

HARYANA LEATHER CHEMICALS LIMITED

BOARD OF DIRECTORS

Narendra Kumar Jain, Chairman
Pankaj Jain, Managing Director-cum-Vice Chairman
Vijay Kumar Garg
Harish Kumar Gupta
Harish Chandra Dutta
Dr. KSV Menon
Dott. Massimo Medini
Pradeep Behl
Sippy Jain
Marco Medini

COMPANY SECRETARY

Silu Nanda

AUDITORS

S.C. Dewan & Co., Panchkula, Haryana

CORPORATE OFFICE

1405, Signature Towers,
South City - I,
Gurgaon - 122 001, Haryana

REGISTERED OFFICE AND WORKS

72 - 77, HSIDC Industrial Estate,
Hansi Road, Jind - 126 102 (Haryana)

EOU DIVISION

52 - 53, HSIDC, Industrial Estate,
Hansi Road, Jind - 126 102 (Haryana)

CORPORATE EXECUTIVES

Dr. P. L. Maurya, Chief General Manager - Works
A. K. Gupta, General Manager - Commercial & Operations
Ramesh Goyal, General Manager - Engg. & Tech.
Neeraj Bishnoi, General Manager - Marketing

REGISTRAR & SHARE TRANSFER AGENTS

RCMC Share Registry (P) Ltd.
B - 25/1, First Floor, Okhla Industrial Area,
Phase - I, New Delhi - 110 020
Phone : 011 - 26387320 - 21
011 - 26387323
Fax : 011 - 26387322

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ISIN for Demat purpose : INE 681F01018

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company M/s. Haryana Leather Chemicals Limited will be held on Saturday, the 20th day of September, 2014 at 11.30 a.m. at the Registered Office of the Company at 72 - 77, HSIDC Industrial Estate, Hansi Road, Jind - 126102 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2014 and the Statement of Profit & Loss Account for the Year ended as on that date together with the Reports of Auditors and Directors thereon.
2. To consider declaring Final Dividend @ 7% for the Financial Year 2013-14.
3. To consider appointing a Director in place of Mr. Marco Medini (DIN: 06709885), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider appointing a Director in place of Mr. Vijay Kumar Garg (DIN: 00236460), who retires by rotation and being eligible offers himself for re-appointment.
5. To reappoint Auditors and to fix their remuneration and in this regard to consider, and to if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution pursuant to section 139 of the Companies Act, 2013:

"RESOLVED THAT pursuant to the provisions of Section 139, and other applicable provisions, if any, of the Companies Act, 2013, M/s. S.C. Dewan & Co., Chartered Accountants (Registration No. 000934N), be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company."

SPECIAL BUSINESS:

6. To reappoint Dr. K. S. V. Menon (DIN: 00920088) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Dr. K. S. V. Menon (DIN: 00920088) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective September, 20, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

7. To reappoint Mr. Pradeep Behl (DIN: 00703855) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Mr. Pradeep Behl (DIN: 00703855) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective September, 20, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

8. To reappoint Lt. Gen. Harish Chandra Dutta Retd. (DIN: 00920009) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Lt. Gen. Harish Chandra Dutta Retd. (DIN: 00920009) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective 20th September, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company.”

9. To reappoint Mr. Harish Kumar Gupta. (DIN: 01203136) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Mr. Harish Kumar Gupta. (DIN: 01203136) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective 20th September, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company.”

10. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Regd. Office:
72-77, HSIDC Industrial Estate,
Hansi Road, Jind,
Haryana - 126 102.
CIN: L74999HR1985PLC019905
Date: 31st July, 2014
E-mail: info@leatherchem.com
Website: www.leatherchem.com

By order of the Board of Directors of
Haryana Leather Chemicals Ltd.

SILU NANDA
Company Secretary

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the said meeting and vote on her/his behalf, and the proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Pursuant to Section 105(1) of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights, such a Member may appoint a single person as proxy, who however shall not act as proxy for any other person or shareholder.
2. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representative to attend and vote at the Annual General Meeting.
3. Members/Proxy holders are requested to bring at the venue of Annual General Meeting their attendance slip duly signed so as to avoid inconvenience.
4. Brief information of Directors, names of the Companies in which they hold directorship and membership/ Chairmanship of Board Committees, Shareholdings and relationships between directors as stipulated under clause 49 of the Listing agreement with the Stock Exchange are provided in the Corporate Governance Report forming part of the Annual report.
5. The Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business transacted at the meeting above are annexed hereto and form a part of this Notice.
6. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 15.09.2014 to Saturday, 20.09.2014 (both days inclusive) for determining the names of Members eligible to receive the Dividend declared, if any, on the Equity Shares of the Company.
8. The dividend on Equity Shares, if declared at the Meeting by the Members at the Annual General Meeting, shall be paid to all those Members whose names appear in the Company's Register of Members at the time of Book Closure, and in respect of the shares held in demat form, to all those Members whose names appear as beneficial owners as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited on the close of business hours as on that date.
9. Members holding shares in the physical form are requested to send the advice about any change in their registered address or bank particulars, to the Company's Registrar and Share Transfer Agent, M/s. RCMC Share Registry (P) Ltd., B-25/1, First Floor, Okhla Industrial Area Phase - I, New Delhi - 110 020 quoting their folio number.
10. Members holding shares in the electronic form must send the advice about any change in their registered address or bank particulars to their respective Depository Participants with whom they are maintain their demat accounts and not to the Company.
11. Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/documents in the electronic form. To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2014 electronically, Members are requested to update (in case of change)/register, at the earliest, their email IDs with their Depository Participants in case the shares are held in the electronic form or the Registrar and Share Transfer Agent of the Company, RCMC Share Registry (P) Limited, in case the shares are held in the physical form. The Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.
12. Pursuant to Section 123(5) of the Companies Act, 2013, and the Securities and Exchange Board of India's Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 regarding use of electronic payment modes for making payments to investors, Members are requested to update their bank account and latest address details with their respective Depository Participants (for shares held in the electronic form) along with a photocopy of their cheques to the Company's Registrar and Share Transfer Agent, RCMC Share Registry (P) Limited (for shares held in the physical form). Our Registrar and Share Transfer Agent will take due note of the same for payment of Dividend. This obviates problems like loss/fraudulent interception of Dividend warrants during postal transit while also expediting payment.
13. Members desiring any information on the Accounts of the Company are requested to write to the Company's Registered Office and same should reach 10 (ten) days before prior to the date of the Annual General Meeting so as to enable the Company keep the information ready.

14. Members are advised to note the ISIN No. INE 681F01018 allotted to the Company's shares and those who are interested to dematerialize their shares may do so.
15. In all correspondence with the Company or with its Share Transfer Agent, Members are requested to quote their Client ID Number and their DP ID Number if the shares are held in the dematerialised form; in case the shares are held in the physical form, they must quote their folio number.
16. Those Members who have not yet encashed/claimed the Dividend of the Company for any/all of the financial year 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are requested to encash/claim the same immediately. In terms of Section 205C of the Companies Act, 1956, the Company shall be required to transfer the unclaimed/unpaid Dividend of the Company on the expiry of seven years from the date it became due for payment, to the "Investor Education and Protection Fund", and subsequently, the Shareholders shall not have any right to claim the said Dividend from the Company or from the said Fund.

The details of the un-encashed / unclaimed Dividend for the Financial Years 2007-08 to 2012-13 as on March 31, 2014 are as under:

Dividend for the year	Unclaimed/Unpaid Dividend as on March 31, 2014 (Rs. in Thousands)	Due date of transfer to Investor Education and Protection Fund
2007-08	215.69	26th October, 2015
2008-09	188.87	16th October, 2016
2009-10	217.59	23rd October, 2017
2010-11	243.67	18th October, 2018
2011-12	278.14	31st October, 2019
2012-13	273.81	13th September, 2020

17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is offering e-voting facility to its members in respect of the business to be transacted at the Twenty Ninth Annual General Meeting to be held on Saturday, the 20th day of September, 2014 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, Haryana.

The Company has engaged the services of RCMC Share Registry (P) Limited as the Authorised Agency to provide e-voting facility. The Particulars of e-voting will be sent to the shareholders separately.

The e-voting facility will be available during the following voting period:

Commencement of e-voting : From 15th September, 2014 (10:00 a.m.)
End of e-voting : Up To 17th September, 2014 (10:00 a.m.)

The cut-off date (i.e. record date) for the purpose of e-voting is Monday the 15th September, 2014.

18. Relevant documents referred to in the accompanying Notice and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during office hours on all working days up to the date of the Annual General Meeting of the Company.

Explanatory Statement (Pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 6

Dr. K. S. V. Menon is an Independent Director of Haryana Leather Chemicals Limited.

While Dr. Menon was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Dr. Menon for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Dr. Menon fulfills the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Dr. Menon as an Independent Director.

Dr. K. S. V. Menon is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Dr. Menon does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Dr. Menon, is in any way interested or concerned with this resolution.

Item No. 7

Mr. Pradeep Behl is an Independent Director of Haryana Leather Chemicals Limited.

While Mr. Pradeep Behl was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Mr. Pradeep Behl for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Mr. Pradeep Behl fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Mr. Pradeep Behl as an Independent Director.

Mr. Pradeep Behl is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Mr. Pradeep Behl does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Pradeep Behl, is in any way interested or concerned with this resolution.

Item No. 8

Lt. Gen. Harish Chandra Dutta Retd. is an Independent Director of Haryana Leather Chemicals Limited.

While Lt. Gen. Harish Chandra Dutta Retd. was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Lt. Gen. Harish Chandra Dutta Retd. for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Lt. Gen. Harish Chandra Dutta Retd. fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Lt. Gen. Harish Chandra Dutta Retd. as an Independent Director.

Lt. Gen. Harish Chandra Dutta Retd. is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Lt. Gen. Harish Chandra Dutta Retd. does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Lt. Gen. Harish Chandra Dutta Retd., is in any way interested or concerned with this resolution.

