved by the Board in its Meeting held on 29<sup>th</sup> April, 2006, The re-appointment was for a period of five years w.e.f. 01-05-2006. The Remuneration Committee of the Board had initially fixed his salary at ₹ 55,000 per month in the scale of ₹ 55,000 – 75,000 which was later increased to ₹ 1,00,000 w.e.f. 01<sup>st</sup> April, 2007 for the remaining term of his tenure. Both of these remunerations were approved by the Shareholders in the Annual General Meetings held on 15<sup>th</sup> September, 2006 and on 28<sup>th</sup> Sept, 2007 respectively.

The aforesaid period of 5 years came to an end on 30-04-2011 and the Board of Directors of the Company, in their Meeting held on 30-04-2011 re-appointed him for a further period of five years. As prescribed under Schedule XIII of the Companies Act, 1956, the remuneration of Directors is required to be fixed by the Remuneration Committee and approved by the Shareholders. While fixing his remuneration, the Remuneration Committee of the Board, in its Meeting held on 30-04-2011 passed the following Resolution :

"RESOLVED THAT subject to approval of the Company in the forthcoming Annual General Meeting, the remuneration and perks of Shri Jai Kishan Garg, Managing Director be and are hereby sanctioned as follows :

Monthly Salary : ₹ 1,00,000 per month.

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

1. Chauffeur-driven car for official use only.
2. Telephone at residence and mobile phone for official use only.
3. Special Allowance not exceeding six months' salary in a year, to cover housing, conveyance, telephone, medical, electricity, gas, water and other personal expenses.
3. Gratuity as per law

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."

##### AGENDA ITEM NO. 7

Shri Navneet Garg, 35, is a Mechanical Engineer. At the time of his first appointment in the Company on 7<sup>th</sup> April, 2005 as Production Manager, he had eleven years' experience in production of Synthetic Leather. Later, in the Board Meeting held on 29<sup>th</sup> April, 2006, he was appointed as Whole Time Director for a period of five years w.e.f. 01<sup>st</sup> April, 2006. The Remuneration Committee of the Board had initially fixed his salary at ₹ 30,000 in the scale of ₹ 30000 – 3000 – 42000 plus perks which was later increased to ₹ 50,000 w.e.f. 01<sup>st</sup> April, 2007 for the remaining term of his tenure. Both of these remunerations were approved by the Shareholders in the Annual General Meetings held on 15<sup>th</sup> September, 2006 and on 28<sup>th</sup> Sept, 2007 respectively.

The aforesaid period of 5 years came to an end on 30-04-2011 and the Board of Directors of the Company, in their Meeting held on 30-04-2011 re-appointed him for a further period of five years. As prescribed under Schedule XIII of the Companies Act, 1956, the remuneration of Directors is required to be fixed by the Remuneration Committee and approved by the Shareholders. While fixing his remuneration, the Remuneration Committee of the Board, in its Meeting held on 30-04-2011 passed the following Resolution :

**"RESOLVED THAT** subject to approval of the Company in the forthcoming Annual General Meeting, the remuneration and perks of Shri Navneet Garg, Whole Time Director be and are hereby sanctioned as follows :

Monthly Salary : ₹ 70,000 per month in the scale of ₹70,000 – 1,00,000.

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

1. Chauffeur-driven car for official use.
2. Telephone at residence and mobile phone for official use.
3. Reimbursement of electricity bills, consumption of gas, water, conveyance, telephone, medical and other personal expenses, subject to a maximum of six months' salary in a year.
3. Gratuity as per law

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.'

#### **AGENDA ITEM NO. 8**

At present the Authorised Capital of the Company is ₹1250 lakhs and the Paid Up Capital is 1133 lakhs. In order to meet its future growth objectives and to strengthen its financial position it may, in future, need to generate long term resources by issuing further shares in accordance with law prevailing at that time. It is, therefore, proposed to make an enabling provision at this stage only, by amending the Capital Clause of the Memorandum of Association of the Company and also by making consequential amendment in the Articles of Association of the Company.

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

The Directors recommend passing of the Resolutions proposed at Agenda Item Nos. 6, 7 and 8 as Special Resolutions.

Disclosure of interest : None of the Directors is interested in the aforesaid Resolutions except Shri Jai Kishan Garg, Smt. Kamlesh Garg, Shri Ramnik Garg, Shri Manish Garg and Shri Navneet Garg, who may be deemed to be interested in Resolutions at Agenda Item Nos. 6 and 7, being relatives/re-appointees.

18<sup>th</sup> July, 2011

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

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual report and audited accounts of the company for the year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS

Particulars	₹ lakh	
	Current year 2010-11	Previous Year 2009-10
Gross Sales	<b>8252.74</b>	7045.32
Less Excise Duty/vat/service tax	<b>723.27</b>	487.74
Net Sales Turnover	<b>7529.47</b>	6557.58
Other Income	<b>41.71</b>	51.45
Net sales and & other income	<b>7571.18</b>	6599.53
Operating Profit before Interest Depreciation, Income Tax, Exceptional Items & Prior Periods Adjustments	<b>842.89</b>	656.14
Interest & Financial Charges	<b>226.44</b>	200.90
Gross Profit Before Depreciation	<b>616.45</b>	455.24
Depreciation	<b>180.33</b>	172.12
Less : Provision for income tax	<b>133.41</b>	94.21
Net profit before deferred tax	<b>302.71</b>	188.91
Add / (Deduct) : Provisions for deferred Tax (Assets) / Liability	<b>26.51</b>	(3.69)
Net profit available for appropriation	<b>276.20</b>	185.22
Surplus brought forward from previous year	<b>879.55</b>	694.33
Transfer to general reserve	<b>30.0</b>	—
Provision for dividend including dividend distribution tax	<b>132.11</b>	—
surplus carried forward to balance sheet	<b>993.64</b>	879.55

### DIVIDEND

In view of satisfactory performance of the company during the year 2010-2011, the Management is pleased to recommend maiden dividend @ 10% i.e. ₹ 1 on face value of ₹ 10 each at Silver Jubilee Annual General Meeting (25<sup>th</sup>) of the Company. The total dividend outgo would workout to ₹ 132.11 lakh comprising dividend of ₹ 113.3 lakh and dividend distribution tax of ₹ 18.81 lakh.

### PERFORMANCE DURING THE YEAR

Your company has achieved gross sales of ₹ 8252.74 lakh during 2010-2011 which were 17.13% higher as compared with the sales of the previous year. The sales of Synthetic Leather Division at ₹ 6548 lakh during 2010-2011 were higher by 21.48% as compared with the sales of previous year. The sales of Electronic Gauge Division at ₹ 1704.51 lakh during the year under review were marginally 2.97% higher as compared with the previous year. The Electronic Gauge Division has achieved exports of ₹ 773.0 lakh during the year under review including a very prestigious export order of Gauges to ArcelorMittal in Kazakhstan.

The growth of 17.13% in production and sales of Synthetic Leather Division is significant especially in view of recessionary conditions in user industries. The company is continuing Modernization of PU Synthetic Leather Division by installing a New DMF Recovery Plant of higher capacity with improved energy efficiency, which will result in higher production of PU Synthetic Leather at lower cost of production.

The company's operating profit before interest, depreciation, income tax and deferred tax has increased by 28% to ₹ 842.89 lakh during 2010-2011 as compared with ₹ 656.14 lakh during the previous year. The substantial Improvement in operating profit has been achieved despite sharp increase in the prices of raw material on account of the inflationary pressure in the economy. Despite increase in the rate of interest on finance by the bankers and availment of term loan for modernization of Plant & Machinery and DMF Recovery plant and increase in the production and sales, the company has managed to contain interest and finance charges at ₹ 226.4 lakh which was only 13% higher as compared with the previous year due to efficient management of financial resources.

The gross profit before depreciation and income tax has also increased to ₹ 616.45 lakh during the year 2010-2011, which is 35.4% higher than that of the previous year. After providing depreciation of ₹ 180.33 lakh and provision of income tax of ₹ 133.4 lakh, the company has earned net profit before deferred tax of ₹ 302.71 lakh, which was 49.1% higher as compared with net profit of ₹ 185.22 lakh in the previous year. After providing deferred income tax of ₹ 26.51 lakh consequent to capitalization of fixed assets, the company has achieved net profit of ₹ 276.20 lakh during the year under review. The cash profit of the company without taking in to account notional deferred income tax has increased to ₹ 483.0 lakh during the year 2010-2011 as compared with cash profit of ₹ 361.0 lakh in the previous year. Keeping in view recessionary conditions particularly in the international market, which adversely effected export of Electronic Gauges during the year and wide fluctuation in the prices of main raw materials, the Management considers overall performance of the company during the year under review 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 P-3<sup>+</sup> 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 ₹ 48.96 lakhs regarding fire accident in November, 2001 continues to be 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 up-gradation and modernization of plant and machinery and development of innovative products. In view of installation of New DMF recovery Plant of higher capacity with better energy efficiency, the Management is optimistic that, besides increasing production capacity of PU synthetic Leather & sales, this up-gradation will also result in substantial saving in cost of power and fuel, thereby improving profitability of the company in the next 2 - 3 years. Therefore, management expects 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 ₹ 60 lakhs or more per annum or, if employed for a part of the year, ₹ 5 lakhs 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 2011 was Nil.

**LISTING**

The Shares of the Company are traded at Mumbai Stock Exchange. The Company has sought voluntary delisting of its shares from Kolkata Stock Exchange.

**DIRECTORS**

Shri O.P. Garg and Dr. S.K. Khandelwal, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. In addition, Shri J.K. Garg, Managing Director and Shri Navneet Garg, Whole Time Director, who had completed their tenure of five years on 30-04-2011 have also offered themselves for re-appointment. The directors recommend their reappointments. A brief resume of these proposed re-appointees is given in the Corporate Governance Report.

