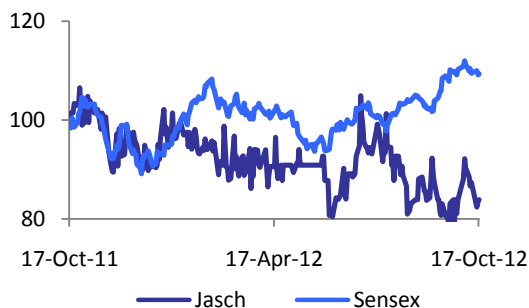


October 16, 2012

***CMP** **11.79**

BSE Code	500220
BSE ID	JASCH
High/Low 1Y (Rs.)	15.60/11.15
Average Volume (3M)	14,103
Market Cap (Rs. Cr.)	13

Shareholding %	Jun-12	Mar-12
Promoters	54.71	54.71
DII [#]	0.01	0.01
FII [#]	0	0
Public & Others	45.28	45.28

Stock Chart (Relative to Sensex)


Stock Performance (%)	1M	6M	1Yr
Jasch Industries	4.1	-7.3	-16.1
Sensex	0.4	7.2	9.3

Financials	FY10	FY11	FY12
Revenue	65.6	75.3	81.2
Y-o-Y	26.9%	14.8%	7.8%
EBITDA	6.1	8.0	10.1
Y-o-Y	12.5%	30.4%	25.9%
Net Profit	1.9	2.8	3.7
Y-o-Y	48.6%	49.1%	33.7%
EPS (Dil.)	1.6	2.4	3.3
EBITDA Margin	9.4%	10.6%	12.4%
Net Profit Margin	2.8%	3.7%	4.5%
P/E(x)	7.2x	4.8x	3.6x

Financial year ends at March 31 on consolidated basis.

All figures in Rs. crore except for per share data

[#]FII^s- Foreign Institutional Investors

[#]DII^s- Domestic Institutional Investors

 *CMP as of closing value as on 16th Oct 2012

Jasch Industries Ltd.

Company Overview

Jasch Industries Ltd (formerly Jasch Polymers Ltd) was incorporated on December 11, 1985 under the Indian Companies Act, 1956 as a Public Limited Company. It obtained Certificate of Commencement of Business on January 2, 1986. The name of the company was changed to Jasch Industries Limited and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Delhi & Haryana on 7th September, 1993.

The company is a pioneer in the manufacturing of PU and PVC coated fabrics. Coated Fabrics (also known as synthetic leather or rexine) is used in manufacturing footwear and automobile seat covers.

Company Fundamentals

Focus to improve margins

The company witnessed a continuous increase in sales reporting a total revenue of Rs. 81.2 crore in FY12, but the percentage increase has actually dipped compared to previous years, due to recession in local and international markets and also continuous dip in the value of rupee against dollar resulting in increase in prices. Net profit margin has recorded a marginal improvement of 4.5% in FY12 against 3.7% and 2.8% recorded in FY11 and FY10 respectively.

The year under review was challenging on many fronts. Inflationary pressures continued unabated and the depreciation of the Indian rupee, tight liquidity condition and persistent hardening of interest rates added to woes.

Different Product line

The company has purchased 100% shareholding of Indev Gauging System Inc, USA through a wholly-owned subsidiary company named Jasch North America Company incorporated in USA, with a view to increase its presence in the international market, particularly in the USA, which is the largest market of Electronic Gauges in the world.

Increase in debt equity ratio

Between FY11 and FY12, the company's debt equity ratio has remained constant at 0.9 times. At the same time, the interest coverage has been on the rise throughout at 2.8 in FY12.

Key Strengths

- Experienced management
- Good variety in product lines
- Strong business strategy with focus on quality

Company Business

The company is promoted by Mr. Jai Kishan Garg and his associates. Incorporated in year 1985 as Jasch Polymers, the company was then transformed as a public limited in 1986 and again changed its name to Jasch Industries Ltd. in 1993. The company has three state-of-the-art coating lines at its manufacturing facilities at Sonapat (Haryana).