Item No. 9

Mr. Harish Kumar Gupta is an Independent Director of Haryana Leather Chemicals Limited.

While Mr. Harish Kumar Gupta was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Mr. Harish Kumar Gupta for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Mr. Harish Kumar Gupta fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Mr. Harish Kumar Gupta as an Independent Director.

Mr. Harish Kumar Gupta is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Mr. Harish Kumar Gupta does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Harish Kumar Gupta, is in any way interested or concerned with this resolution.

Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s Balvinder & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.10 of the Notice for approval by the shareholders.

Item No. 11

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication - their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board commends the Special Resolution set out at Item No. 15 of the Notice for approval by the shareholders.

By Order of the Board of Directors
For Haryana Leather Chemicals Limited

(SILU NANDA)
Company Secretary
Place : Gurgaon
Date : 31st July, 2014

CIN: L74999HR1985PLC019905
Registered Office:
72-77, HSIDC Industrial Estate,
Hansi Road, Jind,
Haryana - 126 102.

Website: www.leatherchem.com
Email ID: info@leatherchem.com

DIRECTORS' REPORT

Dear Shareholders,

The Directors of Haryana Leather Chemicals Ltd. are pleased to present the 29th Annual Report and Audited Statement of the Company's accounts for the year ended on 31st March, 2014.

FINANCIAL RESULTS

A summary of the financial results for the year 2013-2014 is given below:

	2013 - 14 (Rs. in Lacs)	2012 - 13 (Rs. in Lacs)
Sales Turnover (Net of Excise)	4479.39	3967.14
Gross Profit	467.86	398.39
Deductions		
Depreciation	78.49	75.2
Interest	12.85	20.42
Profit before tax	376.52	302.87
Less: Provision for Income Tax for the year	93.48	92.00
Less: Provision for Fringe Benefit Tax (FBT)		
Less: Provision for taxation / FBT earlier year	1.59	28.11
Add: Provision for Income Tax written back		
Less: Previous year's adjustment		
Less/(Add): Deferred tax liability	9.71	4.29
Profit after tax and available for appropriation	271.74	178.36
Less: Provision for dividend	34.36	29.45
Less: Provision for dividend tax	5.84	5.01
Less: Transfer to general reserve	34.73	21.58
Profit carried to balance sheet	196.81	122.32

OPERATIONS

During the year the Company has achieved a sales turnover of Rs. 4479 lacs against Rs. 3967 lacs for the previous year. The net profit for the year is Rs. 272 lacs against Rs.178 lacs for the previous year. The exports are at Rs.1632 lacs compared to the previous year's exports of Rs. 1673 lacs.

The Company has recorded approximately 12% growth in sales in comparison to previous year and 50% increase in profit carried to Balance Sheet.

DIRECTORS

Pursuant to the provisions of the Articles of Association of the Company, the Directors - Mr. Pradeep Behl, Dot. Massimo Medini, Lt. Gen. (Retd.) H.C. Dutta retire by rotation at the forthcoming Annual General Meeting to be held on **20th September, 2014** and being eligible they offer themselves for re-appointment.

STATUTORY AUDITORS

The statutory auditors of the Company M/s S. C. DEWAN & Co., Chartered Accountants, Panchkula are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment, offers themselves for the same. Their appointment, if made, will be in accordance with section 224 (1-B) of the Companies Act, 1956 (hereinafter referred to the "Act").

Auditor's report does not need any comments from the directors.

PARTICULARS OF EMPLOYEES u/s 217(2) (A)

The Company did not employ any person drawing a remuneration of Rs. 5,00,000.00 or above for one month or part of the month or Rs. 60,00,000.00 or above for one year, whose particulars are required to be mentioned u/s 217(2)(A) of the Companies Act, 1956.

SECRETARIAL COMPLIANCE CERTIFICATE

As the paid up share capital of the Company is more than Rs. 10,00,000/- and below Rs. 5,00,00,000/- so a certificate from the Company Secretary in practice is attached with the report as per the requirements of section 383A of the Companies Act, 1956 who has conducted audit of the books and other documents of the Company and has given the certificate.

COST AUDITOR'S COMPLIANCE CERTIFICATE

As the Central Government has by an order directed that an audit of cost accounts of the Company should be conducted in the manner specified in MCA order 52/26/CAB -2010 Dt. 24-01-2012, by an auditor who shall be a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959, so a certificate from the Cost Auditor in practice is taken as per the requirements of section 209(1)(d) of the Companies Act, 1956 who has conducted audit of the books and other documents of the Company and has given the certificate.

TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND

As the Company is distributing dividend to its shareholders since 2006 on recommendation of the shareholders of the Company. The Board also authorised to take all the necessary steps to transfer the unpaid / unclaimed dividend of Equity Shareholders for the year 2006-2007 to the Investor Education and Protection Fund (IEPF) of the Central Government established under sub section (1) of section 205C of the Companies Act, 1956 on the date as per the provisions of the relevant section of the Act.

FIXED DEPOSIT

The Company has not accepted / renewed any fixed deposits during the period under review.

CORPORATE GOVERNANCE

A certificate on the compliance of conditions of corporate governance has been obtained from the Statutory Auditors of the Company and the same has been given below as Annexure.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Board of Directors of the Company confirms that:

- a. during the preparing of the annual accounts, the applicable accounting standards have been followed and no material departure has taken place;
- b. the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give an accurate view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- c. 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;
- d. annual accounts have been prepared on an ongoing concern basis.

QUALITY CONTROL

The Company's quality control system has gained further strength with focus on Restricted Substances List (RSL) of REACH (Registration, Evaluation and Authorization of Chemicals). New RSL inclusions of 2013 have been successfully addressed by the Company. The Company has expanded its in-house chromatography platform by "state of the art" instruments, and key inputs are screened for suspected RSL.

Quality incidences reported by customers were deeply investigated and corrections in product specifications and processes have been implemented to avoid any recurrence. The Company has also undertaken restructuring of its quality policy and new document system that will comply with the requirements of ISO 9001 : 2008 and ISO 14000 : 2004 is being put in place.

EXPORT OPERATIONS

In spite of recessionary trends in China, a key export market, the Company has been able to maintain its export operations –though growth targets could not be realized. The Company has identified thrust areas in Latin American markets and hopes for an early breakthrough in this distant market. The Company explored the possibility of setting up a representative office in the US to serve Latin American markets, but found that it will be more economical to operate through agents and dealers at this early stage. The efforts undertaken for entering Indonesian market have also yielded encouraging results and Company will consolidate its efforts further in this market.

TECHNOLOGY DEVELOPMENT

Since the last two years, the Company has been aggressively pursuing technology development of Di-Sulphone Syntan, Acrylic Impact and Flow Modifiers for use in PVC. A vital component of this project was a new generation spray dryer – a part of which has been imported. During the year the entire plant, its sequence of operation was tested and fuel consumption validated by producing full scale batches. The results from the plant in terms of yield and heat efficiency are satisfactory and the plant has been put to successful commercial production.

During the year the Company also tested several new technologies on bulk storage, fluid handling, pneumatic pumping and batching of key inputs with a view to improve plant efficiency and reduce batch process times. This activity was essential in view of emerging trends in transportation methods of chemicals in bulk tankers. The initial results of the new techniques are very satisfactory. In the coming few months this concept will be replicated to handle more products to improve operational convenience and faster batch cycle.

DIVIDEND

Considering the current growth and profitability, the Directors are pleased to recommend the dividend @ 7%.

PERSONNEL & INDUSTRIAL RELATION

The Company continues to maintain cordial relations across all levels of workforce. The key managerial staff has also maintained cordial relationship with their subordinates. The Company's efforts to involve shop floor supervisors and workers in generating new technical ideas have caused improved efficiency and safety. A new software for online sanction of leaves is being tested. The Company has maintained the yearly increments and bonus system to ensure motivation at all levels.

ENVIRONMENT & POLLUTION CONTROL MEASURES

The Company has complied with all the required State Pollution Control Regulations and its Amendments from time to time. The waste water discharge has been further reduced and has almost reached a quantity where the Company can aspire to achieve a "zero discharge" status. The vacuum distillation process and equipment for recovery of water from waste water was evaluated and was found unviable for small volume. It was considered that instead of water recovery, the wash water should be minimized and reused in subsequent batches. This system of reuse of wash water has been implemented in few products and more are likely to be covered under this concept.

The Company has also initiated expansion of water testing lab to test key parameters like COD, BOD, TSS and TDS. The data generated through this exercise will enable further improvement from each effluent stream for stricter control in discharge of wash water.

ACKNOWLEDGEMENT

The Directors extend their sincere thanks to Company's suppliers for enabling stricter quality controls; domestic and international dealers for their zealous approach for increased market share; representatives, service providers, financial institutions and technical consultants for their continued support.

The Directors deeply appreciate the involvement of all the employees in achieving the sales growth and for putting their best efforts towards meeting various challenges during the year.

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

Place : New Delhi
Date : 14th May, 2014

N.K. JAIN
Chairman

PANKAJ JAIN
Managing Director-cum-Vice Chairman

ANNEXURE - A

INFORMATION AS PER SECTION 217(1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2014.