**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, 2011 and of the profits of the Company for the year ended 31st March, 2011.
- (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 : 18<sup>th</sup> July, 2011

(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) and 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	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, Galvanizing Sheet, Aluminum foil & Non Ferrous Metal Rolling Industry
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Business Distribution	(₹ in Lakh)	
	2010-11 Value	2009-10 Value
- PU/PC Coated Fabrics	<b>6548.22</b> <b>79.4 %</b>	5390.00 76.50 %
- Electronic Gauges	<b>1704.51</b> <b>20.6 %</b>	1655.32 23.50 %
	<b>8252.73</b> <b>100 %</b>	<b>7045.32</b> <b>100 %</b>

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 Garments as Lining Material, as Automobile seat cover & Furniture upholstery material, in Ladies and Gents Purses and 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 PU Resin, which is 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 17.13% increase in production and sales during 2010-11. The company is now concentrating on PU Synthetic Leather where competition is somewhat less.

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

	2010-11	2009-10
Production lakh meter	<b>37.35</b>	37.08
Segment Revenue	<b>6548.22</b>	5390.00
Segment Profits/(Loss) before interest & other common unallocable expenditure	<b>387.91</b>	257.56
Capital Employed	<b>3761.73</b>	3049.38

#### ELECTRONIC GAUGE AUTOMATION DIVISION

Technology for 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.

	2010-11	2009-10
Production (in Nos.) (Gauges + Parts)	<b>59 + 448</b>	64+423
Segment Revenue	<b>1704.51</b>	1655.32
Segment Profits before interest & other common unallocable expenditure	<b>387.91</b>	226.47
Capital Employed	<b>591.39</b>	541.20

The company has executed large export orders of Electronic Gauges to ArcelorMittal, Kazakhstan during the year. The Electronic Gauges are used in various industries as Capital Goods item, hence market for electronic Gauges depends upon investment in users industries. In view of recessionary trends particularly in international market the company has been able to increase only marginally production and sale of Electronic Gauges. The export of Electronic Gauges was foreign currency equivalent of ₹ 760 lakh during the year under review.

#### (i) Fixed Assets

The gross fixed assets including capital work in progress of ₹ 608.48 lakh were ₹ 4155.75 lakh as on 31st March 2011. The net addition of fixed assets of ₹ 702.74 lakh was due to ongoing modernization, installation of balancing equipments and capital expenditure on installation of New DMF Recovery Plant during the year.

#### (ii) Current Assets

The net current assets as on 31st March, 2011 were ₹ 1657.45 lakhs as compared with ₹ 1574.53 lakh in the previous year resulting a marginal increase of ₹ 82.92 lakh during the year due to increase in inventory & sundry debtors consequent to higher production and sales.

#### (iii) Working Capital and Borrowings

The working capital borrowing from the Bank increased by ₹ 182.0 lakh to ₹ 1007.4 lakh as on 31.03.2011 to finance higher production and sales during the year. Over all secured debts of the company increased from ₹ 1304.7 lakh as on 31.03.2010 to ₹ 1826.11 lakh as on 31.03.2011 due to availment of additional term loan for ongoing modernization and higher working capital borrowing. The net worth of the company has increased from ₹ 2012.55 lakh as on 31.03.2010 to ₹ 2156.6 lakh as on 31.03.2011 due to retention of profit after payment of proposed dividend. Overall secured debts to equity ratio increased from 0.65:1 as on 31.03.2010 to 0.85:1 as on 31.03.2011 due to availment of term loan and higher working capital from Bank.



## 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 has entered into a fresh technical collaboration agreement with DUKSUNG COMPANY LTD., Korea in September, 2010 for a period of 3 years for up gradation of technology, development of new products and saving in the cost of inputs.

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 45.5% 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 ₹ 2858 lakhs during the year (including capital goods of ₹ 533 lakh and foreign travel of ₹ 13.0 lakh) against exports in foreign currency were of ₹ 773 lakh (Electronic Gauge - ₹ 760 lakh and Synthetic Leather ₹ 13.0 lakh), which provides some cushion 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 upto 31<sup>st</sup> March, 2011 and to be paid later.

### (b) Interest and Leverage Risk

With a view to contain inflationary pressure in the economy the RBI is continuously increasing the interest rate in the last 18 months resulting in higher interest on borrowing from the Banks. The management is trying to contain interest cost by efficient management of inventory and working capital resources and availment of short term borrowings in foreign currency at substantially lower interest for financing import of raw materials.

## HUMAN RESOURCES

The Company did not have any labour problem during 2010-2011. 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. Adequacy of internal Control System is periodically reviewed by the Audit Committee of the Board for corrective action to be taken, if any.

## CAUTIONARY STATEMENT

Statements in this directors' report & management discussion and analyses describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed/implied. Important factor that could make a difference to the company's operations include raw material availability and prices, cyclical demand and pricing in the company's principal markets, change in the Government regulations, tax regime, economic developments within India and the countries in which the company conducts business and other incidental factors.

For & on behalf of the Board

Place : Sonapat  
Date : 18<sup>th</sup> July, 2011

(J.K.GARG)  
Chairman

## 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 :

Wind operated fans have been installed in ceiling of factory building for proper ventilation. Since these are run by wind power, these do not consume energy. Periodic energy consumption audit is carried out and corrective action taken such as replacement of higher HP Motors by lower HP Motors, without affecting operational efficiency. The company has installed capacitors to improve power factor resulting in lower power cost / consumption. The company has switched over from furnace oil / LDO to Petro-coke and firewood to reduce cost of fuel. For lighting, maximum use of CFL is being made.

Coated Fabrics to reputed shoe manufacturers such as Reebok, Nike, Bata, etc. the company has further renewed the technical collaboration with Duksung company Ltd., South Korea for a further period of three years from September, 2010 at nominal fee of USD 30000 per annum for up gradation of Technology and development of new products.

- 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. The company has developed many new varieties of PU Synthetic Leather for use in premium quality sports shoes being manufactured by many multinational companies in India.

### FORM A (See Rule - 2)

#### A) POWER AND FUEL CONSUMPTION DURING THE YEAR ENDED 31.03.2011

1) ELECTRICITY PURCHASES	KWH UNITS IN LAKH	<b>17.98</b>
TOTAL AMOUNT	₹ IN LAKH	<b>90.26</b>
AVERAGE RATE	₹ PER UNIT	<b>05.02</b>
2) FUEL FOR DG SET		
QUANTITY(LTRS)	LAKH	<b>04.59</b>
TOTAL COST	₹ IN LAKH	<b>164.38</b>
AVERAGE RATE	₹ PER LTR	<b>35.81</b>
3) FUEL FOR BOILER	LAKH KGS	<b>31.93</b>
(PETRO COKE & FIRE WOOD)		
TOTAL COST	₹ IN LAKH	<b>199.55</b>
AVERAGE RATE	₹ PER KG	<b>06.25</b>
4) OWN GENERATION		
THROUGH DIESEL GENERATORS	UNITS IN LAKH	<b>22.58</b>
UNIT PER LTR. OF DIESEL		<b>03.92</b>
COST	₹ PER UNIT	<b>07.28</b>

- 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 and 2010-2013
Has technology been fully absorbed	Yes.
If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	The technology imported during 2006-2007 has been fully absorbed. The technology transfer for new collaboration is under progress on continuous basis.

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

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 2010-2011

(₹ in Lakh)

a. Foreign exchange outgo	<b>2857.87</b>
b. Foreign exchange earnings	
US\$ 1288701	<b>576.91</b>
Euro 333992	<b>195.84</b>
	<b>772.75</b>

For and on behalf of Board of Directors

Place : Sonapat  
Date : 18<sup>th</sup> July, 2011

(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, 2011 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 2010-2011, their attendance at previous Annual General meeting and number of memberships held by them in the Board/Committees of various companies.

Name (Shri)	Category	Attendance at Board Meetings	Number of directorships/ committee member/chairmanships including that in Jasch		Whether attended last AGM	
			Directorships#	Committee~ Member Chairman		
J.K. Garg	E&P	5	2	0	0	Yes
Kamlesh Garg (Ms)	P	5	1	0	0	Yes
S.K. Khandelwal (Dr)	NE&I	5	2	2	1	Yes
Ramnik Garg	E&P	5	2	0	0	Yes
Manish Garg	E&P	5	2	0	0	Yes
Navneet Garg	E&P	5	1	0	0	Yes
K.C. Varshney (Dr)	NE&I	5	4	1	3	Yes
Ashok Mittal (Dr)	NE&I	4	5	1	0	Yes
Kuldeep Singal	NE&I	5	1	2	0	Yes
O.P. Garg	E	5	2	1	0	Yes
Shri K.L. Khetarpaul	N&I	5	5	3	0	Yes

E = Executive, P=Promoter, NE=Non-Executive I = Independent

# = Directorships in Indian public limited companies only.

~ = Committee means only the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee.

During the year under the report, the Board met five times i.e. on 08-05-10, 12-06-10, 12-08-10, 23-10-10 and 12-02-11. The maximum time gap between any two meetings was not more than three calendar months. As per information available with the Company, none of the Directors is a member of more than ten committees and none acts as chairman in more than five committees across all companies in which he is a director.

(b) Information about persons who are being appointed / re-appointed as Directors.

#### **NAME OF DIRECTOR, BRIEF RESUME, FIELD OF SPECIALISATION AND DIRECTORSHIP / COMMITTEE MEMBERSHIP HELD BY HIM :**

- Shri Navneet Garg (35 years) is a Mechanical Engineer with more than 12 years experience in Production of Synthetic Leather and management. He is not a Director or Committee Member of any other Company.
- Shri Jai Kishan Garg (65 years) years is a Mechanical Engineer with more than 40 years experience in Production of Synthetic Leather and management function. Besides also being a Director of Gesco Automation Ltd, he does not hold any Directorship or Committee Membership of any other Company.
- Shri Om Prakash Garg (62 years) is a Mechanical Engineer. Prior to joining this Company as Executive Director in the year 1993, he has held management positions in Industrial Development Bank of India. He has more than 30 years experience in project finance and industrial management/commerce. He is a member of Shareholders' Grievance Committee. He is also a Director of Modern Electro-Power Pvt Ltd. He does not hold any other Directorships or Committee Memberships.
- Dr. Shiv Kumar Khandelwal (82 years) is a Ph.D in linguistics. Prior to joining the Company as Director in the year 1994, he was Principal of Hindu College, Sonipat. His field of specialization is general management. He is a member of Shareholders' Grievance Committee, Audit Committee and Remuneration Committee. He is also a Director of System Packagings Pvt Ltd. He does not hold any other Directorships or Committee Memberships.

