

# HARYANA LEATHER CHEMICALS LIMITED

## BOARD OF DIRECTORS

Narendra Kumar Jain, Chairman  
Pankaj Jain, Managing Director-cum-Vice Chairman  
Vijay Kumar Garg  
Harish Kumar Gupta  
Lt. Gen. Harish Chandra Dutta (Retd.)  
Dr. K.S.V. Menon  
Dott. Massimo Medini  
Pradeep Behl  
Sippy Jain  
Marco Medini

## COMPANY SECRETARY

Silu Nanda

## AUDITORS

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

## CORPORATE OFFICE

1405 - B, 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, Associate Chief 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 - II, New Delhi - 110 020  
Phones : 011 - 26387320, 26387323  
Fax : 011 - 26387322

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ISIN for Demat purpose : INE 681F01018

CIN: L74999HR1985PLC019905

## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of the Company M/s. Haryana Leather Chemicals Limited will be held on Monday, the 28th day of September, 2015 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March 2015 and the Statement of Profit & Loss Account for the Year ended as on that date together with the Reports of Auditors and Directors thereon.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that the Audited Financial Statement of the Company for the year ended 31st March, 2015 including Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash flow statement for the year ended 31st March, 2015 together with the reports of the Board of Directors and the Auditors of the Company thereon, as circulated to the members and presented to the meeting be and are hereby adopted."

2. To consider declaring Final Dividend @ 7% for the Financial Year 2014-15.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that dividend of Rs. 0.70 per equity share of Rs. 10/- each on 49,08,470 equity shares, as recommended by the Board of Directors, be and is hereby declared out of the profits of the Company for the year ended 31st March, 2015, absorbing an amount of Rs. 40,20,040/- (including dividend distribution tax and cess thereon) and that the said dividend be paid to those shareholders, whose names appear in the Company's register of members as at the end of business hours on September, 28, 2015 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on September, 28, 2015 as per the details furnished by the depositories for this purpose."

3. To consider appointing a Director in place of Mr. Harish Kumar Gupta (DIN: 01203136), who retires by rotation and being eligible offers himself for re-appointment.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that Mr. Harish Kumar Gupta (DIN: 01203136), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

4. To consider appointing a Director in place of Mr. Narendra Kumar Jain (DIN: 00486730), who retires by rotation and being eligible offers himself for re-appointment.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that Mr. Narendra Kumar Jain (DIN: 00486730), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

5. To ratify appointment of statutory auditors of the Company. The appointment of statutory auditors M/s. S.C. Dewan & Co., Chartered Accountants, who hold office from the conclusion of the Twenty Ninth General Meeting until the conclusion of the Thirty First General Meeting, is subject to the ratification by shareholders at every AGM in accordance with Section 139 & 142 of the Companies Act, 2013. The declaration to the effect that their appointment, if ratified, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013, and the rules made thereunder, has been received from them.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that the appointment of M/s. S.C. Dewan & Co., Chartered Accountants (Registration No. 000934N) with The Institute of Chartered Accountants of India, as auditors of the Company as approved by the members at the Twenty Ninth General Meeting to hold office until the conclusion of the Thirty First General Meeting, be and is hereby ratified on such terms and conditions including remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

**Regd. Office:**  
**72-77, HSIDC Industrial Estate,**  
**Hansi Road, Jind,**  
**Haryana - 126 102.**

CIN: L74999HR1985PLC019905

Date: 10th August, 2015

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. Any 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 is not required to be annexed hereto as no special business was transacted at the meeting.
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 Wednesday the 23.09.2015 to Monday the 28.09.2015 (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 as during the register of member is closed, 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.  
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 Indl. Area, Ph.-II, New Delhi-20 quoting their folio number.
9. 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 maintaining their demat accounts and not to the Company.
10. 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 31st March, 2015 electronically, Members are requested to update (in case of change)/register, at the earliest, their e-mail 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 e-mail IDs are not available and to those who request delivery of the said documents in the physical form.
11. 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 21st, 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.

12. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 (ten) days prior to the date of the Annual General Meeting so as to enable the Company keep the information ready.
13. 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.
14. 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.
15. Those Members who have not yet encashed/claimed the Dividend of the Company for any/all of the financial year 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 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 2008-09 to 2013-14 as on 31st March, 2014 are as under:

Dividend for the year	Unclaimed/Unpaid Dividend as on 31st March 2015 (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
2013-14	546.64	26th October, 2021

16. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-voting system.

The Notice of the Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsd.com> or (link of website of company).

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The e-voting period commences on 25th September, 2015 (10:00 a.m.) and ends on 27th September, 2015 (05:00 p.m.). During this period shareholders' of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2015. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or (company/ RTA email id). The facility for voting through ballot paper shall be made available at the AGM/EGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The procedure to login to e-voting website is given below:

1. Open the attached PDF file "e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.

2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote "e-voting" opens. Click on e-voting: Active Voting Cycles.
7. Select "EVEN" of (Haryana Leather Chemicals Limited). Members can cast their vote online from 25th September, 2015 (10:00 a.m.) and ends on 27th September, 2015 (05:00 p.m.)  
**Note: e-voting shall not be allowed beyond said time.**
8. Now you are ready for "e-voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail (**Scrutinizer mail ID**) with a copy marked to **evoting@nsdl.co.in**.

**Please note the following:**

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

**Other information:**

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Toll Free No.: 1800-222-990.

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.

17. Relevant documents referred to in the accompanying Notice pursuant to provisions 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.

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

(SILU NANDA)  
Company Secretary  
Place: Gurgaon  
Date : 10th August, 2015  
CIN: L74999HR1985PLC019905

Registered Office:  
72-77, HSIDC Industrial Estate,  
Hansi Road, Jind, Haryana-126102.  
Website: [www.leatherchem.com](http://www.leatherchem.com)  
Email ID: [info@leatherchem.com](mailto:info@leatherchem.com)

## DIRECTORS' REPORT

Dear Shareholders,

The Directors of Haryana Leather Chemicals Ltd. are pleased to present the 30th Annual Report and Audited Statement of the Company's accounts for the year ended on 31st March, 2015.

### FINANCIAL RESULTS

A summary of the financial results for the year 2014-2015 is given below:

	<b>2014 - 15 (Rs. in Lacs)</b>	2013 - 14 (Rs. in Lacs)
Sales Turnover (Net of Excise)	4238.05	4479.39
Gross Profit	357.94	467.86
Deductions:		
Depreciation	134.01	78.49
Interest	20.74	12.85
Profit before tax	203.19	376.52
Less: Provision for Income Tax for the year	61.09	93.48
Less: Provision for Fringe Benefit Tax (FBT)	–	–
Less: Provision for taxation / FBT earlier year	1.39	1.59
Add: Provision for Income Tax written back	–	–
Less: Previous year's adjustment	1.56	–
Less/(Add): Deferred tax liability	3.23	9.71
Profit after tax and available for appropriation	135.92	271.74
Less: Provision for dividend	34.36	34.36
Less: Provision for dividend tax	5.84	5.84
Less: Transfer to general reserve	23.41	34.73
<b>Profit carried to balance sheet</b>	<b>72.31</b>	<b>196.81</b>

### OPERATIONS

During the year the Company has achieved a sales turnover of Rs. 4238 lacs against Rs. 4479 lacs for the previous year. The net profit for the year is Rs. 136.00 lacs against Rs. 272 lacs for the previous year. The exports are at Rs. 1314 lacs compared to the previous year's exports of Rs. 1632 lacs.

In spite of recessionary trends in Indian leather industry, the company registered an increase in domestic sales. The decline in exports is mainly in China.

### DIRECTORS

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report.