A) CONSERVATION OF ENERGY

Total energy consumption and energy consumption per unit of production as per the Annexure to this rule is as under:

Form - A

			Current Year 2013 - 14	Previous Year 2012 - 13
1.		Power and Fuel Consumption		
	a)	Electricity Purchased (KWH)	342536	270844
		Total Amount (Rs.)	3004343	2130650
		Rate / Unit (Rs.)	8.77	7.87
	b)	Own Generation		
		Through Diesel Generator		
		Unit (KWH)	49763	82393
		Units / Ltr. of Diesel Oil	2.26	2.01
		Cost / Unit (Rs.)	23.51	21.96
		Coal		
		Quantity		
		Total Cost		
		Average Cost		
		Furnace Oil / HSD		
		Oil Quantity (K. Ltrs.)	163.02	204.49
		Total Cost (Rs.)	8477040	8799162
		Average Rate (Rs. / K. Ltr.)	52000	43029
		Others / Internal Generation		
		Quantity		
		Total Cost		
		Rate Unit		
2.		Consumption per Unit of Production		
		Production (MT)	4830	4548
		Electricity (KWH / MT)	81.22	79.86
		Furnace / HSD Oil (Ltr. / MT)	33.75	36.00
		Coal		
		Others		

B) TECHNOLOGY ABSORPTION

a) Research & Development (R & D)

1. Specific area in which R & D was carried out:

- As per REACH requirements, it is necessary to screen inputs for SCCP (Short Chain Chlorinated Paraffin) and MCCP (Medium Chain Chlorinated Paraffin) as these Restricted Substances (RS) are the prime suspects in chloro-sulphonated intermediates that the Company outsources. The technology for detecting these RS requires special chromatography techniques using an electron capture device (ECD). The entire test procedure has been standardized and has been put into regular use as routine quality control measures.
- The new generation acrylics and PUD from M/s ICAP-SIRA Chemicals and Polymers SpA, were evaluated for their suitability for performance enhancement of existing products. This exercise was jointly conducted with ICAP-SIRA's Italian experts. After thorough evaluation it was considered that certain changes in ICAP-SIRA's products may be required for their compatibility with Company's products to suit target markets. The feedback has been conveyed to ICAP-SIRA.

2. Benefits derived as a result of above R & D.

- a) The new detection techniques on SCCP and MCCP ensured that the Company's products remain free from these RSL. The R&D enabled better understanding of these "tough to detect" RS and knowledge thus gained can be further utilized for stricter compliance of REACH norms.
- b) The exercise for evaluating ICAP-SIRA's new generation products with Italian experts proved beneficial in understanding the latest trends in leather finishing technologies. The knowledge gained during this exercise is being applied to compare Company's products once again with some top selling international brands.

3. Future Plan of Action

- a) The future R&D plan focusses more on "process" aspects rather than "products". The Company will test various new technologies on fluid handling, pumping, conveying and batch dosing. This exercise is essential to reduce manpower requirement, energy consumption and reduced breakdown.
- b) To test newer concepts of wash water reuse with the purpose of improving yield and reduce load on the effluent treatment plant. This requires expanding in-house capability of testing BOD and COD for which various analytical techniques will be evaluated.
- c) To modify properties of existing range of Polyurethane top coats to suit new fashion trends. The Company plans to approach its foreign partner ICAP-SIRA to share knowledge on new trends and technologies on "VOC- free" polymers.

4. Expenditure on R & D (Rs. in lacs)

- a) Capital : 12.74
- b) Recurring : 68.99
- c) TOTAL : 81.73
- d) Total R & D expenditure : 1.82 %
as percentage of total turnover

b) Technology Absorption, Adaptation & Innovation

(as per form B of the annexure to this rule)

- a) All indigenously developed technologies have been commercialized except for "Polymeric Fatliquors".
- b) All previously imported technologies have been fully absorbed and commercialized.

c) Foreign Exchange Earnings & Outgo

- a) The Company's foreign exchange earnings out of export (Inclusive of foreign exchange fluctuations) were Rs. 1632 lacs.
- b) The expenditure in foreign exchange during the financial year under review is Rs. 309.44 lacs. This is related to payment towards raw materials, import of capital goods, payment of overseas travel of Directors & Employees.

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

Place : New Delhi
Date : 14th May, 2014

N.K. JAIN
Chairman

PANKAJ JAIN
Managing Director-cum-Vice Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

a. Industry Structure

Leather chemicals are used in the transformation of raw skin and hides into luxury articles, furniture and automotive leather. Today, more than 85% of leather produced finds use in the manufacture of fashion footwear, apparel, and upholstery. As a result, demand for leather chemicals is widely dictated by trends in the fashion industry. Over the years, improvements in leather processing techniques and chemicals used have contributed significantly to the aesthetics, look and feel of leather. Some of the latest innovations include use of nano and micro particulates for abrasion resistance, chemicals for improved color fastness and superior water resistance.

However the leather tanning Industry entirely depends on availability of raw hides and skins which in turn is a by-product of the meat industry. The economic conditions of leather producing country govern the meat consumption and spending power of the consumer, making the entire industry structure dependent on domestic economic conditions. But India being the second largest producer and exporter of footwear is also dependent on economic conditions of its export markets.

b. Opportunities & Threats

Opportunities

The market is witnessing rise in eco-friendly chemicals with manufacturers increasingly turning towards green chemistry to improve the green quotient of chemicals. The development of novel solvent-free organic finishes as well as advanced tanning agents is expected to further bolster leather tanning opportunities in India and neighboring countries. The leather industry is also bracing for tighter regulations on types and amount of leather chemicals used. The need to comply with stricter regulations is expected to further drive a spate of innovations in leather chemicals market and only those companies with extensive R&D set up will be preferred by the customers. This will yield more opportunities for organized sector. The Company is well- positioned with latest offerings to exploit such emerging opportunities in this sector.

Threats

High raw hide prices continue to challenge leather manufacturers, affecting their profitability in the market. Moreover, the rise in leather prices is difficult to pass on to consumers as they remain sensitive to price variations. Also, since raw leather make up the majority of finished leather costs, the focus of customers is more on making the best possible use of available hide using minimum chemicals. With tanners increasingly transitioning to inferior quality leather grades to sustain margins, leather chemical consumption, particularly finishing chemicals, may see a decline in consumption. To mitigate such a threat the Company will focus on developing finishing chemicals for upgrading the leather quality.

c. Segment-wise or product-wise performance

In terms of markets, the domestic sector has performed significantly better as compared to exports. The domestic markets of east and north, in particular, have shown significant growth. Product wise, the Company sees more growth opportunities in wet-end segment in the domestic sector. For exports the Company is relying on strategic alliances with competitors to toll manufacture.

The growth in shoe finishing chemicals at Agra is also very encouraging and an indicator that Company must expand this market which remains deeply wedded to imported shoe chemicals. Company's products for this sector offers a viable alternative to imports.

d. Outlook

The need to upgrade lower selections of raw material, lower component weights, area increase, especially in gloving and upholstery sector is driving introduction of new wet- end products. In order to enable sustainable leather manufacturing, leading players are rolling out eco-friendly chemicals and finishing agents. Rising preference for metal-free leather tanning is promoting use of alternative tanning technologies.

REACH expansion of RSL will bring new challenges and make tougher demands on leather chemical industry. Company's laboratories are being regularly upgraded to meet such challenges. The general outlook for leather industry in India is stable but Company's export operations will depend largely on revival of leather production in China.

e. Risks & Concerns

The Company's prime concern is the stability of leather production which depends on price trends of raw leather. A rise in vertical integration of tanneries by luxury brand manufacturers to ensure steady supply and stable prices of high quality leather is another concern as the tanneries loose autonomy to choose their chemical supplier. Since most international luxury brands are European, they may force tanneries to use only European chemicals.

f. Internal control systems and their adequacy

The Company's internal controls are adequate to monitor profitability, costs, environmental and safety concerns. With the implementation of bulk storage and dosing systems for some key materials, the turnaround time of inventory is being reduced and deliveries are more efficient. The new production planning and scheduling system has significantly improved order management systems.

The future plan for better control will focus more on better logistic management, consolidation of shipments so that dealers particularly in far off territories like Chennai, Ranipet and Ambur get faster deliveries at lower freight cost.

g. Discussion on financial performance with respect to operational performance

Higher sales revenues in domestic market as compared to previous years are due to improvement in deliveries, better production management and consistent quality. The increased sales had a direct effect on profitability.

A consistent reduction in credit period, stricter payment realization system ensured a steady cash flow for undertaking major plant maintenance and modernization activity using internal accruals.

h. Material developments in Human Resources / Industrial Relation front, including number of people employed

The Company's human resources including key technical and financial managers remain deeply committed to Company's growth. Various departmental heads coordinate independently with their subordinates to mitigate day to day challenges. The management structure permits senior managers to focus on complex areas of environment and safety. Managers, executives and staff across all levels continue to be rewarded with bonuses and increments as a token of appreciation to their commitment.

The numbers of employees as on 01.07.2014 was 87.

CORPORATE GOVERNANCE

Based on clause 49 of the Listing Agreement with BSE (Bombay Stock Exchange Limited) and some of the best policies followed on Corporate Governance, the report containing the details of Corporate Governance systems and processes at Haryana Leather Chemicals is as follows:

1. Company's Philosophy on Corporate Governance

The Company has strictly adhered to the model code in corporate governance and has strictly complied with various statutory regulations.

Fairness to shareholders and common bodies, transparency, disclosures and accountability has been the guiding philosophy on Company's day to day and long term operational goals.

Company Policies:

At Haryana Leather Chemicals Limited, the Company strive to conduct its business and strengthen its relationship in a manner that is distinctive, dignified and responsible. The Company adhere to the ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in and ethical manner. Some of these codes and policies are as follows:

- Code of Board of Directors and Board Committees.
- Code of conduct for prohibition of insider trading.
- Code of business conduct and Ethics for management personnel.
- Code of business policies.
- Values and commitments.
- Health, safety and Environment policies.
- Code of Financial Reporting, Disclosure & Transparency.

2. Board of Directors

The Board of Directors consists of ten Directors, two executive Director and eight non-executive Directors. Out of the eight non-executive Directors, two are nominees of the collaborators i.e., ICAP Sira Chemicals & Polymers SPA, Italy.

The Board normally meets once in every quarter. During the year the Board of Directors met seven times on 30.04.2013, 30.05.2013, 05.07.2013, 30.07.2013, 31.10.2013, 28.11.2013 and 31.01.2014.