The Board is of the view that the Company will immensely benefit from their vast experience. The Board, therefore, recommends these re-appointments as Directors. Shri Navneet Garg, Shri Om Prakash Garg and Dr. Shiv Kumar Khandelwal are liable to retire by rotation of Directors.

#### **3. AUDIT COMMITTEE**

The Audit Committee constituted by the Board of Directors consists of three independent directors namely Dr. K.C. Varshney (Chairman), Shri Kuldeep Singal and Dr. S.K. Khandelwal which constitution is in accordance with Section 292A of the Companies Act, 1956 and the Listing Agreement. Dr. K.C. Varshney has vast experience in Corporate Finance. The Audit Committee has powers similar to those stated in Section 292A and Listing Agreement. Statutory Auditors and executives responsible for finance and accounts are permanent invitees to the Audit Committee Meetings. Shri S.K. Verma, Company Secretary is Secretary of the Audit Committee.

During the Financial Year under Report, the Audit Committee held its meetings on 08-05-10, 12-08-10, 23-10-10 and 12-02-11.

#### **4. REMUNERATION COMMITTEE**

The Remuneration Committee constituted by the Board of Directors comprises of three independent directors namely Dr. K.C. Varshney (Chairman), Shri Kuldeep Singal and Dr. S.K. Khandelwal which constitution is in accordance with law/listing agreement. Shri S.K. Verma, Company Secretary is the Secretary of the this Committee. During the year under report, the Remuneration Committee held one meeting on 12-06-2010.

The remuneration paid to Directors during the year under review is as under :

Name	Designation	Salary (₹)	Perks (₹)
Shri J.K. Garg	Chairman & Mg. Director	12,00,000	—
Shri O.P. Garg	Executive Director	3,40,000	72,000
Shri Manish Garg	Whole Time Director	7,38,092	61,908
Shri Ramnik Garg	Whole Time Director	7,37,576	62,424
Shri Navneet Garg	Whole Time Director	6,00,000	61,913

The entire remuneration is fixed. There are no performance linked incentives payable to any of the Directors. No Stock Option Scheme is operational in the Company.

As regards remuneration to non-executive Directors, besides payment of sitting fees for Board/Committee Meeting attended by them, no other remuneration is being paid to them. Accordingly, Sitting Fees paid to non-executive Directors for attending Board Meetings and Committee Meetings are as follows :

Dr S. K. Khandelwal	₹ 25,000	Dr K.C. Varshney	₹ 25,000
Dr. Ashok Mittal	₹ 20,000	Shri Kuldeep Singal	₹ 25,000
Shri K.L. Khetarpaul	₹ 25,000		

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Dr. S.K. Khandelwal is the Chairman of this Committee. Other members of the Committee are Shri O.P. Garg, Executive Director and Shri S.K. Verma, Company Secretary. The functions of the Committee are overseeing redressal of complaints received from shareholders. Shri S.K. Verma, Company Secretary is the Compliance Officer under the Listing Agreement with Mumbai Stock Exchange. During the year under report, the company received only two complaints, which were satisfactorily resolved. No complaint was pending as on 31st March, 2011.

No requests for transfer / transmission / dematerialisation of shares were pending as on 31<sup>st</sup> March, 2011, except those, if any, which were required to be disposed by the Company within thirty days of receipt and this period of thirty days had not expired by 31st March, 2011 or which have been received late. These requests, were subsequently approved/dealt with by the Company.

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as follows :

Year	Date	Time	No. of Special Resolutions passed
2007-08	08-09-2008	10 AM	6
2008-09	29-09-2009	10 AM	0
2009-10	12-08-2010	10 AM	0

All the above Meetings were held at the Registered Office & Works of the Company at 43/5, Bahalgarh Road, Sonipat. No postal ballots were involved.

## 7. DISCLOSURES

- (a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc that may have potential conflict with the interests of the company at large :  
None of the transactions with any of the related parties were in conflict with the interests of the Company.
- (b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matters related to capital markets, during the last three years.  
There were no such instances.

## 8. MEANS OF COMMUNICATION

- (a) The company has published its quarterly results in the Business Standard/Financial Express.  
(b) Management Discussion and Analysis forms part of the annual report which is posted to the shareholders of the Company.

## 9. GENERAL SHAREHOLDER INFORMATION

### 9.1 Annual General Meeting :

- Date and Time : 30th September, 2011 at 10:00 AM - Venue : Registered Office of the Company at : 43/5, Bahalgarh Road, Sonipat, Haryana

### 9.2 Financial Calendar 2010-11

Annual General Meeting : 30<sup>th</sup> September, 2011

Results for Quarter ending	Published during		
- 30 <sup>th</sup> June, 2010 (unaudited)	First Half of Aug, 2010	- 30 <sup>th</sup> Sept, 2009 (unaudited)	Second Half of Oct, 2010
- 31 <sup>st</sup> Dec, 2010 (unaudited)	First Half of Feb, 2011	- 31 <sup>st</sup> March, 2011 (unaudited)	Second half of Apr, 2011

**9.3 Book Closure Date:** 01-09-2011 to 30-09-2011 (both days inclusive)

**9.4 Dividend Payment date :** 05-10-2011

**9.5 Listing of Equity Shares :** Mumbai Stock Exchange\*

### 9.6 Stock Code :

- (a) Trading Symbol at : Mumbai Stock Exchange : 500220 (b) Demat ISIN Nos in NSDL and CDSL : INE711C01010

\* Years back, the company had applied for voluntary delisting of its shares from Kolkata Stock Exchange (KSE). KSE has remained unresponsive inspite of reminders and there has also not been any trading in company's shares at KSE for about a decade now. Annual Listing fees has been paid upto date to Mumbai Stock Exchange only, where Company's shares continue to be listed and traded.

### 9.7 STOCK MARKET DATA SHARE PRICE PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

Stock Market data in respect of equity shares (of ₹ 10 each fully paid up) of the Company i.e. high/low/closing price, number of shares traded and number of trades during the financial year 2010-2011 on the Mumbai Stock Exchange was as under:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)	* Spread (₹)	
								H-L	C-O
Apr 10	10.24	13.50	9.40	10.31	95,850	355	10,73,833	4.10	0.07
May 10	10.03	11.80	9.25	10.33	38,545	227	4,03,041	2.55	0.30
Jun 10	10.66	12.00	8.80	11.28	46,011	201	4,92,277	3.20	0.62
Jul 10	11.25	12.50	10.50	10.70	85,391	296	9,79,983	2.00	-0.55
Aug 10	10.90	14.25	10.30	12.35	1,84,874	695	23,15,320	3.95	1.45
Sep 10	12.20	19.00	11.75	14.50	2,85,933	1,098	43,27,478	7.25	2.30
Oct 10	15.50	19.00	13.61	15.90	2,46,518	1,012	37,99,207	5.39	0.40
Nov 10	15.90	18.90	13.00	14.40	1,39,510	749	23,40,252	5.90	-1.50
Dec 10	14.00	17.90	14.00	15.70	70,461	380	10,71,289	3.90	1.70
Jan 11	15.60	15.85	12.65	13.25	34,299	196	4,77,058	3.20	-2.35
Feb 11	13.21	13.90	10.05	12.60	33,969	232	4,04,282	3.85	-0.61
Mar 11	12.60	14.00	10.81	12.49	18,892	226	2,18,188	3.19	-0.11

\* Spread H-L : High-Low; C-O : Close-Open

Note : The above figures have been obtained from "Archives" Section of the official website of the Mumbai Stock Exchange. The shares of the company have shown no or very little sensitivity to share price index.

### 9.8 REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

Pursuant to SEBI directions regarding handling of Share Transfer/demat work at one point, the Company has appointed M/s Alankit Assignments Ltd as the Registrars, whose complete address is given elsewhere in this Report.

### 9.9 DISTRIBUTION OF SHAREHOLDING AS ON 31ST March, 2011

(Equity shares of face value of ₹ 10 each, fully paid up)

Category of Share Holders	Number of Share Holders	Total Number of Shares	Number of Shares Held in Dematerialized form	Total Shareholding as a Percentage of total number of shares	Shares Pledged or otherwise encumbered	
					No.	%
Indian Promoters (Individuals / HUF)	13	6186337	6134437	54.60	2000000	32.33
Mutual Funds/UTI	1100	0	0.01	—	—	0.00
Bodies Corporate	109	361864	323864	3.19	—	0.00
i. Individual shareholders holding nominal share capital up to ₹ 1 Lac	9310	2959513	1611473	26.12	—	0.00
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	45	1675898	1530198	14.79	—	0.00
NRIs	323	145288	23988	1.28	—	0.00
TOTAL	9801	11330000	9623960	100.00	2000000	17.65

### 9.10 DEMATERIALISATION OF SHARES AND LIQUIDITY

84.94% of the paid up share capital of the Company is represented in dematerialised form as on 31st March, 2011.

### 9.11 OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY :

The Company does not have any such outstanding instruments.

### 9.12 : PLANT LOCATION

The only plant of the Company is located at 43/5, Bahalgarh Road, (Village Jat Joshi), Distt. Sonapat, Haryana.