Pursuant to the provisions of the Articles of Association of the Company, the Directors – Mr. Harish Kumar Gupta and Mr. Narendra Kumar Jain retire by rotation at the forthcoming Annual General Meeting to be held on 28th September, 2015 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 139 and 142 of the Companies Act, 2013 (hereinafter referred to the "Act").



The Company has received letter from the Statutory Auditors consenting to the re-appointment and a confirmation to the effect that their appointment, would be within the prescribed limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder.

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

#### **PARTICULARS OF EMPLOYEES u/s 197**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors, Key Managerial Personnel (KMP) and Employees of the Company are provided as follows:

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 197 of the Companies Act, 2013.

#### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. V. Jhanwar & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2014-15 is annexed herewith as 'Annexure - B'. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

#### **COST AUDITOR'S COMPLIANCE**

The Central Government has directed that a cost audit of the Company should be conducted in the manner specified in MCA order 52/26/CAB-2010 Dt. 24-01-2012, by a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959.

However, as per Companies (cost records and audit) Rules, 2014 notified by Ministry of Corporate Affairs, cost audit is not applicable to the Company by virtue of its turnover being less than the prescribed limits. Therefore, the Board did not proceed with the appointment of cost auditor and cost audit for the year 2014-15.

The Company is properly maintaining its cost Record internally.

#### **WOMAN DIRECTOR**

In terms of Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors, Rules, 2014 and Clause 49 of the Listing Agreement, the Company is required to have a woman director on its board. Mrs. Sippy Jain is already appointed as the whole-time Director of the Company.

#### **TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND**

The Company is distributing dividend to its shareholders since 2006 on recommendation of the shareholders of the Company. For the unclaimed dividend for the year 2007-2008, the Board has decided to take necessary steps to transfer the unpaid / unclaimed dividend of Equity Shareholders for the year 2007-2008 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.

#### **NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the board of Directors of the Company, to ensure that there is an appropriate mix of abilities, qualifications, experience and diversity to serve the interests of all shareholders and the Company.

During the year, in accordance with the requirements under Section 178 of the Act 2013 and Clause 49 of Listing Agreement, the NRC formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of

- (i) Directors,
- (ii) Key Managerial Personnel (KMPs) and
- (iii) Senior Management Personnel (SMPs) of the Company.
- (iv) The same was approved the NRC also reviews succession planning of both SMPs and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMPs.

The process of appointing a director / KMPs / SMPs is, that when a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the board / company, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is/are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part-I of Schedule-V to the Act 2013.

NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule-IV of the Act 2013 along with any other applicable provisions and Clause 49 of the Listing Agreement.

### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

While every employee's contract of employment stipulates that he will not disclose confidential information about the employer's affairs, in order to bring about accountability and transparency, there should be a mechanism to enable employees to voice their concerns where they discover information which they believe shows serious malpractice, impropriety, abuse or wrong doing within the organization. The employees should be encouraged and assisted to raise concerns without any fear of victimization, subsequent discrimination or disadvantage. If the employee has acted in good faith it does not matter if one is mistaken and the Company shall ensure protection from any harassment or victimization of/against the disclosing employee.

The Company has adopted a Whistle Blower Policy which applies to all permanent employees of the Company including those who are on probation and comes into effect from April 1st, 2014, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

#### **1. Policy and Procedure for disclosure, enquiry and disciplinary action**

##### **1.1 Concerns which may be raised-illustrative list**

A whole variety of issues could fall under malpractice, impropriety, abuse and wrongdoing, some of which are listed below:

- Breach of any Policy or Manual or Code adopted by the Company. Fraud and corruption (e.g. receiving bribes).
- Health and safety risks, including risks to the public as well as other employees e.g. Jaulty electrical equipment).
- Any sort of financial malpractice.
- Abuse of power (e.g. Bullying/harassment).
- any unlawful act, including failure to comply with legal or statutory obligation for and on behalf of the Company.
- Any other unethical or improper conduct.