The Composition of the Board of Directors and attendance record is as follows:

Director	Category	Other Director-ships held	Memberships in Committees of Board	No. of Board meeting attended	Whether attended AGM held on 07.08.2013
Pankaj Jain	Executive	3	-	7	Yes
Sippy Jain	Executive	-	-	3	Yes
N.K. Jain	Non - Executive	4	-	-	No
V.K. Garg	Non - Executive	9	-	-	No
H.K. Gupta	Independent	5	3	-	No
K.S.V. Menon	Independent	-	3	7	No
H.C. Dutta	Independent	-	3	3	No
Massimo Medini*	Independent	-	-	-	No
Marco Medini*	Independent	-	-	-	No
Pradeep Behl	Independent	-	3	6	No

*Represents collaborator M/s. ICAP Sira Chemicals & Polymers SpA, Italy.

The detailed list of Company names in which the Directors hold Directorship, Membership/Chairmanship of board Committees are as follows:

PANKAJ JAIN:

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	4/2/2013	22/04/1985
2.	U85110HR1997PTC033697	N K Jain Instruments Pvt. Ltd.	29/08/1997	29/08/1997
3.	U36999DL1997PTC084940	Labotech Microscopes India Private Limited	30/09/2000	30/09/2000
4.	U74899DL1994PTC056969	N K Jain Holdings And Finance Private Limited	16/11/2009	16/11/2009

VIJAY KUMAR GARG

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	U45201CH1979PTC003954	Vijay Kumar Garg Contractor Pvt Ltd	30/03/1979	30/03/1979
2.	L24299PB1980PLC004147	Munak Chemicals Limited	1/7/2013	27/06/1980
3.	U29219CH1983PTC005493	Munak Engineers Pvt Ltd	27/06/1983	27/06/1983
4.	U65921CH1983PTC005499	Munak Credit And Investment Pvt Ltd	6/7/1983	6/7/1983
5.	L65910CH1985PLC023820	Keshoram Leasing Limited	6/4/1989	6/4/1989
6.	L51431CH1984PLC023818	Bronze Trading Limited	13/02/1991	13/02/1991
7.	L17117CH1985PLC023819	Anubhav Industrial Resources Limited	20/03/1991	20/03/1991
8.	U67120CH1986PLC006688	Munak Holdings Ltd	6/12/1993	6/12/1993
9.	U24119HR1990PLC030838	Alpha Antibiotics Ltd	23/08/2002	23/08/2002
10.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22/07/2003	22/07/2003

NARENDER KUMAR JAIN

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22/04/1985	22/04/1985
2.	U74899DL1991PTC045520	Labotron Instruments Private Limited	18/01/1994	18/01/1994
3.	U74899DL1994PTC056969	N K Jain Holdings And Finance Private Limited	18/01/1994	18/01/1994
4.	U85110HR1997PTC033697	N K Jain Instruments Pvt Ltd	29/08/1997	29/08/1997
5.	U36999DL1997PTC084940	Labotech Microscopes India Private Limited	30/09/2000	30/09/2000

PRADEEP BEHL

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	23/08/2006	23/08/2006

Apart from the Directorship in the Company Mr. Pradeep Behl is also the Member of the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

HARISH CHANDRA DUTTA

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22/09/1988	22/09/1988

Apart from the Directorship in the Company Mr. H. C. Dutta is also the Member of the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

DR. K. S. V. MENON

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	30/10/1988	30/10/1988

Apart from the Directorship in the Company Dr. Menon is also the Chairman of the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

MASIMO MEDINI

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	24/03/1993	24/03/1993

HARISH KUMAR GUPTA

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	31/05/1985	31/05/1985
2.	U99999HR2000PLC034590	Liberty Garments Limited	29/12/2000	29/12/2000
3.	U14103HR1995PTC032654	Alfa Spinner Pvt. Ltd.	1/10/2005	1/10/2005
4.	U24233HR2008PTC038480	Liberty Life Sciences Private Limited	3/11/2008	3/11/2008
5.	U52100HR2008PTC038502	Smart Life Style Retailing Private Limited	12/11/2008	12/11/2008
6.	U14294TN2010PTC077222	Trio Granites Private Limited	3/9/2010	3/9/2010

Apart from the Directorship in the Companies Mr. Harish Kumar Gupta is also the Member of the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

SIPPY JAIN

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	7/8/2013	10/8/2010

MARCO MEDINI

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	8.2.2013	8.2.2013

3. Audit Committee

The Audit Committee of the Company has the following members:

1. Dr. K.S.V. Menon – Chairman
2. Mr. H.C. Dutta – Member
3. Mr. H.K. Gupta – Member
4. Mr. Pradeep Behl – Member

The terms of reference are as required under clause 49 of the Listing Agreement.

During the year the committee met on 30.04.2013, 30.05.2013, 05.07.2013, 30.07.2013, 31.10.2013 and 31.01.2014. The attendance of the members of the committee is as follows:

Name of Director	Details of Attendance
Dr. K.S.V. Menon	30.04.2013, 30.05.2013, 05.07.2013, 30.07.2013, 31.10.2013 and 30.01.2014
Mr. H.C. Dutta	31.10.2013 and 31.01.2014
Mr. Harish K. Gupta	-
Mr. Pradeep Behl	30.04.2013, 30.05.2013, 05.07.2013, 30.07.2013, 31.10.2013 and 30.01.2014

4. Nomination and Remuneration Committee

The Company has constituted remuneration committee consisting of four independent directors, Dr. K.S.V. Menon (Chairman), Mr. H.C. Dutta, Mr. Harish K. Gupta and Mr. Pradeep Behl.

All directors except Mr. Pankaj Jain, Managing Director and Sippy Jain, whole time Director receive only sitting fee. The Remuneration package of Mr. Pankaj Jain, Managing Director for the year 2013-14 is given below:

All elements of remuneration	Rs. 29.04 lacs*
Fixed Portion	Rs. 29.04 lacs
Performance Incentive	Nil
Criteria of performance incentive	N/A
Period of appointment	Re-appointed on 03.02.2013 for three years
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

The remuneration package of Mrs. Sippy Jain, whole time Director for the year 2013-14 is given below:

All elements of remuneration	Rs. 4.11 lacs*
Fixed Portion	Rs. 4.11 lacs
Performance Incentive	75,000
Criteria of performance incentive	N/A
Period of appointment	Re-appointed on 07.08.2013 for three years
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

*Other than the fixed portion of remuneration the managing director is entitled to contribution to provident fund, gratuity & leave encashment at the end of the tenure.

5. Stakeholder Relationship Committee

The Board has constituted Stakeholder Relationship Committee in accordance with provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement. The terms of reference of Shareholders'/ Investors' Grievance Committee was conferred on the Stakeholder Relationship Committee and consequently the Shareholders'/ Investors' Grievance Committee was dissolved.

Name of Non-executive Director heading the Committee	Dr. K.S.V. Menon
Compliance Officer	Ms. Silu Nanda, Company Secretary
No. of complaints received during the year 2013-2014	Shareholders = Nil Stock exchange = Nil SEBI = Nil NSDL = Nil
Complaints not solved to the satisfaction of shareholders	Nil
Complaints pending on 31.03.2014	Nil

6. General Body Meetings

Location, time and date of last three Annual General Meetings are:

Date	Time	Location
07.08.2013	11.30 am	72 - 77, HSIDC Industrial Estate, Hansi Road, Jind, Haryana.
25.09.2012	11.30 am	— do —
12.09.2011	11.30 am	— do —

7. Disclosures

- There were no material transactions with Directors or the Management or their relatives having potential conflicts with the interest of the Company at large.
- There has not been any type of penalties or strictures were imposed on the Company by stock exchange or SEBI or any statutory authority on any matters related to the capital market during the last year.
- The Company Secretary records minutes of proceedings of each Board and Committee meeting. Drafts minutes are circulated to the Board / Board Committee members for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusions of the meeting.

8. Means of Communication

The Company adopts the quarterly financial results as per the format prescribed by the stock exchange and is immediately sent to Bombay Stock Exchange, Mumbai. The quarterly results are also published in newspapers – Financial Express – Mumbai and Dainik Tribune (Chandigarh) and are also available in company's web site.

The Management Discussion and Analysis Report is part of the Annual Report.

9. General Shareholder Information

- Annual General Meeting (AGM): The Company's AGM will be held on 20.09.2014 at 11.30 am at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102 (Haryana).
- Financial Calendar: April to March.
- Date of Book Closure: 10.09.2014 to 20.09.2014 (both days inclusive).
- Dividend Pay out dates: 22.09.2014
- Listing of Stock Exchanges: Mumbai Stock Exchange Limited.
- Stock Code: BSE 524080.
- Market Price Data: The shares of the company quoted at Bombay Stock Exchange between Rs. 11.30 to Rs. 20.20 during the year 2013-14.
- Registrar and Share Transfer Agents: RCMC Share Registry (P) Ltd., B-25/1, First Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020. The share Transfer System: Company's Registrar & ShareTransfer Agents is handling the both physical and electronic share transfer related job.
- Depository Participants; National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Distribution of shareholdings:

Distribution of shareholding as on 31.03.2014

Shareholding of Value of Rs.	No. of Share Holders	% of Share holders to Total	No. of shares held	Amount Rs.	% to Total
0 - 5000	3586	87.74	670151	670510	13.65
5001 - 10000	253	6.19	215861	2158610	4.40
10001 - 20000	102	2.50	157452	1574520	3.21
20001 - 30000	41	1.00	106450	1064500	2.17
30001 - 40000	13	0.32	46033	460330	0.94
40001 - 50000	17	0.42	69410	794100	1.62
50001 - 100000	27	0.66	201823	2018230	4.11
100001 and above	48	1.17	3431290	34312900	69.91
Total	4087	100	4908470	49084700	100

Shareholding Pattern as on 31.03.2014

Category	No. of shares	Percentage
Promoters (including Foreign Collaborator)	20,29,290	41.34
FII, Banks, Mutual Funds	10,100	0.21
Others	28,69,080	58.44
Total	49,08,470	100.00

Dematerialisation and Liquidity: The shares of the company is dematerialised and the ISIN for demat is: INE681F01018.

Registered Office and Plant Location: Plot No. 72 - 77, HSIDC Industrial Estate, Hansi Road, Jind, Haryana - 126 102.

EOU Division: 52 - 53, HSIDC Industrial Estate, Hansi Road, Jind, Haryana - 126 102.