### 9.13 ADDRESS FOR SHAREHOLDER CORRESPONDENCE

Consequent upon appointment of M/s Alankit Assignments Ltd as Registrars and Share Transfer Agents with effect from 31st January, 2003, all requests for transfer/transmission/transposition of names/issue of duplicate share certificates/Demat/ remat/Change of address and other work related to shareholder service/correspondence should be addressed to :

Alankit Assignments Ltd (Unit : Jasch Industries Ltd) 2E/21, Jhandewalan Extension, New Delhi 110055

In the unlikely event of a long pending unattended request, shareholders may write to :

The Company Secretary, **Jasch Industries Ltd**, 43/5, Bahalgarh Road, Sonapat 131021, Haryana.

His contact phone number is : 0130-3053600 E-mail address is skverma@jasch.biz Website : www.jaschindustries.com

### 9.14 DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT

In terms of Clause 49(D), of the Listing Agreement the Managing Director declares and certifies that all the Board Members and senior management personnel have affirmed compliance with the Code of Conduct laid down by the Board of Directors of the Company.

### 9.15 CEO/CFO Certification

In terms of Clause 49(V), the Managing Director and the Executive Director have given the required certificate to the Board of Directors.

Sonepat  
18<sup>th</sup> July, 2011

For Jasch Industries Ltd.  
J. K. Garg  
Chairman & Managing Director

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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To the Members,  
Jasch Industries Limited

We have examined the compliance of conditions of Corporate Governance by Jasch Industries Limited, for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For Arora & Choudhary Associates  
Chartered Accountants  
(Registration No. 003870N)

CA. Vijay K. Choudhary  
Partner  
Membership No : 81843

New Delhi,  
18<sup>th</sup> July, 2011

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## AUDITORS' REPORT

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To the Members of  
**Jasch Industries Limited**

We have audited the attached Balance Sheet of Jasch Industries Ltd., Sonapat as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :-
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Arora & Choudhary Associates  
Chartered Accountants  
(Regd. No. 003870N)

(CA. Vijay K. Choudhary)  
Partner-M.No : 81843

New Delhi,  
July 18, 2011

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**ANNEXURE TO THE AUDITORS' REPORT**

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Referred to in Paragraph 2 of our report of even date

- 1 In respect of its fixed assets :-
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, all the fixed assets have been physically verified by the Management in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) In our opinion, the Company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :-
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper record of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3.
  - (a) As informed, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (b), (c) and (d) of the Order are not applicable.
  - (b) As informed, the Company has not taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However the Company has taken unsecured loans from some of its directors and their relatives, the terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of Companies Act, 1956 :
  - (a) In our opinion and according to information and explanations given to us, no such transaction was made in pursuance of contracts or arrangements, that need to be entered in Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of Clause (v) (b) of paragraph 4 of the Order are not applicable.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost record by the Company Under Section 209 (1) (d) of the Companies Act, 1956 for the Company's Business.
9. In respect of statutory dues :-
  - (a) According to the records of the Company, examined by us and the information and explanations given to us, in our opinion, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it.
  - (b) According to the records of the company examined by us and information and explanations given to us, in our opinion, no undisputed amounts payable in respect of the aforesaid dues were outstanding, as at March 31, 2011 for a period of more than 6 months from the date they became payable.
  - (c) The Company has raised legal disputes in respect of the following demands before the appropriate authorities :-

Sr. No.	Name of the statute	Nature of dues	Amount (In ₹)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty	3,98,005	1998-1999	Commissioner of Central Excise (Appeals)
2	Central Excise Act, 1944	Excise Duty	2,07,533	1998-1999	Punjab & Haryana High Court
3	Textile Committee Act, 1963	Textile Committee Cess	3,59,763	2002-2007	Punjab & Haryana High Court
4	H. LADT Act, 2000	Entry Tax	1,76,846	2000-2001	Commissioner Appeals



10. The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions or bank during the year.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The company is not dealing in shares, debentures and other securities hence clause (xiv) is not applicable to the company.
15. The Company has not given any guarantee for loans taken by others from any bank or financial institution.
16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debenture and did not have any outstanding debenture during the period covered by our audit report.
20. The Company has not raised any monies by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For Arora & Choudhary Associates  
Chartered Accountants  
(Regd. No. 003870N)

(CA. Vijay K. Choudhary)  
Partner-M.No : 81843  
New Delhi, July 18, 2011

**JASCH INDUSTRIES LIMITED**

Registered Office : 43/5, Bahalgarh Road, P.O. Bahalgarh-131 021, Distt. Sonapat (Haryana)

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2011**

				(Amount In ₹)	
<b>SCHEDULE</b>				<b>As At</b>	
				<b>As At</b>	
				<b>31<sup>st</sup> March, 2011</b>	
				<b>31<sup>st</sup> March, 2010</b>	
<b>I) SOURCES OF FUNDS</b>					
<b>1) Shareholders' Funds</b>					
a) Share Capital	1	113300000		113300000	
b) Reserves and Surplus	2	<u>102363421</u>		87955075	
			<b>215663421</b>		201255075
<b>2) Loan Funds</b>					
a) Secured Loans	3	182611083		130466169	
b) Unsecured Loans		<u>7050000</u>		—	
			<b>189661083</b>		130466169
<b>3) Deferred Tax Liability</b>					
			<u>29987659</u>		27336906
<b>TOTAL</b>			<u><b>435312163</b></u>		<u><b>359058150</b></u>
<b>II) APPLICATION OF FUNDS :</b>					
<b>1) Fixed Assets :</b>					
a) Gross Block (At Cost)	4	354726853		338716097	
b) Less : Depreciation		<u>148320980</u>		146683027	
c) Net Block			<b>206405873</b>		192033070
d) Capital Work-in-Progress			<u>60847997</u>		6585356
<b>2) Investments</b>					
	5		<b>1920124</b>		2986318
<b>3) Current Assets, Loans and Advances</b>					
a) Inventories		145111832		99836604	
b) Sundry Debtors		180719815		166210080	
c) Cash and Bank Balances		11751735		8863554	
d) Loans and Advances		17747948		6274252	
e) Claim Receivable		4896565		4896565	
		<u>360227895</u>		286081055	
<b>Less : Current Liabilities and Provisions</b>	7				
Current Liabilities		174783985		124796591	
Provisions		<u>19305741</u>		3831057	
<b>Net Current Assets</b>			<b>166138169</b>		157453407
<b>TOTAL</b>			<u><b>435312163</b></u>		<u><b>359058150</b></u>

Significant Accounting Policies and Notes on Accounts 15  
The Schedules referred to above form an integral part of Accounts

As per our Report of even date attached  
**For Arora & Choudhary Associates**  
Chartered Accountants  
(Regd. No. 003870N)

**(CA. Vijay K. Choudhary)**  
Partner-M. No. : 81843

For and on behalf of the Board

J. K. Garg - Chairman & Managing Director  
O. P. Garg - Executive Director  
Ramnik Garg - Whole Time Director  
Manish Garg - Whole Time Director  
Navneet Garg - Whole Time Director  
S. K. Verma - Company Secretary & Vice President  
M. Paliwal - G.M. (Finance & Accounts)

New Delhi, July 18, 2011

**JASCH INDUSTRIES LIMITED**

Registered Office : 43/5, Bahalgarh Road, P.O. Bahalgarh-131 021, Distt. Sonapat (Haryana)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

SCHEDULE	2010-2011 (₹)	2009-2010 (₹)
<b>INCOME</b>		
Turnover	<b>825273996</b>	704532541
Less : Excise Duty / Vat / Service Tax	<b>72327034</b>	48774581
<b>Net Turnover</b>	<b>752946962</b>	655757960
Other Income	<b>4170757</b>	4195576
	<b>757117719</b>	659953536
<b>EXPENDITURE</b>		
Materials Consumed and Mfg. Exp.	<b>620871845</b>	527869382
(Increase)/Decrease in Stock	<b>(7773213)</b>	9905741
Operational Expenses	<b>48472125</b>	42454330
Interest and Financial Charges	<b>22644254</b>	20090690
Selling & Distribution Expenses	<b>11257022</b>	14108374
Depreciation	<b>18033116</b>	17211923
	<b>713505149</b>	631640440
<b>Profit before Tax</b>	<b>43612570</b>	28313096
Provision for Current Tax	<b>13161300</b>	9371521
Income Tax for earlier year (Net)	<b>180410</b>	50112
Provision for Deferred Tax	<b>2650753</b>	369320
<b>Profit After Tax</b>	<b>27620107</b>	18522143
Amount Available for Appropriations	<b>27620107</b>	18522143
<b>APPROPRIATIONS</b>		
General Reserve	<b>3000000</b>	—
Proposed Dividend on Equity Shares	<b>11330000</b>	—
Tax on Dividend	<b>1881761</b>	—
<b>Balance-Carried to Balance Sheet</b>	<b>11408346</b>	18522143
Number of Equity Shares outstanding during the year	<b>11330000</b>	11330000
Basic and Diluted Earnings per Share of face value of ₹ 10 each (in Rupees)	<b>2.44</b>	1.64

Significant Accounting Policies and Notes on Accounts **15**  
The Schedules referred to above form an integral part of Accounts

As per our Report of even date attached  
**For Arora & Choudhary Associates**  
Chartered Accountants  
(Regd. No. 003870N)

**(CA. Vijay K. Choudhary)**  
Partner-M. No. : 81843

New Delhi, July 18, 2011

For and on behalf of the Board

J. K. Garg - Chairman & Managing Director  
O. P. Garg - Executive Director  
Ramnik Garg - Whole Time Director  
Manish Garg - Whole Time Director  
Navneet Garg - Whole Time Director  
S. K. Verma - Company Secretary & Vice President  
M. Paliwal - G.M. (Finance & Accounts)