##### **1.2 Concerns - how to raise/whom to disclose**

The concern should be disclosed through letter, e-mail, telephone, fax or any other method to any of the following persons, who shall comprise the Corporate Compliance Committee, headed by the Managing Director & President reporting directly to the Audit Committee of the Board.

The Corporate Compliance Committee comprises the Managing Director & President, the Executive Director & Company Secretary, the CFO and the VP-HR.

All relevant information regarding the Concern should be disclosed not later than 1 year from the date on which the employee came to know of the Concern. Upon receipt of the disclosure, the member of the Compliance Committee receiving the same shall furnish a copy to the Managing Director & President who shall decide which member shall be responsible for the investigation.

##### **1.3 Procedure for investigation**

- Obtain full details and clarifications of the complaint
- Consider the involvement of the Company's Auditors or any other external investigation agency or person
- Fully investigate into the allegation with the assistance where appropriate of other individuals/bodies
- Prepare a detailed written report and submit the same to the Compliance Committee not later than 30 days from the date of disclosure of the Concern.



Based on the findings in the written report and after conduct of such further investigation as it may deem fit, the Compliance Committee shall take a decision in the matter not later than 30 days from the date of the written report. If the complaint is shown to be justified then they shall invoke disciplinary or other appropriate action against the defaulting employee.

A copy of all decisions of the Compliance Committee shall be placed before the Audit Committee at the meeting held immediately after such final decision.

The employee making the disclosure as well as all other persons involved in the investigation and the members of the Compliance Committee shall not make public the Concern disclosed except with the prior written permission of the Audit Committee, except where the employee is called upon to disclose this by any judicial process.

#### **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 134(5) OF THE COMPANIES ACT, 2013.**

The Board of Directors of the Company confirms that:

- a. During the preparation 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 31st March, 2015 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, 2013 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.

#### **Related Party Transactions**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Related Parties which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

#### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in form MGT-9 is annexure herewith in the Annual Report.

#### **QUALITY CONTROL**

Growing domestic and international concern on Restricted Substances has been highest priority of company's QC team. The company ensures that its customers get highest quality products that are "certified free" from banned substances in accordance with REACH (Registration, Evaluation and Authorization of Chemicals).

Complemented by R & D focus on "process" together with "products", additional in-process checks have also yielded higher batch to batch consistency and yield. The Company also successfully completed certification audits by British Certifications Inc. for ISO 9001:2008 and ISO 14001:2004 system. Certificate No. 12834 and 12833 valid up to 03.12.2017 issued by certifying agency have been received by the company.

#### **EXPORT OPERATIONS**

To streamline export operations, and to provide full range of products from single unit, the company has decided to close the 100% EOU unit and has completed the de-bonding from excise and custom authorities. The ex-bonding formalities with concerned authorities have been completed. This will significantly improve the delivery time for foreign customers.

Decline of orders from China has stalled company's growth in short term, but prospects in Africa and Middle East look promising. The company hopes to balance out loss of sales from China with new markets mentioned above. The company has initiated search for new dealers in footwear segment in China which can be a new market segment. The growth prospects in China are still very promising but the search for new dealers and formalizing arrangements for technical services is likely to take some time.

### **TECHNOLOGY DEVELOPMENT**

The company has made significant investment towards improving production efficiency and reducing equipment breakdowns. These investments were mainly directed towards material handling and dosing systems. The systems installed for storage of liquids, level sensing, and pneumatic pumping have completely replaced old systems and have significantly improved plant efficiency, resulting in faster deliveries and turnaround of raw materials.

The technology development work on Di-Sulphone Syntan, Acrylic Impact and Flow Modifiers for use in PVC is completed and production equipment has been in operation - though demand for these items is yet to pick up.