Corporate Office: 1405, Signature Towers, South City-I, Gurgaon - 122 001, Haryana

SECRETARIAL AUDIT REPORT

The Board of Directors

Haryana Leather Chemicals Limited

72-77, HSIDC Industrial Estate,
Hansi Road, Jind – 126 102 (Haryana)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Haryana Leather Chemicals Limited (“the Company”). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2014 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2014 according to the provisions of-
 - The Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. 5.0. 27S4 (E) dated September 12, 2013;
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
 - The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FOI) and External Commercial Borrowings (ECB);
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - The Equity Listing Agreements with BSE Limited; and
 - The Memorandum and Articles of Association.
2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated September 12, 2013 (“the Act”) and the Memorandum and Articles of Association of the Company, with regard to:
 - (a) Maintenance of various statutory registers and documents and making necessary entries therein;
 - (b) Closure of the Register of Members / Debenture holders;
 - (c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - (d) Service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;

- (e) Notice of Board meetings and Committee meetings of Directors;
 - (f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation, if any;
 - (g) The 28th Annual General Meeting held on August 07, 2013;
 - (h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
 - (i) Approvals of the Members, the Board of Directors, the Committees of Directors and the Government authorities, wherever required;
 - (j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
 - (k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
 - (l) Appointment and remuneration of Auditors and Cost Auditors;
 - (m) Transfers and transmissions of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;
 - (n) Payment of interest on debentures and redemption of debentures;
 - (o) Declaration and payment of dividends;
 - (p) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
 - (q) Borrowings and registration, modification and satisfaction of charges wherever applicable;
 - (r) Investment of the Company's funds including inter-corporate loans and investments and loans to others;
 - (s) Giving guarantees in connection with loans taken by subsidiaries;
 - (t) Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
 - (u) Allotment of equity shares of the Company pursuant to Employees Stock Option Scheme;
 - (v) Directors' report;
 - (w) Contracts, common seal, registered office and publication of name of the Company; and
 - (x) Generally, all other applicable provisions of the Act and the Rules made under the Act.
3. I further report that:
- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
 - (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
 - (c) the Company has obtained all necessary approvals under the various provisions of the Act; and
 - (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and Bye-laws framed there under by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company,

6. The Company has complied with the provisions of FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable to ODI, FDI and ECB
7. I further report that:
 - (a) The Company has complied with the requirements under the Equity listing Agreements entered into with BSE Limited.
 - (b) The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - (c) The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - (d) The Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme; and
 - (e) The Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
8. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

V. JHANWAR & Co.
Company Secretaries

VIKRAM JHANWAR
Proprietor
Certificate of Practice No. 11204
31st July, 2014

The Board of Directors,
Haryana Leather Chemicals Ltd.
72-77 Industrial Estate, Hansi Road,
Jind - 126 102, Haryana.

30th April, 2014

Re: CEO Certification

As stipulated under clause 49 of the Listing Agreement with Stock Exchange, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - (iii) instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Haryana Leather Chemicals Ltd.

PANKAJ JAIN
Managing Director-cum-Vice Chairman

CODE OF CONDUCT DIRECTORS AND SENIOR MANAGEMENT

Applicable to all Directors and Senior Management of the Company i.e. all Board members including Managing Director and Senior Management who are members of the core management team i.e., all executives who are one level below the Directors including all functional heads.

General Policy

The Company's philosophy of Corporate Governance is reflected in the commitment of management, which objectively works, realizing and accepting its responsibilities towards shareholders, society and the country. The management's endeavor is to maintain transparency, optimize operational efficiency and retain high level of credibility with the shareholders, creditors and the government.

This Code of Conduct is intended to provide guidance and help to all Directors & Senior Management Executives in recognizing their responsibility and dealing with the issues in such manner as to achieve the objective of the corporate in an ethical way and to help to foster a culture of honesty in the performance of one's duties and accountability.

Each person should act with competence and diligence to bring honour and respect for the Company and comply with all the relevant laws governing the operations of the Company's business in accordance with the principles laid down in the Code. A Director of the Company is to act in the fiduciary capacity and every Senior Management Executive is to act as a most disciplined, sincere and loyal worker to protect the interest of the Company and to make efforts for achievement and promotion of the corporate objectives, inter alia relating to financial, social, cultural and ethical areas.

The Best – of results can be achieved by adopting the best practices as under:

DIRECTORS

Every Director to:

- Make reasonable efforts to attend Board and Committee meetings regularly.
- Dedicate sufficient time, energy and attention to the affairs of the Company to ensure diligent performance of his duties, including preparing for meetings and decision making by viewing in advance any Agenda / material distributed and making reasonable enquiries.
- Seek to comply with all Corporate Policies.
- Act in the best interest of, and fulfill his fiduciary obligations to the Company's shareholders.
- Conduct himself in a professional, courteous and respectful manner.
- Comply with all applicable laws, rules and regulations.
- Act in a manner to enhance and maintain the reputation of the Company.
- Disclose potential conflicts of interest that he may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest.
- Make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors.
- Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, except when authorized or legally required to disclose such information.
- Restrain from the use of confidential information acquired in the course of their service as Directors to his personal advantage.
- Notify the other Directors of his material personal interest and must not vote on the matter.
- Bring an open and independent mind to Board or Committee meetings and should not make a decision about a matter before attending and participating in the deliberations of the meeting.

SENIOR MANAGEMENT EXECUTIVES

Every Senior Executive to:

- Attend to the duties regularly
- Dedicate sufficient time, energy and attention to the affairs of the Company and ensure diligent performance of his duties, including preparing for each meetings and decision making by viewing in advance any Agenda / material distributed and making reasonable inquiries.

- Seek to comply with all Corporate Policies
- Make available to and share with seniors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors
- Respect the confidentiality of information relating to the affairs of the Company acquired in the course of his service as Sr. Executive, except when authorized or legally required to disclose such information
- Notify his personal material interest to his seniors and not to participate in the discussions and decision making in the concerned matters.
- Protect Company's assets / funds / properties and ensure its efficient use. Theft, carelessness, waste, etc. of the assets / properties which have a direct impact on the Company's profitability.
- Consult the Legal Department of the Company if he is unfamiliar / uncertain about the legal rules involving Company's business before taking any action that may jeopardize the Company or that individual.
- To obtain prior approval of the Managing Director of the Company before accepting employment or a position of responsibility (such as Consultant / Director) with any other Company nor provide 'freelance' services to anyone.

GENERAL

- All persons should avoid conflicts of interest with the Company. Any situation that involves or may reasonably be expected to involve, a conflict of interest should be disclosed properly to the Chairman / Director-in-charge.
- All persons should act and conduct free from fraud and deception. Their conduct shall conform to the best efforts.
- All persons owe a duty for not taking themselves personally, opportunities that are discovered during the use of the Company's property, information or position, and they have duty towards the Company to advance its objectives and interest.
- All persons not to compete directly or indirectly with the Company and not to disclose the confidential and crucial information gathered by the individuals during the tenure of their position in this Company even after resignation from the directorship or leaving the services of the Company.
- All persons or their family members shall not accept any gift from persons or firms who deal with the Company where such gifts can be construed as a force to influence their actions and decisions in conflict with the interest of the Company.
- All persons shall deal fairly with employees of the Company. They shall not take any unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation or other unfair dealing-practices.
- All persons shall not indulge in the activity of subscribing or buying or selling the Securities of the Company, which may be in contravention of the policies prescribed by SEBI in the matter of Insider Trading. Such persons shall not misuse any unpublished price sensitive information about the Company with others.
- All persons shall give full cooperation to their seniors, share the information with them, if required, in the best interest of the Company or for compliance of the requirement of the good corporate governance.
- All persons must adopt proactive practices to promote the progressive and ethical behavior at all levels of the management and among other members of the team in the organization.
- All persons must ensure that none of their actions obstruct other person who is performing his duty as assigned to him.
- All persons ought to report variation of any type in policy Code to their seniors and all of them should give patient hearing to those who want to discuss and criticize any of the issues pertaining to any transaction assuming the same is in the interest of the Company. In case a person feels uncomfortable in discussion of such matters then the person desiring to convey his feeling should contact the Chairman of the Company.
- All persons must disclose if any of their relatives or any Company or firm in which they have interest is entering into employment or any business transaction with the Company. Such disclosure of interest should be given from time to time or periodically to the Managing Director / Company Secretary.
- Only Board of Directors have the right to make any waiver / modification in any part of this Code of Conduct.

For Haryana Leather Chemicals Ltd.

PANKAJ JAIN
Managing Director-cum-Vice Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of **Haryana Leather Chemicals Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Haryana Leather Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.C. Dewan & Co.**
Chartered Accountants
ICAI Firm Registration Number: 000934N

S.C. Dewan
Partner
Membership Number: 015678
Place: Gurgaon
Date : 14th May, 2014

Haryana Leather Chemicals Limited

Annexure to the Independent Auditors' Report

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" 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, 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 nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off 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 fixed assets:
 - a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b) The procedures of physical verification of inventory 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 is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. As there are no loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under section 301 of The Companies Act, 1956 the provisions of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
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 purchases of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory or sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system in respect of these areas.
5.
 - a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and rule framed there under are not applicable for the year under audit.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of leather chemicals, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date becoming payable.
 - b) According to the information and explanations given to us, there were no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, as applicable, which have not been deposited on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and 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 the repayment of dues to financial institutions, banks and debenture holders.
12. In our opinion and according to the information and 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities and other investments. The Company has maintained proper records of transactions and contracts in respect of shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
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. According to the information and explanations given to us, the Company has not issued any secured debentures.
20. The Company has not raised any monies by way of public issues.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S.C. Dewan & Co.**
Chartered Accountants
ICAI Firm Registration Number: 000934N

S.C. Dewan
Partner
Membership Number: 015678
Place : Gurgaon
Date : 14th May, 2014

**Auditor's Certificate on Compliance of conditions of Corporate Governance
Under Clause 49 of the Listing Agreement**

We have examined the compliance of conditions of Corporate Governance by **M/s. Haryana Leather Chemicals Limited** for the year ended on 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s). The compliance of the 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 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.