**CASH FLOW STATEMENT FOR THE YEAR 2010-2011**

	2010-2011 (₹)	2009-2010 (₹)
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before tax and extra-ordinary items</b>	<b>4,36,12,570</b>	2,83,13,096
Adjustment for :		
Depreciation	1,80,33,116	1,72,11,923
Interest Expenses	2,26,44,254	2,00,90,690
Interest Income	(5,52,736)	(4,39,931)
Interest (TUFF)	(11,87,901)	(27,66,189)
Exchange rate effect	(19,72,320)	(9,83,456)
Profit on sale of Investment	(4,57,800)	(6,000)
Debtors written off	9,65,697	22,97,021
Loss on sale of fixed assets and vehicle (Net)	3,35,964	3,27,829
<b>Operating Profit before working capital changes</b>	<b>8,14,20,844</b>	6,40,44,983
Adjustment For :		
(Increase)/Decrease in Trade & Other Receivables	(2,69,49,129)	(3,41,84,274)
(Increase)/Decrease in Inventories	(4,52,75,228)	14,21,158
Increase/(Decrease) in Trade Payables and Other Liabilities	5,45,70,740	4,40,28,374
<b>Cash Generated From Operations</b>	<b>6,37,67,227</b>	7,53,10,242
Interest Received	5,52,736	4,39,931
Interest (TUFF)	11,87,901	27,66,189
Provision for Tax	(1,31,61,300)	(93,71,521)
Income Tax for Earlier Year	(1,80,410)	(50,112)
Net Cash from Operating Activities	<b>5,21,66,154</b>	6,90,94,729
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets (Including W.I.P. Adjustment) (Net of Modvat By ₹ 96,62,442) (Net of Vat By ₹ 1,23,454)	(9,17,85,970)	(2,54,60,295)
Sale of Fixed Assets & Vehicle	47,81,446	4,44,400
Capital Subsidy (TUFF)	—	22,41,000
Purchase of Investments	(8,52,324)	(13,92,518)
Sale of Investments	23,76,318	5,06,000
Net Cash used in Investment Activities	<b>(8,54,80,530)</b>	(2,36,61,413)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issued of Share Capital	—	—
Borrowings from Directors & Bank (Net)	5,88,85,000	77,89,340
Borrowing from Bank for Working Capital	1,81,92,810	(1,52,95,512)
Repayment of Borrowings (Net)		
Long Term	(1,61,15,541)	(1,31,19,731)
Short Term (V)	(21,15,458)	(21,22,214)
Dividend Paid	—	—
Interest Paid	(2,26,44,254)	(2,00,90,690)
Net Cash used in Financing Activities	<b>3,62,02,557</b>	(4,28,38,807)
<b>NET CASH INFLOW</b>	<b>28,88,181</b>	25,94,509
Cash and Cash Equivalents as at 31-03-2010	88,63,554	62,69,045
Cash and Cash Equivalents as at 31-03-2011	1,17,51,735	88,63,554
<b>NET CASH INFLOW</b>	<b>28,88,181</b>	25,94,509

As per our Report of even date attached

**For Arora & Choudhary Associates**

Chartered Accountants  
(Regd. No. 003870N)

**(CA. Vijay K. Choudhary)**

Partner-M. No. : 81843  
New Delhi, July 18, 2011

For and on behalf of the Board

J. K. Garg	-	Chairman & Managing Director
O. P. Garg	-	Executive Director
Ramnik Garg	-	Whole Time Director
Manish Garg	-	Whole Time Director
Navneet Garg	-	Whole Time Director
S. K. Verma	-	Company Secretary & Vice President
M. Paliwal	-	G.M. (Finance & Accounts)

**SCHEDULE '1' TO '15' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND  
THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

PARTICULARS	31 <sup>st</sup> MARCH, 2011 (₹)	31 <sup>st</sup> MARCH, 2010 (₹)
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**SCHEDULE - 1**

**SHARE CAPITAL**

**Authorised :**

1,25,00,000 Equity Share of ₹ 10 Each	<b>125000000</b>	120000000
<b>Issued, Subscribed and Paid up :</b>		
1,13,30,000 Equity Share of ₹ 10 Each		
Fully Paid up	<b>113300000</b>	113300000
<b>TOTAL</b>	<b>113300000</b>	113300000

**SCHEDULE - 2**

**RESERVES AND SURPLUS**

A) General Reserve (Transferred from Profit & Loss Account)	3000000	—
TOTAL (A)	<b>3000000</b>	—
B) PROFIT AND LOSS ACCOUNT		
As per last Balance Sheet	87955075	69432932
Add : Surplus as per Profit & Loss Account	11408346	18522143
TOTAL (B)	<b>99363421</b>	87955075
<b>TOTAL (A+B)</b>	<b>102363421</b>	87955075

**SCHEDULE - 3**

**LOAN FUNDS**

**(A) SECURED LOANS**

**1) Term Loans**

State Bank of India	75824844	43992282
(Term Loan Repayable in next 12 Months is ₹ 153 Lakh, Previous Year ₹ 150 Lakh)		
(Secured by a first mortgage by deposit of title deeds of the Company's immovable properties both present and future ranking inter se and also personal guarantee of four Directors)		

**2) Working Capital Loan**

State Bank of India	100736406	82543596
(Secured by Hypothecation of Stocks of Raw Materials, Semi Finished & Finished Goods, Consumables, Stores & Spares and all Book Debts both present and future and personal guarantee of four Directors)		

**3) Vehicle Loans**

I) Car	6049833	3853355
II) Tempo	—	76936
(Secured by Hypothecation of Respective Vehicle)		
<b>TOTAL</b>	<b>182611083</b>	130466169

**(B) UN-SECURED LOANS**

1) From Directors and Relatives	7050000	—
<b>TOTAL</b>	<b>7050000</b>	—

**SCHEDULE - 4  
DEPRECIATION & FIXED ASSETS**

(IN ₹)

ASSETS	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	BALANCE As At 01.04.10	Additions	Deductions/ Adjustments	As At 31.03.2011	Upto 31.03.2010	For the Period	Deduc./ Adjustments	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010
Land	992813	0	0	992813	0	0	0	0	992813	992813
Building (O)	2653549	0	0	2653549	235559	43253	0	278812	2374737	2417990
Building (Corp. Office)	0	6585356	0	6585356	0	107341	0	107341	6478015	0
Building (F)	29541188	3044316	0	32585504	9628983	1027626	0	10656609	21928895	19912205
Furniture & Fittings	3180132	255090	0	3435222	1436931	210207	0	1647138	1788084	1743201
Plant & Machinery	274057001	22012885	19196458	276873428	127885491	14413173	15388209	126910455	149962973	146171510
Vehicles-Commercial	1427873	0	0	1427873	297317	135648	0	432965	994908	1130556
Vehicles-Others	14075181	5127376	2316115	16886442	3302268	1416692	1006954	3712006	13174436	10772913
Fire Fighting Equipment	577114	3550	0	580664	359137	36532	0	395669	184995	217977
Air Conditioners	790342	90400	0	880742	228216	41143	0	269359	611383	562126
Computers	1960043	139383	0	2099426	1124342	143523	0	1267865	831561	835701
Generator Set	7809571	0	0	7809571	1861404	370955	0	2232359	5577212	5948167
Office Appliances	1651290	264973	0	1916263	323379	87023	0	410402	1505861	1327911
<b>TOTAL</b>	<b>338716097</b>	<b>37523329</b>	<b>21512573</b>	<b>354726853</b>	<b>146683027</b>	<b>18033116</b>	<b>16395163</b>	<b>148320980</b>	<b>206405873</b>	<b>192033070</b>
Capital Work-in-Progress	6585356	84919085	30656444	60847997	0	0	0	0	60847997	6585356
TOTAL	345301453	122442414	52169017	415574850	146683027	18033116	16395163	148320980	267253870	198618426
PREVIOUS YEAR	324039496	27271537	6009580	345301453	130656213	17211923	1185109	146683027	198618426	193383282

PARTICULARS

31<sup>st</sup> MARCH, 2011  
(₹)

31<sup>st</sup> MARCH, 2010  
(₹)

**SCHEDULE - 5**

**INVESTMENTS**

Quoted :-

33,900 Equity Shares of ₹ 10 Each  
Fully Paid up of Standard Capital Market Ltd.  
(Market Value as on 31.03.2011 ₹ 67,800)

67800

67800

Unquoted :-

Gesco Automation Limited  
Jasch Europa Bvba, Belgium  
Investment in Real Estate

1852324

1526000

392518

1000000

**TOTAL**

**1920124**

**2986318**

**SCHEDULE - 6**

CURRENT ASSETS, LOANS & ADVANCES

**a) INVENTORIES :**

(As verified, valued and certified by the Management) :

Raw Materials  
Consumables  
Stores, Spares and Fuel  
Packing Material  
Stock-in-Process  
Finished Goods (Including provision for excise duty)  
Goods in Transit

78367452

58066160

31318985

15471963

748285

847492

292741

258315

12592280

12070434

18399154

10250653

3392935

2871587

**TOTAL**

**145111832**

**99836604**

**b) SUNDRY DEBTORS :**

(Unsecured Considered Goods)

(i) Debts outstanding for a period exceeding six months :  
(ii) Other Debts

18014044

16918044

162705771

149292036

**TOTAL**

**180719815**

**166210080**

**c) CASH & BANK BALANCES :**

(i) Cash in Hand  
(ii) With Scheduled Banks  
In Current Account  
In Margin Money Account

809252

328626

159060

260044

10783423

8274884

**TOTAL**

**11751735**

**8863554**

PARTICULARS	31 <sup>st</sup> MARCH, 2011 (₹)	31 <sup>st</sup> MARCH, 2010 (₹)
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**d) LOANS & ADVANCES :**

i) Recoverable in cash or in kind or for value to be received and/or to be adjusted		
a) Prepaid Expenses	2184064	638966
b) Advance for Raw Material & Others	1621982	513473
c) Other Receivable	1930821	804486
d) Advance Against Machinery	1106429	655198
ii) Balance With Excise Department		
Duty deposited under protest	498005	498005
Balance in cenvat accounts	7877439	1371417
iii) Security Deposits	2529208	1792708
<b>TOTAL</b>	<b>17747948</b>	<b>6274252</b>
<b>e) FIRE CLAIM RECEIVABLE :</b>	<b>4896565</b>	<b>4896565</b>
<b>TOTAL</b>	<b>4896565</b>	<b>4896565</b>