The company has also finalized some automation concepts relating to valve actuation, feed rate monitoring and batch logging. These concepts will be thoroughly validated on pilot scale during the FY 2015-16. Implementation of these technologies will further reduce skilled manpower requirement for plant operation and reduce risk of accident.

### **DIVIDEND**

Though there was drop in sales revenue as compared to last year, however considering the profitability, the directors are pleased to recommend the dividend @7% this year also.

### **PERSONNEL & INDUSTRIAL RELATION**

The staff and workers of the company remain motivated across all levels and have contributed significantly towards development and implementation of various new production technologies. The Company continues to maintain cordial relations with its workforce. The new on-line system of leave management has significantly reduced employee's grievance and brought transparency in entire leave sanction hierarchy.

The Company has maintained the yearly increments and bonus system to its employees 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. A new consultant has been retained to further improve key parameters like COD and BOD during pre-treatment cycle of waste water. The company has evaluated various proposals for RO treatment to reclaim atleast 60% waste water. Natural evaporation of RO waste is being tested at pilot scale. The land for evaporation ponds has been earmarked and construction is likely to begin within this year. The company hopes to achieve a Zero Discharge status within next 2 years.

The key objectives defined in ISO 14001:2004 are improving the working environment to match the best industry standard worldwide. Emphases on better housekeeping, deployment of external agency for cleaning services has drastically improved the working environment and ambience.

### **ACKNOWLEDGEMENT**

The Directors extend their sincere thanks to all employees for their contribution in implementation of new production techniques. The Directors also extend their most sincere thanks to Company's suppliers, domestic and international dealers, service providers, financial institutions and technical consultants for their continued support.

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

Place : Gurgaon  
Date : 26th May, 2015

NARENDRA KUMAR JAIN  
Chairman

PANKAJ JAIN  
Managing Director-cum-Vice Chairman

## ANNEXURE - A

INFORMATION AS PER SECTION 134(3) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 and FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015.

### A) CONSERVATION OF ENERGY

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

#### Form - A

			Current Year 2014 - 15	Previous Year 2013 - 14
1.		<b>Power and Fuel Consumption</b>		
	a)	Electricity Purchased (KWH)	386796	342536
		Total Amount (Rs.)	3530735	3004343
		Rate / Unit (Rs.)	9.12	8.77
	b)	Own Generation		
		Through Diesel Generator		
		Unit (KWH)	67003	49763
		Units / Ltr. of Diesel Oil	2.64	2.26
		Cost / Unit (Rs.)	19.98	23.51
		Coal		
		Quantity	–	–
		Total Cost	–	–
		Average Cost	–	–
		Furnace Oil / HSD		
		Oil Quantity (K. Ltrs.)	154.06	163.02
		Total Cost (Rs.)	8202154	8477040
		Average Rate (Rs. / K. Ltr.)	53239.99	52000
		Others / Internal Generation		
		Quantity	–	–
		Total Cost	–	–
		Rate Unit	–	–
2.		<b>Consumption per Unit of Production</b>		
		Production (MT)	4520.27	4830
		Electricity (KWH / MT)	100.17	81.22
		Furnace / HSD Oil (Ltr. / MT)	34.08	33.75
		Coal	–	–
		Others	–	–

### B) TECHNOLOGY ABSORPTION

#### a) Research & Development (R & D)

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

During the year 2014 the focus of R & D was to improve the process efficiency and reduce breakdowns. This involved thorough diagnosis of problems relating to fluid handling in raw materials and finished products side. The company needed a system that could handle all types of chemicals with broad range of viscosity parameters. Based on pilot trials, a completely new system of storing and pneumatic conveying of bulk liquids has been adopted with full success.

Another area of attention by R & D team was to conduct treatability studies of waste water. It was observed during many tests that by deploying more efficient flocculating agents (Polyelectrolytes), increased diffusion of air and facilitating bacterial growth in aeration tank, the pre-treatment cycle is made more efficient. This will enable the company to gradually move towards Zero Discharge by reusing waste water after RO filtration. However this approach will require natural evaporative system for RO waste water for which company is considering various options.