Products

Footwear and Sports accessories

Jasch Industries Ltd. manufactures a wide variety of PU and PVC coated fabrics running into several colors, coating thicknesses, back-fabric and tailor-made coated fabrics. These products are used in footwear and sports industry. Prestigious brand owners that use Jasch products are Bata, Liberty, Lakhani and Reebok. Jasch Industries Ltd. has started in India for the first time wet PU Synthetic Leather for sports shoes, slippers, shoe upper, lining and sports goods materials in technical collaboration with DUKSUNG CO. LTD, South Korea. Coated Fabrics (also known as synthetic leather or rexine) finds application in manufacture of footwear, automobile seat covers, upholstery, purses, belts, sports goods and other products. For sports goods, the company manufactures material suitable for balls, gloves, soccer shoes and shoe lining.

Nucleonic Gauges

Jasch Industries Ltd also manufactures radiation based nucleonic gauges. These gauges are used by paper manufacturers and galvanizing industry for measuring the thickness of coatings and basis weight of products. To name a few, prestigious manufacturers like Arcelor Mittal (Belgium & Kazakhstan), Isbir Industries (Turkey), Kandil Steel (Egypt), Mittal Steels (South Africa) are the company's valued clients.

R & D

The company has achieved consistent increase in production and sales in the last few years due to the management's focus on continuous upgradation and modernization of plant and machinery. The management is channelising its efforts to reduce the cost of production and optimizing existing resources of the company during the year under review.

Besides, the company has renewed the technical collaboration with Duksung Company Ltd., South Korea for a further period of three years from September, 2010 at a nominal fee of \$30,000 per annum for upgradation of technology and development of new products. The adoption and absorption of the technology had helped the company successfully market premium quality PU Coated Fabrics to reputed shoe manufacturers such as Reebok, Nike, Bata etc.

The company has obtained ISO 9001:2008 and ISO 9001:2000 Quality Certificates for its Synthetic Leather and Electronic Gauge Division respectively

Acquisition of Indev Gauging System Inc.

The company's sales in Electronic Gauging Division have been stagnant in the last 3-4 years mainly due to saturation of local market and recession in the economy. Electronic Gauging System being capital goods item, the fortune of the same is linked with investment in plant and machinery in user industries like Steel, Paper, Aluminum etc. With a view to increase its presence in the international market, particularly in the USA, which is the largest market of Electronic Gauges in the world, the company has identified a small manufacturing and marketing company called Indev Gauging System Inc in USA. The company has purchased 100% shareholding of Indev Gauging System Inc, USA through a wholly-owned subsidiary company called Jasch North America Company, incorporated in the USA. The total cost of acquisition was \$1 million, equivalent to 517 lakh, financed through unsecured loan of 275 lakh brought in the company by the private promoters and the balance through internal cash accruals of the company. The company has also incurred expenditure of 87 lakh for due diligence for the acquisition which is being amortized during 2011-12 and next 2 years.

Source: Company website & Annual Report

Industry Overview

Retail Accessories Segment

The demographics of the Indian economy make it an ideal place for the growth of the consumer industry. Based on the existing rate of growth the Indian population will surpass that of China by 2030. The per capita income of Indians increased from Rs 31,206 to Rs 60,603 between FY07 and FY12. Furthermore, India's urbanization is set to increase from 30% to 40% at a compounded annual rate of 2.4% - the fastest urbanization rate in the world. Close to 65% of Indians between 20-60 years are working, leading to higher disposable incomes.

The apparel market in India is dominated by the unorganized sector. However, there is a paradigm shift in the preferences of consumers which has led to an increase in the share of the organized sector. As per the Indian Brand Equity Foundation, India's retail market is expected to grow at 7% over the next 10 years, with organized retail growing at 25% to reach a size of \$200 billion by 2020. Such hyper growth in retail formats will drive greater penetration of branded apparels in India.