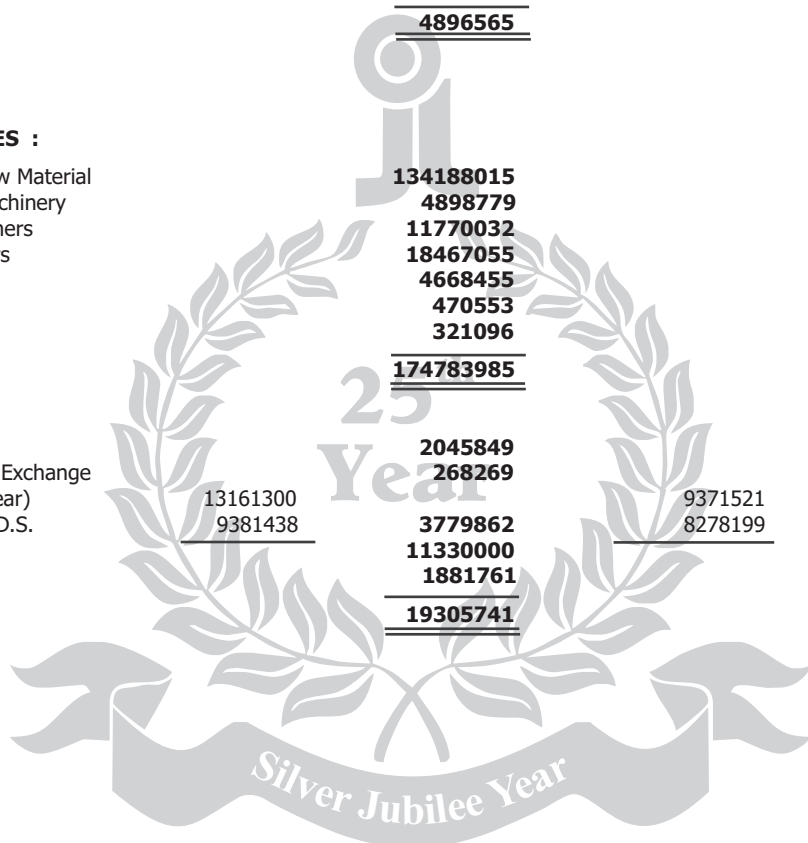
**SCHEDULE - 7**

**a) CURRENT LIABILITIES :**

Sundry Creditors for Raw Material	134188015	97157793
Sundry Creditors for Machinery	4898779	1925827
Sundry Creditors for Others	11770032	7554690
Advance from Customers	18467055	13284199
Expenses Payable	4668455	4026106
Sales Tax	470553	643044
Other Liabilities	321096	204931
<b>TOTAL</b>	<b>174783985</b>	<b>124796591</b>

**b) PROVISIONS :**

For Retirement Benefits		2045849	2488769
For Listing Fee of Stock Exchange		268269	248966
For Taxation (Current Year)	13161300		9371521
<b>Less : Advance Tax, T.D.S.</b>	<b>9381438</b>	<b>3779862</b>	<b>8278199</b>
For Proposed Dividend		11330000	—
For Dividend Tax		1881761	—
<b>TOTAL</b>		<b>19305741</b>	<b>3831057</b>



PARTICULARS	2010-2011 (₹)	2009-2010 (₹)
<b>SCHEDULE-8</b>		
<b>TURNOVER</b>		
A) Electronics Thickness Gauge (ETG)	170451462	165532185
B) Synthetic Leather & Allied Products	654822534	539000356
<b>TOTAL</b>	<b>825273996</b>	<b>704532541</b>
<b>SCHEDULE-9</b>		
<b>OTHER INCOME</b>		
A) Exchange Rate Fluctuation (Net)	1972320	983456
B) Interest on FDR	552736	439931
C) Interest Payback (TUFF)	1187901	2766189
D) Miscellaneous	457800	6000
<b>TOTAL</b>	<b>4170757</b>	<b>4195576</b>
<b>SCHEDULE-10</b>		
<b>A) MATERIALS CONSUMED AND MANUFACTURING EXP.</b>		
Raw Materials	522567198	445594634
Consumables (Release Paper)	21670523	21987370
Consumables (Others)	2991879	3073391
Packing Materials	6000801	4411555
Freight Inward	15603044	14102807
<b>TOTAL (A)</b>	<b>568833445</b>	<b>489169757</b>
<b>B) MANUFACTURING EXPENSES</b>		
Power & Fuel	45500354	32047586
Repair & Maintenance :		
Plant and Machinery	4084185	3011723
Electrical & General	1256738	1372321
Stores and Spares	1197123	2267995
<b>TOTAL (B)</b>	<b>52038400</b>	<b>38699625</b>
<b>TOTAL (A+B)</b>	<b>620871845</b>	<b>527869382</b>
<b>SCHEDULE-11</b>		
<b>(INCREASE)/DECREASE IN STOCKS OF FINISHED GOODS AND WORK IN PROCESS</b>		
<b>OPENING STOCK</b>		
Stock-in-Process	12070434	14859672
Finished Goods	10250653	17599718
	<b>22321087</b>	<b>32459390</b>
<b>CLOSING STOCK</b>		
Stock-in-Process	12592280	12070434
Finished Goods	18399154	10250653
	<b>30991434</b>	<b>22321087</b>
	<b>(8670347)</b>	<b>10138303</b>
Add/(Less) : Variation in Provision for Excise Duty on Opening and Closing Stock of Finished Goods	897134	(232562)
<b>TOTAL</b>	<b>(7773213)</b>	<b>9905741</b>
<b>SCHEDULE - 12</b>		
<b>OPERATIONAL EXPENSES</b>		
<b>A) EMPLOYEES' REMUNERATION &amp; BENEFITS :</b>		
(Including Managerial Remuneration)		
Salary, Wages, Gratuity & Bonus	25608798	23099090
Contribution to P.F. & Other Funds	904485	551120
Employee Welfare Expenses	526572	440722
Director Meeting Sitting Fee	120000	110000
<b>TOTAL (A)</b>	<b>27159855</b>	<b>24200932</b>



PARTICULARS	2010-2011 (₹)	2009-2010 (₹)
<b>B) ADMINISTRATIVE EXPENSES :</b>		
Insurance	640932	497695
Books, Printing & Stationery	623467	386315
Postage & Telegram	529955	448053
Telephone & Communications	2277613	2109127
Tour & Travel Including Foreign Travel	5958836	4660017
Hotel, Boarding, Lodging & Conveyance	3885067	3889932
Vehicle Running & Maintenance	2056614	1791630
Loss on Sale of Vehicle	208161	301787
Loss on Sale of Machinery	127803	26042
Debts Written off as Irrecoverable	965697	2297021
Fee & Subscription	2380738	841798
Legal & Professional Charges	834764	437721
Rent, Rates and Taxes	159915	107936
Charity & Donation	197775	74601
Auditors Remuneration :		
Audit Fee	38605	33090
Taxation Matters	16545	11030
Miscellaneous	409783	339603
<b>TOTAL (B)</b>	<b>21312270</b>	<b>18253398</b>
<b>TOTAL (A+B)</b>	<b>48472125</b>	<b>42454330</b>

#### **SCHEDULE - 13**

##### **INTEREST AND FINANCIAL CHARGES**

Interest to Bank on Working Capital	12436027	10509733
Interest to Bank on Term Loan	4879549	5649753
Interest on Vehicle Loan	370589	283234
Bank Charges	4958089	3647970
<b>TOTAL</b>	<b>22644254</b>	<b>20090690</b>

#### **SCHEDULE - 14**

##### **SELLING & DISTRIBUTION EXPENSES :**

Advertising & Exhibition	1583268	4297576
Discounts & Rebates	4666500	5157346
Selling Expenses	1440000	1353914
Clearing & Forwarding (Export)	989236	625441
Sales Commission	1580295	1855301
Freight Outward	997723	818796
<b>TOTAL</b>	<b>11257022</b>	<b>14108374</b>

## **SCHEDULE-15**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

#### **I. SIGNIFICANT ACCOUNTING POLICIES :**

##### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

##### **2. USE OF ESTIMATES :**

In conformity with generally accepted accounting principles, the preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

##### **3. RECOGNITION OF REVENUE/INCOME AND EXPENDITURE :**

- a) Revenues/Incomes and Cost/Expenditures are generally accounted on accrual, as they are earned or incurred.
- b) Turnover comprises of sale of goods and services. Sales are recorded when supply of goods takes place in accordance with the terms of Sales. Turnover include Excise Duties and VAT.

##### **4. FIXED ASSETS AND DEPRECIATION :**

- a) Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, freight and other incidental expenses related to acquisition and installation. Pre-operative expenses for major projects are also capitalized, where appropriate. However, cost of fixed assets does not include CENVAT, VAT and Capital Subsidy (if any as and when received) and accumulated depreciation.
- b) Expenditure incurred on Capital work-in-progress during pre-operative/installation period is stated at cost.
- c) Depreciation has been provided on straight line method on Assets, as per the Rates specified in Schedule XIV of the Companies Act, 1956. Depreciation is charged on the Fixed Assets from the date they are put to use.
- d) Depreciation on additions to assets or on sale/discardment of assets, is calculated pro rata from the day of such addition or up to the day such sale/discardment, as the case may be.

##### **5. IMPAIRMENT OF ASSETS :**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

##### **6. INTANGIBLE ASSETS :**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation / depletion. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalised.

##### **7. DEFERRED REVENUE EXPENDITURE :**

Some revenue expenses, the benefit from which is to accrue over an enduring length of time, are treated as Deferred Revenue Expenditure and appropriate portion thereof is charged to Profit & Loss Account.

##### **8. BORROWING COSTS :**

Interest (up to the date of its first use) and other borrowing costs on specific borrowings relating to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

##### **9. FOREIGN CURRENCY TRANSACTIONS :**

- a) Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are stated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and premium paid on forward contracts is recognized over the life of contract.
- c) Any income or expense on account of exchange difference either on settlement or when transaction is recognized in profit and loss account.