On the basis of our review of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company, we certify that the Company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the Stock Exchanges.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 14th May, 2014

S.C. DEWAN
Partner
M.No. 015678

AUDITORS' REPORT

To
The Shareholders
Haryana Leather Chemicals Limited

We have audited the attached Balance Sheet of **M/s. Haryana Leather Chemicals Limited** as at 31st March, 2014 and also the Profit and Loss Account 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.

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 mis-statement. 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.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we enclose in Annexure A, statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we state that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 such books.
 - (iii) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of the written representations from the Directors as on 31st March, 2014, taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2014 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 Significant Accounting Policies & Notes 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 Balance Sheet of the state of affairs of the company as at 31st March, 2014, and
 - b) In the case of Profit and Loss account of the *Profit* of the company for the year ended on that date.
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 14th May, 2014

S.C. DEWAN
Partner
M.No. 015678

ANNEXURE TO THE AUDITORS' REPORT

HARYANA LEATHER CHEMICALS LIMITED, JIND.

Referred to in Paragraph 1 of our report of even date :

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The Fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. No Fixed Assets have been disposed off during the year.
2. Physical Verification of inventory has been conducted at reasonable intervals by the management. The procedures of Physical Verification of Inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The Company is maintaining proper records of the Inventory. No material discrepancies were noticed on Physical Verification dealt within the books of accounts.
3. The company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Sector 301 of the Act.
4. There is an adequate internal control procedure 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.
5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered in the register. Each of these transactions has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposit from the public.
7. The company has an internal audit system commensurate with its size and nature of its business.
8. The company has not been required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
9. The company is regular in depositing undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities
10. The company has been registered for a period of more than five years, having existing share capital of Rs. 490.84 lakhs. It has incurred neither accumulated loss nor any cash loss in the financial year under review or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the year under review.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund company.
14. The company is not running any Nidhi / Mutual Benefit Fund/Society.
15. The company is not a Financing Company.
16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
17. The term loans were applied for the purpose for which the loans were obtained, as per the information available from the records of the company.
18. The funds raised by the company on short term basis have not been used for long-term investment. The company has not raised funds on long term basis as it appears from the examination of the records of the company.
19. The Company has not made any Preferential Allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act.
20. The company has not issued any Debentures to the public.
21. The company has not raised any money by Public Issue during the year.
22. No fraud on or by the company has been noticed or reported during the year.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 14th May, 2014

S.C. DEWAN
Partner
M.No. 015678

BALANCE SHEET AS AT 31st March, 2014

	Notes	March 31, 2014	₹ in Thousand March 31, 2013
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds :			
Share Capital	1	49,084.70	49,084.70
Reserves and Surplus	2	187,021.99	163,868.05
2) Non Current Liabilities			
Long Term Borrowings	3	5,997.43	177.50
Deferred Tax Liability (Net)	4	14,644.94	13,673.90
Long Term Provisions	5	662.44	621.68
3) Current Liabilities			
Short Term Borrowings	6	9,433.52	8,853.39
Trade Payables	7	78,841.58	72,926.55
Other Current Liabilities	8	7,521.23	7,275.18
Short Term Provisions	9	8,338.16	8,274.96
TOTAL		361,545.99	324,755.91
II. ASSETS			
1) Non Current Assets			
a) Fixed Assets	10		
Tangible Assets		289,818.33	241,429.34
		289,818.33	241,429.34
Less : Depreciation		119,024.07	111,469.46
Net Block		170,794.26	129,959.88
Capital Work in Progress		503.72	32,782.16
		171,297.98	162,742.04
b) Long Term Loans and Advances	11	846.87	851.87
2) Current Assets			
Inventories	12	39,046.91	42,926.30
Trade Receivables	13	108,037.64	92,076.77
Cash and Bank Balances	14	14,882.23	7,225.96
Short Term Loan & Advances	15	27,434.36	18,932.97
TOTAL		361,545.99	324,755.91
Significant Accounting Policies	27		
Notes to Financial Statement	1-27		

As per our report of even date

For S.C. DEWAN & CO.
Chartered Accountants
(FRN.: 000934N)

S.C. DEWAN
Partner
M. No. 015678

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

Place : GURGAON
Date : 14th May, 2014

SILU NANDA
Company Secretary

Statement of Profit and Loss Account for the year ended 31st March, 2014

			₹ in Thousand	
			March 31, 2014	March 31, 2013
	Notes			
			460,180.25	402,190.68
INCOME				
I.				
	16		447,939.09	396,714.73
II.				
	17		1,967.48	858.98
			5,041.06	4,616.97
			5,232.62	-
III.				
			460,180.25	402,190.68
IV. EXPENSES				
	18		319,558.70	284,201.07
	19		(1,284.95)	(2,853.13)
	20		27,101.19	24,586.54
	21		2,534.72	2,858.80
	10		7,848.87	7,520.56
	22		66,789.64	55,589.71
			422,548.17	371,903.55
V.				
			37,632.08	30,287.14
VI.				
			20.14	-
			-	9.75
			37,652.22	30,277.39
VII.				
			9,348.49	9,200.00
			158.71	2,811.69
			971.04	429.24
			10,478.24	12,440.93
			10,478.24	12,440.93
VIII.				
			27,173.98	17,836.46
	23			
			5.54	3.63
			-	-
	1-27			

As per our report of even date

For S.C. DEWAN & CO.
Chartered Accountants
(FRN.: 000934N)

S.C. DEWAN
Partner
M. No. 015678

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

Place : GURGAON
Date : 14th May, 2014

SILU NANDA
Company Secretary

CASH FLOW STATEMENT

₹ in Thousand

	March 31, 2014	March 31, 2013
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	37,652	30,278
Adjustments for -		
Add Depreciation	7,849	7,520
Less Profit on sale of asset	5,232	63
Add Interest	1,285	2,042
	41,554	39,903
Operating Profit before Working Capital Changes		
Adjustments for -		
Trade and other Receivables	-15,961	3,487
Inventories	3,879	-10,504
Trade and other payables	6,161	20,664
Cash Generated from Operations	35,633	53,550
Direct Taxes Paid	11,182	12,012
Provision for Dividend / Dividend Tax	4,020	3,446
Provision for Direct Tax / Fringe Benefit Tax	0	0
Cash Flow before Extraordinary Items	20,431	38,092
Extraordinary items	-	-
Net Cash from Operating Activities	20,431	38,092
B. Cash Flow from Investing Activities		
Purchase of Fixed / Long Term Assets	19,918	19,679
Sale/Reduction of Fixed Assets	3,514	40
profit on sale of asset	5,232	-
Net Cash used in Investing Activities	-11,172	19,639
C. Cash Flow from Financing Activities		
(increase)/decrease in long term borrowings	4300	-8878
proceeds from long term provisions/short term provisions	104	1256
changes in working capital loans/short term borrowings	2100	-847
(increase)/decrease in long term loan and advances borrowings	-6822	-5660
interest paid	-1285	-2042
Net Cash used in Financing Activities	-1,603	-16,171
Net Increase/(Decrease) in Cash and Cash Equivalent	7,656	2,282
Cash and Cash Equivalents (Opening Balances)	7,226	4,944
Cash and Cash Equivalents (Closing Balances)	14,882	7,226

Notes :

1. The above statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances Only.
3. Additions to Fixed / Long Term Assets are stated include movements of Capital Work in Progress during the year.
4. Previous year's figures have been regrouped / reclassified wherever applicable.

AUDITORS' CERTIFICATE

We have verified the above statement with the books and records maintained by M/s. Haryana Leather Chemicals Limited and certify that in our opinion and according to the information and explanations given, the above statement is in accordance therewith.

For S.C. DEWAN & CO.
Chartered Accountants
(FRN.: 000934N)

S.C. DEWAN
Partner
M. No. 015678

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

Place : GURGAON
Date : 14th May, 2014

SILU NANDA
Company Secretary

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 1

₹ in Thousand

	March 31, 2014	March 31, 2013
Share Capital		
Authorised Capital		
6,000,000 Equity Shares of Rs. 10/- each	60,000.00	60,000.00
Optionally Convertible, cummulative or non-cumulative		
Issued, Subscribed and Paid Up Capital		
4,908,470 Equity Shares of Rs. 10/- each	49,084.70	49,084.70
TOTAL	49,084.70	49,084.70

Shares out of the issued, subscribed and paid up Share Capital were allotted as Bonus Shares in the last five years by capitalization of Securities Premium Reserves - Nil.

Shares out of the issued, subscribed and paid up Share Capital were allotted in the last five years pursuant to the various scheme of amalgamation without payment being received in cash - Nil.

Shares out of the issued, subscribed and paid up Share Capital held by subsidiaries do not have Voting Rights and are not eligible for Bonus Shares - Nil.

The details of Shareholders holding more than 5% shares.

Name of the Share Holder	March 31, 2014		March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Narendra Kumar Jain	297,060	6.05	297,060	6.05
Pankaj Jain	453,910	9.25	453,910	9.25
ICAP SIRA Chemicals & Polymers SpA	768,470	15.66	768,470	15.66

The reconciliation of number of shares outstanding is set out below:

Particulars	March 31, 2014 No. of Shares	March 31, 2013 No. of Shares
Equity Shares at the beginning of the year	4,908,470.00	4,908,470.00
Add : Shares issued	-	-
Less: Shares cancelled	-	-
Equity Shares at the end of the year	4,908,470.00	4,908,470.00

NOTE 2

	March 31, 2014	March 31, 2013
Reserves & Surplus		
General Reserve		
As per Last Balance Sheet	37,934.88	35,776.27
Add: Transfer from Profit & Loss	3,473.09	2,158.61
Closing Balance	41,407.97	37,934.88
Profit and Loss account (Carried over from P&L)		
As per Last Balance Sheet	125,933.17	113,701.06
Add: Profit for the year	27,173.98	17,836.46
Less: Appropriations	3,473.09	2,158.61
Proposed Dividend	3,435.93	2,945.08
Dividend Distribution Tax	584.11	500.66
Closing Balance	145,614.01	125,933.17
TOTAL	187,021.99	163,868.05

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 3

₹ in Thousand

	March 31, 2014			March 31, 2013		
LONG TERM BORROWINGS						
SECURED						
Loans from Others	Current	Non Current		Current	Non Current	
Rana Motors Ltd. Delhi	176.73	76.89		462.82	177.50	
Total	176.73	76.89	76.89	462.82	177.50	177.50
UNSECURED						
- From NBFC						
Technology Development Board	-	-		2,665.01	-	
Magma Fincorp Limited	2,981.98	5,920.54		5,920.54	-	
Religare Finvest Ltd.	-	-		1,550.44	-	
TOTAL	3,158.71	5,997.43	5,997.43	4,678.27	177.50	177.50

Note:

Term Loans from Rana Motors are secured by Hypothecation on Vehicles and personal Guarantee of Managing Director, and from financial institutions and other are unsecured but personal guarantee of Managing Director.