Footwear Division

India is standing on the threshold of a retail revolution and witnessing fast changing retail scenario, with footwear market set to experience phenomenal growth in the coming years. The entry of numerous international players has also resulted in providing a significant boost to the Indian footwear market and the demand for Indian footwear will continue to grow in future. The Indian footwear industry as of today ranks second after China. The Report on "Indian Footwear Market Forecast 2014" - released by RNCOS has anticipated a Compound Annual Growth Rate (CAGR) of 14% between 2012 and 2014.

With rising per capita income and purchasing power combined with brand awareness, growing fashions and image consciousness among the youngsters has led to the boom in this segment recently.

Moreover the demand for variety in formal footwear has increased. There is also an increasing demand for medical footwear that offers comfort for the aged people. Besides, health awareness and related program in rural areas have increased demand for footwear among this community.

Source: Indian Footwear Market Forecast (RNCOS – Industry Research Solutions)

Competitor Analysis

Company	Year End	*CMP	M Cap	Revenue	EBIT Margin	EPS	P/E
Jasch Industries	Mar-12	11.79	13	81.4	9.70%	3.3	3.6x
Gangotri Textiles	Mar-12	2.80	8.7	162	-10.1%	-15.56	-
VTX Industries	Mar-12	10.25	18	189	0.58%	-14.44	-
Himachal Fibres	Mar-11	15	12.3	104	-7.1%	2.8	5.4x

*Source: BSE India, Market Cap and Revenue in Rs.crore. Capitaline for Operating Profits *CMP and M Cap as of 16th Oct '12*

Summary Financials

Profit & Loss Statement

Particulars (Rs crore)	FY10	FY11	FY12
Net Sales	65.6	75.3	81.2
Other Op. Revenue			
Total Revenue	65.6	75.3	81.2
<i>Growth (%)</i>	<i>26.9%</i>	<i>14.8%</i>	<i>7.8%</i>
Cost of Goods Sold	-53.3	-60.8	-62.2
Gross Profit	12.2	14.5	18.9
Employee Costs	-2.4	-2.7	-3.3
Other Expenditure	-3.7	-3.8	-5.6
EBITDA	6.1	8.0	10.1
<i>Growth (%)</i>	<i>12.5%</i>	<i>30.4%</i>	<i>25.9%</i>
Depreciation	-1.7	-1.8	-2.5
EBIT Profit	4.4	6.2	7.6
Finance cost	-2.0	-2.3	-2.8
Other Income	0.4	0.4	0.3
Exceptional Items			
PBT	2.8	4.4	5.2
<i>Growth (%)</i>	<i>34.5%</i>	<i>54.0%</i>	<i>18.8%</i>
Income Tax	-1.0	-1.6	-1.5
Profit after Tax	1.9	2.8	3.7
Extra Ordinary Items			
Net Profit	1.9	2.8	3.7
<i>Growth (%)</i>	<i>48.6%</i>	<i>49.1%</i>	<i>33.7%</i>
Rep. Basic EPS	1.64	2.44	3.26
Rep. Diluted EPS	1.64	2.44	3.26
Equity Capital	11.3	11.3	11.3
Face value	10	10	10

Ratio Analysis	FY10	FY11	FY12
Margins			
EBITDA Margin (%)	9.4%	10.6%	12.4%
Net Profit Margin (%)	2.8%	3.7%	4.5%
Valuation			
P/E (x)	7.2	4.8	3.6
P/BV (x)	0.7	0.6	0.5
Profitability			
ROCE (%)*	-	20.4%	22.8%
RONW (%)	9.2%	12.8%	14.7%
Solvency Ratio			
Debt/ Equity Ratio (x)	0.6	0.9	0.9
Interest Cover (x)	2.2	2.7	2.8

*Bifurcation between Long Term and Short Term debt is not available for FY10

Contact Details:

ICRA Online Limited
research@icraonline.com

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P J Towers, Dalal Street, Mumbai. Tel: 22721233/34 www.bseindia.com