##### **10. LIABILITIES FOR CUSTOMS DUTY**

Liabilities for Customs Duty on the Goods lying at Port are accounted for at the time of clearance of goods. There is no effect on net profits.

##### **11. EXPENDITURE DURING CONSTRUCTION PERIOD :**

In case of new projects and substantial expansion of existing facilities, expenditure capitalized includes interest and financing cost on specific loan prior to commencement of commercial production.

##### **12. INVESTMENTS :**

Trade investments (Long Term/Short Term) are carried as per AS-13 issued by the ICAI and reduction in carrying cost is charged to Profit & Loss Account.

##### **13. INVENTORY VALUATION :**

- a) Valuation of Inventories of raw-materials, packing-materials, consumables and Stores is at cost including Tax, duty, cess actually paid and incidental expenses incurred in bringing the inventories to their present location and condition and is arrived at on FIFO/Weighted average Basis except in case of Release Paper the cost of which is reduced by 50% directly from the cost price as and when new reel of Release Paper issued to production.

- b) Valuation of Semi-finished goods/Work-in-process is at material cost including cost of conversion wherever applicable.
- c) Valuation of Finished goods include costs of conversion and other costs incurred in bringing the inventories to their present location and condition or Market Value/Net realizable value, whichever is lower. Finished goods also include excise duty liability in accordance with revised Accounting Standard AS-2.

**14. RESEARCH AND DEVELOPMENT EXPENDITURE :**

Research expenditure wherever applicable, is charged to Profit & Loss Account and Capital Expenditure in relation thereto is added to the cost of Fixed Assets in the year in which it is incurred.

**15. RETIREMENT BENEFITS :**

- a) Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is recognised as an expense and debited to Profit & Loss Account on monthly accrual basis.
- b) Bonus and leave encashment payments are accounted for on accrual basis and charged to Profit & Loss Account.
- c) Retirement Gratuity Liability has been assessed every year as at 31st March, as per actuarial valuation made by LIC of India and premium calculated on the same paid to LIC of India.

**16. BAD DEBTS WRITE OFF POLICY :**

Trade debt, if any, remaining outstanding for more than three years, about which the management is of the opinion that the same is not recoverable, is written off by and direct charge to Profit & Loss Account and credit to respective party's account without making provision for bad debts. In case such amount or a part thereof is subsequently recovered, the same is accounted for as income of the year in which the same is recovered.

**17. REVENUE SUBSIDIES :**

Revenue subsidies like interest subsidy (TUFF) is reflected in "other incomes" when actually received.

**18. PRELIMINARY & SHARE ISSUE EXPENSES :**

Preliminary and Share-issued expenses are amortized over a period of 5 years in accordance with the provision of Income Tax Act 1961.

**19. PROVISION FOR CURRENT AND DEFERRED TAX :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**20. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

- 21. Accounts balances of the customers and suppliers, in whose case(s) confirmation/reconciliation is not received, are taken as per the balance appearing in the books. Any differences arising on account of such reconciliations, which are not likely to be material, are accounted for as and when these reconciliations are completed.

**II. NOTES TO ACCOUNTS :**

- 1. Excise Duty on finished goods lying in factory premises at March 31, 2011 aggregating to ₹ 16,90,819 (Previous Year ₹ 7,70,569) has been provided at current excise rate and included in valuation of finished goods inventory and same is charged from Cenvat Credit Receivable Input Account as on 31st March, 2011.
- 2. There are no undisputed liabilities or over dues to Government Department and/or Financial Institution and Banks, other than in the normal course of business.
- 3. The company has received insurance claim of ₹ 86.03 lakh during 2003-2004 in respect of destruction of a part of factory buildings, plant and machinery & inventory in a fire accident on 23rd / 24th November, 2001 which had resulted in book loss of ₹ 135 lakh. Balance claim of ₹ 48.97 lakh has been shown as receivable. A petition in Delhi High Court against Insurance Company for payment of balance account with interest has been filed and admitted by the Hon'ble Delhi High Court. There are fair chances at the balance claim of ₹ 48.97 lakh will be allowed by the Court in favour of the Company. Final adjustment of insurance claim in the accounts will be made after settlement of claim by the court.

**4. DEFERRED TAX ACCOUNTING**

Details of Deferred Tax Assets / (liabilities) for the current year charged / added to Profit & Loss Account (NET) at a Tax Rate of 33.2175% are as follows :-

	<b>31.03.2011</b>	<b>31.03.2010</b>
Deferred Tax Liabilities	<b>3,09,74,090</b>	2,81,82,839
<b>Less</b> : Deferred Tax Assets	<b>9,86,431</b>	8,45,933
	<b><u>2,99,87,659</u></b>	<b><u>2,73,36,906</u></b>

- 5. An amount of ₹ 9,65,697, being amount owed to the Company by trade debtor(s) for a period exceeding three years which, in the opinion of the management, was considered not recoverable, has been written off by the Board on the recommendations of Audit Committee.
- 6. Provision for retirement gratuity liability as on 31.03.2011 to all eligible employees has been made as per Actuarial Valuation and short provision of ₹ 7,93,475 in the books of accounts have been charged to the Profit & Loss Account and amount of ₹ 11,75,160 paid to LIC of India as 1/4 contribution for previous liability and full contribution for current year.

7. In the opinion of the Board and to the best of their knowledge and belief the realizable amount of Current Assets and Loans and Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The provisions for all known and determined Liabilities is adequate and not in excess of the amount reasonably required.

#### 8. SEGMENT REPORTING

Segment Information as required by Accounting Standard (AS)-17 on Segment Reporting issued by the Institute of Chartered Accountants of India and as compiled on the basis of financial statements is as below :-

The Company has identified two segment as reportable segments viz. Leather Cloth Division and Automation Division. The Leather Cloth Division segment comprises of Synthetic Leather Cloth and Allied Products. The Automation Division segment comprises of Electronic Thickness Gauge (ETG) and its Parts.

The financial information about these business segments is presented in the table below :-

	Current Year (2010-2011)			Previous Year (2009-2010)		
	Leather Cloth Division	Automation Division	Total	Leather Cloth Division	Automation Division	Total
<b>REVENUE</b>						
External Sales	6548.23	1704.51	8252.74	5390.00	1655.32	7045.32
Less : Excise Duty	—	—	723.27	—	—	487.74
Inter-segment Sales	—	—	—	—	—	—
Other Income	41.71	—	41.71	41.95	—	41.95
<b>Total Revenue</b>			<b>7571.18</b>			<b>6599.53</b>
<b>RESULTS</b>						
Segment Results	387.91	274.66	662.57	257.56	226.47	484.03
Unallocated Corporate Expenses (Net)			—			—
Operating Profit			662.57			484.03
Interest Expenses			226.44			200.91
Income Tax - Current			131.62			93.71
- Deferred & Previous Year Tax			28.31			04.19
Profit from Ordinary Activities			276.20			185.22
Extra Ordinary Loss			—			—
<b>Net Profit</b>			<b>276.20</b>			<b>185.22</b>
<b>OTHER INFORMATION</b>						
Segment Assets	3446.13	543.83	3989.96	2631.27	729.10	3360.37
Unallocated Corporate Assets			363.16			230.21
<b>Total Assets</b>			<b>4353.12</b>			<b>3590.58</b>
Segment Liabilities	3694.07	293.69	3987.76	3203.99	223.99	3427.98
Unallocated Corporate Liabilities			365.36			162.60
<b>Total Liabilities</b>			<b>4353.12</b>			<b>3590.58</b>
Capital Expenditure			866.59			210.72
Depreciation			180.33			172.12
Non-cash Expenses other than Depreciation			09.66			22.97

#### 9. RELATED PARTY DISCLOSURES

- A) Details of transactions entered into with related parties during the year as required by Accounting Standard (AS)-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as Under :-

Particulars	Key Management Personnel (KMP)	Enterprises Over which KMP is able to Exercise significant influence	Total (₹)
Sales	—	—	—
Purchases	—	—	—
Raw Materials	—	—	—
Consumables/Intermediates	—	—	—
Finished Goods	—	—	—
Job Work	—	—	—
Purchase of fixed assets	—	—	—
Sale of fixed assets	—	—	—
Managerial remuneration	As Directors	Jasch Industries Ltd.	38,73,913
Payment to Relatives as Salary	—	—	—
Loan Given	—	—	—
Loan Taken (including opening balance)	As Directors & Relatives	Jasch Industries Ltd.	70,50,000
Loan Repaid	—	—	—
Balance outstanding as at the year	As Directors & Relatives	Jasch Industries Ltd.	70,50,000
Debit/(Credit)	—	—	Credit

B). Related Party Disclosures.

1. Key Management Personnel : 1. Shri J. K. Garg, Chairman & Managing Director  
: 2. Shri O. P. Garg, Executive Director  
: 3. Shri Ramnik Garg, Whole Time Director  
: 4. Shri Manish Garg, Whole Time Director  
: 5. Shri Navneet Garg, Whole Time Director
2. Enterprises over which key management Personnel and relatives of such Persons is able to exercise significant Influence : Gesco Automation Limited
- C. Disclosure of related parties with whom business transactions took place during the year.  
Enterprises over which key management Personnel and relatives of such : Nil  
Persons is able to exercise significant :  
Influence :

10. On the basis of information available with the company, there is no amount remaining unpaid as on 31st March, 2011 to any supplier who is a small scale or ancillary undertaking beyond the agreed credit period.

11. On the basis of information available with the company as to whether an enterprise is a Micro/Small enterprise under MSMED Act, 2006, there is no amount remaining unpaid as on 31st March, 2011 or delayed in payment during the year beyond the agreed credit period. Hence no interest is due or paid to any such enterprise.