Maturity Profile of Secured Term Loans are as below:

Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
Term Loans from Other - Current Year	3,158.71	3,949.09	2,048.32	-	-
Previous Year	1,550.44	-	-	-	-

NOTE 4

	March 31, 2014	March 31, 2013
Deferred Tax Liability (Net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	13,673.90	13,244.66
Gross Deferred Tax Liabilities	13,673.90	13,244.66
Deferred Tax Assets/Liability		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	971.04	429.24
Gross Deferred Tax Liability	971.04	429.24
Net Deferred Tax Liability	14,644.94	13,673.90

In compliance with AS 22 on Accounting for the Taxes on Income, a Sum of Rs. 971.04 Thousand (Previous Year Rs. 429.24 Thousand) has been considered as deferred tax liability in respect of timing difference for the year under consideration and the same has been charged to profit & Loss account.

NOTE 5

	March 31, 2014	March 31, 2013
Long Term Provisions		
Provision for Leave Encashment	662.44	621.68
Total	662.44	621.68

During the Year Company has made a provision of Rs. 662.44 Thousands for accrued liability on account of leave encashment on the basis of actuarial valuation based on projected unit method as required by AS 15 (Revised 2005).

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 6

	March 31, 2014	₹ in Thousand March 31, 2013
Short Term Borrowings		
(Secured)		
- Working Capital Loans		
- From Banks	6,274.81	4,175.12
CC (Stock) SBI Delhi	6,257.18	
CC (EPC) GGN SBI	17.63	
- From Others	176.73	462.82
Rana Motors Ltd. Delhi	176.73	462.82
(Unsecured)		
- From NBFC		
Technology Development Board	-	2,665.01
Magma Fincorp Limited	2,981.98	2,981.98
Religare Finvest Ltd.	-	1,550.44
	9,433.52	8,853.39

Note :

Working Capital Limits from Banks are secured / to be secured by First charge on stocks of Raw materials, Semi-finished goods, Finished goods, Consumable stores, hypothecation of book debts. The Limits are further secured by Equalibale Moratage of Factory Land of the company.

All secured and Unsecured loans are further secured by personal guarantee of Managing Director of the Company.

NOTE 7

	March 31, 2014	March 31, 2013
Trade Payables		
- Micro and Small Enterprises	12,943.49	6,543.66
- Others	65,898.09	66,382.89
Total	78,841.58	72,926.55

Debit and Credit Balances in the accounts of suppliers and others are subject to confirmation and reconciliations.

Detail of amounts outstanding to Micro and Small Enterprises (as define under Micro, Small and Medium Enterprises the development Act, 2006) based on available information with the Company is as under:

Particulars		
Principal amount due and remaining unpaid	12,943.49	6,543.66
Interest due on above and the unpaid interest	-	-
Interest Paid -	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaing due and payable in succeeding years	-	-

NOTE 8

Other Current Liabilities		
Duties & Taxes	594.01	601.33
Unclaim Dividend	1,492.52	1,417.76
Security from Customers	500.00	500.00
Other Payables	4,934.70	4,756.09
(incl. Salary, Bonus, PF, ESI payables)		
Total	7,521.23	7,275.18

NOTE 9

Short Term Provisions		
Provision For Taxation (Net Of Payments)	-	669.08
Accur Liab Royalty	1,300.00	1,334.22
Provision For Excise On Finished Goods	1,181.37	1,153.05
Accur Liab Other	1,836.75	1,672.87
Proposed Dividend	3,435.93	2,945.08
Dividend Distribution Tax	584.11	500.66
Total	8,338.16	8,274.96

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 10

Fixed Assets

₹ in Thousand

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2013	Additions	Deletions/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the Year	Deletions/ Adjustments	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014
Tangible Assets :										
Land	16,138.27	-	2,746.14	13,392.13	-	-	-	-	16,138.27	13,392.13
Building	84,219.63	3,221.30	1,061.64	86,379.29	12,825.06	1,634.97	294.26	14,165.77	71,394.57	72,213.51
Plant & Machinery	109,268.21	48,827.75	-	158,095.96	78,207.45	4,284.00	-	82,491.45	31,060.76	75,604.52
Furniture, Fixture & Equipments	20,747.23	147.72	-	20,894.95	12,847.01	879.58	-	13,726.59	7,900.22	7,168.36
Vehicles	11,056.00	-	-	11,056.00	7,589.94	1,050.32	-	8,640.26	3,466.06	2,415.74
TOTAL	241,429.34	52,196.77	3,807.78	289,818.33	111,469.46	7,848.87	294.26	119,024.07	129,959.88	170,794.26
Previous Year	229,816.32	12,039.60	426.58	241,429.34	104,272.33	7,520.56	323.43	111,469.46	125,543.98	129,959.88
Capital work in Progress	32,782.16	10,148.51	42,426.95	503.72	-	-	-	-	32,782.16	503.72

Note 10

Depreciation on fixed assets provided on straight line method as per schedule-XIV of the Company Act, 1956 (as revised by the amending notification vide circular no. 14/93 dated 20.12.1993 issued by Department of Company Affairs, Ministry of Law, Justice & Company Affairs). Depreciation is charged on prorata basis for assets purchased/sold during the year.

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 11

₹ in Thousand

	March 31, 2014	March 31, 2014
Long Term Loans and Advances		
(Unsecured - considered goods except to the extent provided for)		
Security Deposits	846.87	851.87
Advance Tax / Tax Deducted at Source (Net of provision for tax Rs. 9348.48 Previous Year Rs. 9286.50)	-	-
Total	846.87	851.87

NOTE 12

Inventories

Raw Material	22,342.56	27,125.96
Stores & Spares	390.53	439.38
Packing Material	1,347.43	1,679.51
Work in Progress	2,417.09	1,641.47
Finish Goods	12,549.31	12,039.98
Total	39,046.91	42,926.30

- a. Raw materials have been valued at cost on FIFO Method.
b. Stores & Spares and Packing Material have been valued at cost on FIFO Method.
c. Work in process have been valued at Raw material cost plus proportionate of conversion cost.
d. Finished goods lying at factory have been valued at Raw material cost plus conversion cost including excise duty payable.

NOTE 13

Trade Receivables

(Unsecured, considered goods unless otherwise stated)		
Debts Outstanding for a period exceeding six months	2,244.94	2,027.65
Other Debts - Considered Goods	105,792.70	90,049.12
Total	108,037.64	92,076.77

NOTE 14

Cash and Bank Balances

Cash in Hand	79.90	124.24
Balances with Scheduled Banks on :		
- in current accounts	8,561.19	4,230.07
- in dividend accounts	1,492.52	1,417.76
- Fixed Deposit / Margin Money Account	4,748.62	1,453.89
Total	14,882.23	7,225.96

Fixed Deposit / Margin Money Account include Rs. 14,48,621/- pledged against margin money (previous year Rs. 13,53,890/-).

NOTE 15

Short Term Loans and Advances

(Unsecured - considered goods except to the extent provided for)		
Advances Recoverable in Cash or in Kind (Short Term)	319.44	-
Prepaid Expenses	682.89	620.28
Claim Receivable	2,980.51	3,692.96
Deposit for Flat	10,578.54	7,609.79
Staff Advances	678.50	513.39
Balance With Excise Dept.	8,246.68	3,070.87
Advances to Suppliers	1,058.14	2,285.91
Interest Accured but not due	107.25	4.05
Income Tax Refundable F.Y. 2013-14 (Net of Provision)	1,674.63	-
Income Tax Refundable	135.21	104.31
ITC VAT/CST Recoverable	972.57	1,031.41
Total	27,434.36	18,932.97

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 16

₹ in Thousand

		March 31, 2014	March 31, 2013
SALES			
DOMESTIC SALES:	Manufactured Products	329,049.21	267,226.35
	Less: Excise Duty	44,366.17	37,833.21
	Net Domestic Sales	284,683.04	229,393.14
EXPORT SALES:	Manufactured Products	163,256.05	167,321.59
Total		447,939.09	396,714.73

The company is in the business of manufacturing Polymer Dispersions, Fatliquors, Synthetic Tanning Agents, Finishing Chemicals and these are considered as Leather Chemicals. These products are also sold for applications in Shoes, textiles and plastic Industry. As such there is no other segment according to the provisions of the accounting standard 17 on segment reporting as issued by Institute of chartered accountants of India.

The company is in the business of manufacturing of Polymers, Dispersions, Fatliquors, Finishing Chemicals and these all are considered as Leather finishing chemicals. As such, there is no other segment according to the provisions of the Accounting Standard 17 on "Segment reporting" as issued by the Institute of Chartered Accountants of India.

Earnings in Foreign Exchange		March 31, 2014	March 31, 2013
Sale of goods		163,256.05	167,321.59

NOTE 17

Other Income:	Interest Income	231.34	169.07
	Balances written back / off (Net)	208.53	44.36
Miscellaneous Income:	Scrap Sale	1,285.98	-
	Misc. Income	241.63	645.55
Total		1,967.48	858.98

Gross interest received on FDR with Bank Rs. 231.34 (TDS deducted by bank Amounted to Rs. 23.11 has been adjusted against income tax liability for the current year).

NOTE 18

	%age of Consumption	March 31, 2014	%age of Consumption	March 31, 2013
Cost of Material Consumed				
Imported	8.34	26,645.49	10.79	30,662.06
Indigenous	91.66	292,913.21	89.21	253,539.01
Total	100	319,558.70	100	284,201.07

Value of Imports on CIF Basis in respect of:	March 31, 2014	March 31, 2013
Raw material	23,669.41	27,700.46
Components & Spare Parts	571.16	118.83
Capital goods (including CWIP)	3,493.42	2,778.79
Total	27,733.99	30,598.08

NOTE 19

		March 31, 2014	March 31, 2013
Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade			
Opening Stocks:			
F.G.		12,039.98	8,497.69
Stock-in-process		1,641.47	2,330.63
Closing Stocks:			
F.G.		12,549.31	12,039.98
Stock-in-process		2,417.09	1,641.47
Net Change in Stock		(1,284.95)	(2,853.13)

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 20

₹ in Thousand

	March 31, 2014	March 31, 2013
Employees' Benefits Expenses		
Salaries, Wages, Bonus & Incentives etc. (Net)	23,817.94	21,111.81
Contribution to Provident and Other Funds	1,042.92	885.99
Workmen and Staff Welfare Expenses	1,372.99	1,294.25
Gratuity	784.30	1,222.53
Recruitment & Training Expenses	83.04	71.96
Total	27,101.19	24,586.54

The Company has taken Group Gratuity Policy from LIC and the fund Value as on 31.03.2014 was Rs. 66,51,386/-. The provision for Leave Encashment is on actuarial valuation basis. As per the actuarial valuation report the provision for leave encashment has been determined as Rs.662435/- as on 31.03.14. and provision of Rs. 467811 has been made during the year. to match the actuarial valuation liability of Rs. 6,62,435/-contribution to Provident Fund are made in accordance with the provisions of Employees provident fund and misc. provisions act, 1952 and charged to revenue every year.and this is Conformity as per the requirements of AS 15 from the above fund value it is clear that liability in-respect of employees retirement benefit are adequately cover keeping in view of the period of service of various employees.

NOTE 21

Financial Expenses

Interest to Bank - on Term Loan	-	-
- on Working Capital Loan	363.93	157.51
Interest Others	921.59	1,884.99
Finance Charges	1,249.20	816.30
Total	2,534.72	2,858.80

NOTE 22

Auditors Remuneration	383.66	329.97
Damaged Material Written Off	-	-
Debit balance Written Off	318.59	111.95
Director Sitting Fees	128.00	80.00
Guest House Expenses	44.67	66.01
Insurance Expenses	1,362.35	1,423.33
Postage & Telephone Expenses	1,358.48	1,789.40
Printing Stationary Expenses	1,244.87	714.07
Professional charges	1,254.25	783.29
Property Tax	242.33	44.98
R & D Expenses	6,899.05	5,814.97
Rent - Building	254.91	281.86
Rent - Other	309.90	155.18
Repair Maintenance	13,393.51	5,031.99
Royalty	1,304.23	1,400.08
Technical Services	2,444.01	792.73
Marketing Expenses	17,048.71	17,463.52
Miscellaneous Expenses	1,528.54	1,081.45
Loss on sale of Fixed Assets	-	63.15
Travelling Expenses	3,835.21	5,177.43
Power, Fuel and Water	12,909.47	11,819.31
Vehicle Expenses	524.90	587.28
Reimbursement of Excise Salary	-	577.76
Total	66,789.64	55,589.71

Remuneration to auditors

Statutory audit	224.50	203.76
Certification Charges	98.06	53.84
Expenses reimbursement	61.10	72.37
Total	383.66	329.97

Service Tax being modvatable, hence not included.

Notes on Financial Statement for the year ended 31st March, 2014

Expenditure in foreign currency

₹ in Thousand

	March 31, 2014	March 31, 2013
Travel, boarding and lodging expenses		
- Directors	1413.73	
- Employees	272.88	
	1686.61	3,409.24
Trade Fair overseas	249.39	293.09
Total	1,936.00	3,702.33

NOTE 23

	March 31, 2014	March 31, 2013
Earnings per share (EPS)		
Basic		
Net profit as per profit and loss account	27,173.98	17,836.46
Weighted average number of equity shares outstanding during the year	49,084,70	49,084,70
Earning per share - Basic	5.54	3.63
Diluted		
Net profit as per profit and loss account	-	-
Weighted average number of equity shares outstanding during the year	49,084,70	49,084,70
Earning per share - Diluted	-	-
Nominal value of equity share	10	10

NOTE 24

Related Party Disclosure

As per the Accounting Standard 18, issued by the ICAI, these disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

List of Related Parties:

Name of Related Party	Relationship
Mr. Pankaj Jain	Key Managerial Person
Mr. N.K. Jain	Relative of Key Managerial Person
Mr. V.K. Garg	Relative of Key Managerial Person
NK Jain Instruments Pvt. Ltd.	Associated Company
Labotron Instruments Ltd.	Associated Company
Labotech Microscopes India Pvt. Ltd.	Associated Company
Mrs. Sippy Jain	Key Managerial Person

Transactions with Related Parties:

Related Party	Nature of Transaction	March 31, 2014	March 31, 2013
Key Managerial Person	Managerial Remuneration	3,590.36	2,889.83
Relative of Key Managerial Person	Sitting Fee		
Key Managerial Person	Sitting Fee		
Associated Company	Sale of Material	541.00	766.00
Associated Company	Sale of Material	358.00	NIL
Associated Company	Sale of Material	223.00	103.00

Notes on Financial Statement for the year ended 31st March, 2014

NOTE 25

₹ in Thousand

	March 31, 2014	March 31, 2013
a) Managing Director Remuneration:		
Salary and allowances	3,087.00	2,311.50
Perquisites and provident fund	63.36	142.97
Total	3,150.36	2,454.47
b) Whole Time Director Remuneration:		
Salary and allowances	351.00	351.00
Perquisites and provident fund	89.00	84.36
Total	440.00	435.36

NOTE 26

CONTINGENT LIABILITIES NOT PROVIDED FOR ON ACCOUNT OF:

a) Letter of credit outstanding for import / purchase of Raw materials, spares and plant and machinery	2,294.46	2,122.09
b) Estimated amount of contracts remaining to be executed on account of capital account and not provided for (net of advances)	1,290.00	NIL

Detail of provisions as per AS-29.

	Employee benefit (Earned Leave)	Excise duty on finished goods lying in stock	Dividend & Dividend Tax	Income Tax & Fringe Benefit Tax
Balance as at 1st April, 2013	621.68	1,153.05	3,445.75	669.08
Provision made during the year	467.81	1,181.37	4,020.04	9,348.49
Provision written off / back / paid during the period	427.06	1,153.05	3,445.75	10,017.57
Balance as at 31st March, 2014	662.44	1,181.37	4,020.04	-

For S.C. DEWAN & CO.
Chartered Accountants
(FRN.: 000934N)

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

S.C. DEWAN
Partner
M. No. 015678

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

Place : GURGAON
Date : 14th May, 2014

SILU NANDA
Company Secretary

Note 27. SIGNIFICANT ACCOUNTING POLICIES

i) Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed Assets

Fixed assets are stated at cost (net of CENVAT) less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

iii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight line method as per schedule XIV of the Companies Act 1956 (as revised by the amending notification vide Circular No. 14/93 dated 20.12.93 issued by Department of Company Affairs, Ministry of Law, Justice & Company Affairs). Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

iv) Inventories

- i) Raw materials have been valued at cost on FIFO Method.
- ii) Stores & Spares and Packing Material have been valued at cost on FIFO Method.
- iii) Work in process has been valued at Raw material cost plus proportionate of conversion cost.
- iv) Finished goods lying at factory have been valued at Raw material cost plus conversion.
- v) Cost including excise duty payable.

v) Transactions in Foreign Currency

Foreign currency transactions are recorded at the exchange rate prevailing as at the date of transactions. The exchange fluctuation arising are shown as "Foreign Exchange Fluctuation" Gains/(Loss).

vi) Employee Benefits

The Company has various schemes of retirement benefits such as provident fund, gratuity and leave encashment, which is dealt with as under:

- i) The Company has taken Group Gratuity Policy from LIC and the fund Value as on 31.03.2014 was Rs. 66,51,386/-.
- ii) The provision for Leave Encashment is on actuarial valuation basis. As per the actuarial valuation report the provision for leave encashment has been determined as Rs.6,62,435/- as on 31.03.14. and provision of Rs. 4,67,811 has been made during the year to match the actuarial valuation liability of Rs. 6,62,435/-.
- iii) Contribution to Provident Fund are made in accordance with the provisions of Employees provident fund and misc. provisions act, 1952 and charged to revenue every year, and this is Conformity as per the requirements of AS 15.

vii) Cenvat

The balance in the Service Tax and Cenvat account is shown under note "Short Term Loans and Advances."

viii) Revenue Recognition

- i) Revenue is recognised upon the sale of goods i.e. it is recognised at the time of transfer of significant risks and rewards of ownership to the buyer.
- ii) Interest from bank is recognized on accrual basis.

ix) Recognition of Expenses

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

x) Accounting for Taxes on Income

Provision for taxation for the year is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. In respect of carry forward of losses and unabsorbed depreciation, deferred tax assets are recognized based on virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

- xi) Provision involving substantial degree of estimate in measurement are recognized when there is a present obligation as 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.

As per our report of even date

For S.C. DEWAN & CO.
Chartered Accountants
(FRN.: 000934N)

For and on behalf of the Board of Directors
of Haryana Leather Chemicals Limited

S.C. DEWAN
Partner
M. No. 015678

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

Place : GURGAON
Date : 14th May, 2014

SILU NANDA
Company Secretary