12. CONTINGENT LIABILITIES :

		(₹ In Lakhs)	
		As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
I)	Foreign Letters of Credit opened with bank (Margin Money with Bank- ₹ 83.61 Lakh)	722.53	631.90
ii)	Estimated amount of contracts remaining to be executed on capital account not provide for	—	—
iii)	Bills Discount with Bank	—	—
iv)	Guarantee given to Excise Department by bank on behalf of the company (F.D. With Bank- ₹ 04.62 Lakh)	03.37	03.37
v)	Bank Guarantee given to Buyers for timely supply/Performance of ETG Machine (Margin Money With Bank- ₹ 24.22 Lakh)	132.19	195.60

13. INSTALLED CAPACITY, PRODUCTION AND TURNOVER (NET OF RETURNED GOODS)

(Value ₹ in. Lakhs)

S. No.	Class of Goods	Unit	Opening Balance As on		Production For the Year Ended 31 <sup>st</sup> March		Turnover For The Year Ended 31 <sup>st</sup> March			Closing Stock As At	
			01.04.2010	2011	2010	2011		2010			31.03.11
						Qty.	Qty.	Qty.	Qty.		
i.	Electronic Thickness Gauge (ETG) and Parts	Nos.	1+0	59+448	64+423	58+447	1704.51	66+424	1655.32	2+1	
ii.	PU/PVC Leather Cloth (Coated Fabrics) <sup>2</sup>	Lakh Mtrs.	00.43	27.50	29.15	27.64	3896.44	29.16	3706.88	00.29	
iii.	Non Woven	Lakh Mtrs.	00.02	02.46	01.58	02.32	516.27	01.58	356.07	00.16	
iv.	Needle Loom Felt	Lakh Mtrs.	00.07	01.44	02.52	01.45	131.44	02.48	175.04	00.06	
v.	Cellular Plastic Sheets	Lakh Mtrs.	00.08	06.11	03.74	06.06	1832.62	03.69	068.41	00.13	
vi.	PU Resin	Lakh Kgs.	—	00.33	00.28	00.33	53.21	00.28	30.50	—	
vii.	Various Cut Pieces & Chindi	Lakh Kgs.	00.01	01.68	01.92	01.64	19.59	01.94	16.22	00.05	
viii.	Bardana			—	—	—	23.75		19.23		
ix.	Raw materials sales as such		—	—	—		74.91		17.65		

NOTES :-

- 1) Since the Industry has been de-licensed, Licensed capacity reporting is discontinued. Classification of products are as per Excise Tariff and Installed Capacity is as Certified by the Management.
- 2) Installed capacity for the year ended 31<sup>st</sup> March 2010, 31<sup>st</sup> March 2011 is 36 & 42 Lakh Mtrs. respectively

**14. RAW MATERIAL CONSUMPTION****(₹ in Lakh)**

I) Raw Materials	Unit	2010-2011				2009-2010		
		Opening Qty.	Receipt Qty.	Closing Qty.	Consumed Qty.	Value (₹)	Consume QTY.	Value (₹)
DIOP/DOP/DBP/DINP	Kgs.	76000	840640	35680	880960	802.88	857100	700.14
PVC Resin	Kgs.	240725	1068550	201385	1107890	774.54	1059195	558.93
Fabrics	Mtrs.	280877	2952959	467827	2766009	925.92	2953895	882.53
Non Woven Lining	Mtrs.	61553	942421	242211	761763	454.78	623205	360.91
Staple Fibre	Kgs.	24568	35339	5276	54631	43.67	102699	63.16
Adipic Acid	Kgs.	3814	129525	6325	127013	176.67	106442	102.08
DMF	Kgs.	18050	435088	20000	433138	222.06	311420	157.71
MDI	Kgs.	1100	116775	4800	113075	119.83	92050	95.84
Titanium Di Oxide	Kgs.	2625	59600	3775	58450	79.10	95800	120.99
Butane-diol	Kgs.	10000	53600	10000	53600	68.53	42200	58.04
X-Ray Tubes	Nos.	6	43	7	42	46.12	34	40.52
Sources	Nos.	7	60	9	58	92.62	51	81.46
Ionization Chambers	Nos.	14	98	19	93	60.90	80	42.10
Power Supplies	Nos.	6	220	8	218	22.57	136	12.32
Computer & Parts						41.69		48.13
Slide & Bearings						10.76		13.10
Iron & Aluminum						236.76		145.03
Pigment, Chemicals Electronic Item Etc.						1046.26		972.95
Freight Inward						156.03		141.03
<b>II) Consumable &amp; Stores</b>						246.63		250.61
<b>III) Packing Material</b>						60.01		44.12
						5688.33		4891.70

**IV) CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIALS**

	₹ in Lakhs	2010-2011 % of Total Consumption	₹ in Lakh	2009-2010 % of Total Consumption
Imported (Landed cost at Factory)	2586.43	45.47%	2145.55	43.86
Indigenous	3101.90	54.53%	2746.15	56.14
	<u>5688.33</u>	<u>100.00</u>	<u>4891.70</u>	<u>100.00</u>

**V) EXPENDITURE IN FOREIGN CURRENCY****(₹ in Lakh)**

	2010-2011	2009-2010
Raw Material & Consumables (CIF)	2312.16	1870.15
Capital Goods (CIF)	533.14	43.17
Foreign Travels	12.57	21.76
	<u>2857.87</u>	<u>1935.08</u>

**VI) EARNING IN FOREIGN CURRENCY**

Automation Division

Earnings in US\$ (INR - ₹ 563.94 Lakh)

**12,57,876**

11,20,988

Earnings in EURO (INR - ₹ 195.84 Lakh)

**3,33,992**

4,44,221

Leather Cloth Division

Earnings in US\$ (INR - ₹ 12.97 Lakh)

**30,825**

77,724

**15. Earning Per Share (Basic & Diluted) :****31.03.2011****(₹ in Lakhs)**  
31.03.2010

Profit After Tax	<u>276.20</u>	<u>185.22</u>
Earning available to Equity Share Holders	<b>276.20</b>	185.22
Weighted Average no. of Equity Shares during the Year	<b>11330000</b>	11330000
Earning Per Share	<b>02.44</b>	01.64
Nominal Value Per Share (in ₹)	<b>10</b>	10
Dividend per Shares (in ₹)	<b>01</b>	—

16. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary and rounded off to the nearest rupee.

**INFORMATION PURSUANT TO PART IV OF SCHEDULE TO THE COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS :** State Code : 55 Registration No. : 22758  
CIN No. : L24302HR1985PLC022758 Balance Sheet Date : 31.03.2011

**II. CAPITAL RAISED DURING THE YEAR :** (₹ IN '000)  
Public/Rights/Bonus Issue: Nil Private Placement : Nil

**III. Position of Mobilisation and Deployment of Funds :** (₹ in '000)

Total Liabilities	435312	Total Assets	435312
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**SOURCES OF FUNDS**

Paid up Capital	113300	Reserves & surplus	102363
Secured Loans	182611	Unsecured Loans	7050
Deferred Tax Liability	29988		

**APPLICATION OF FUNDS**

Net Fixed Assets	267254	Investments	2312
Net Current Assets	165746	Misc. Expenditure	—

**IV. PERROFMANCE OF THE COMPANY :** (₹ in '000)

Turnover	825274	Expenditure	781661
Profit Before Tax	43613	Profit After Tax	27620
Earning Per Share ₹	02.44	Dividend Rate (%)	10

**V. Generic Names of Principal Products of the Company (As Per Monetary Terms)**

**E C C No.**

Item Code no. (ITC Code)  
59031010, 20

90229090

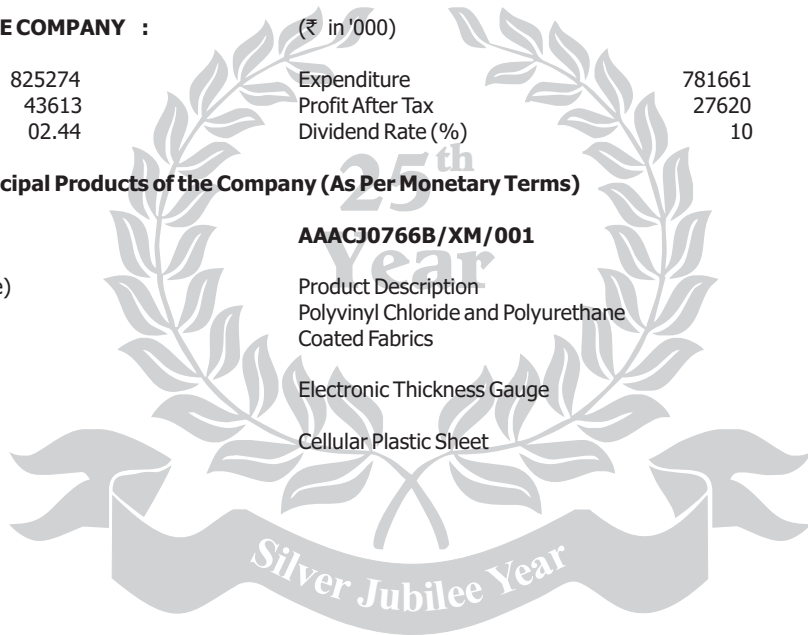
39211390

**AAACJ0766B/XM/001**

Product Description  
Polyvinyl Chloride and Polyurethane  
Coated Fabrics

Electronic Thickness Gauge

Cellular Plastic Sheet



As per our Report of even date attached  
**For Arora & Choudhary Associates**  
Chartered Accountants  
(Regd. No. 003870N)

**(CA. Vijay K. Choudhary)**  
Partner-M. No. : 81843

New Delhi, July 18, 2011

For and on behalf of the Board

J. K. Garg	-	Chairman & Managing Director
O. P. Garg	-	Executive Director
Ramnik Garg	-	Whole Time Director
Manish Garg	-	Whole Time Director
Navneet Garg	-	Whole Time Director
S. K. Verma	-	Company Secretary & Vice President
M. Paliwal	-	G.M. (Finance & Accounts)