The company has also undertaken modification work in many of its Polyurethane top coats. Considering that the new trends are towards VOC - free polymers, it has been decided that prior to product development phase, the company must have the in-house set up for testing VOC levels. Once this test platform is ready, modification work can be taken up.

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

- a) The pneumatic pumping system has significantly reduced breakdown time and reduced changeover time. A significant benefit is continued operation during power tripping. This platform will also be the backbone of future automation of valves.
- b) The knowledge gained during R &D on effluent treatability studies has established viability of reuse of the waste water up to 60% percent. Since the ground water is depleting around factory area, this exercise is of immense importance for long term future of the company.

**3. Future Plan of Action**

- a) The future R & D plan will retain its thrust towards "Process Efficiency". The company will test a new high speed dispersion system for PUD production for very fast uptake of pre-polymer. This project is aimed at bringing consistency in colour and appearance of the end product.
- b) The company plans to test some concepts on process logging by use of PLC. The process log will aim to carry a fingerprint of all stages of batch process. This exercise is aimed to bring in more accountability if some quality deviations are observed; particularly in fatliquor production area. This is also essential for remote monitoring of processes by senior managers.
- c) A new concept of filling and packing powder product will also be proto-typed. The new system involves use of side valve, block bottom, high strength bags. Such bags have been introduced by leading European competitors. The valve bags improve space utilization during shipments and also reduce manpower and packing cost per unit.

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

- |                            |   |       |
|----------------------------|---|-------|
| a) Capital                 | : | 1.61  |
| b) Recurring               | : | 48.44 |
| c) TOTAL                   | : | 50.05 |
| d) Total R & D expenditure | : | 1.14% |
- as percentage of total turnover

**C) 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.

**D) FOREIGN EXCHANGE EARNINGS & OUTGO**

- a) The Company's foreign exchange earnings out of export (Inclusive of foreign exchange fluctuations) were Rs. 1,344 lacs.
- b) The expenditure in foreign exchange during the financial year under review is Rs. 339.67 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 : Gurgaon  
Date : 26th May, 2015

NARENDRA KUMAR JAIN  
Chairman

PANKAJ JAIN  
Managing Director-cum-Vice Chairman

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### a. Industry Structure

Leather Chemical Industry structure is deeply interwoven in the structure of leather tanning sector. Although leather tanning is nearly a 2,000 years old industry and has undergone major transformation due to advancement in chemistry, but the mechanism that drives the market for leather products relates to population growth and per capita disposable income. While leather footwear continues to be the basic foundation of leather industry, luxury leather goods and automotive leather are linked to growing wealth and income security.

Countries with good raw material (hides and skins) supplies, such as India and Brazil, have continued to grow their industries successfully all the way to the finished product stage. As per a UNIDO leather industry report, China has become the largest hide producer in the world, followed by India, Brazil and the USA. This validates that Indian leather industry will remain at the centre-stage of world leather industry.

### b. Opportunities & Threats

#### Opportunities

In recent years, global demand for leather goods has grown and is likely to grow between 3-4 percent over the next five years. Indian economy is projected to grow around 7 percent and leather remains a key area of economy and export. These factors combined spell a continued growth opportunity for leather chemical industry. The local availability of eco-friendly and chemicals is expected to further bolster leather tanning opportunities in India and neighboring countries. Strict safety regulations like REACH have continued to push demand of chemicals that are free from banned substances. Compliances to latest safety regulations has occupied company's core of research and development. Such trends will yield more opportunities for the company and increase its competitiveness against unorganized sector.

#### Threats

Consumer demand has been shifting towards new design and innovative leather products with changing fashion trends and styles. This trend in recent years has caused instability in leather production in domestic and international market. A classic example is that growing demand of leather finished with natural look and feel has destabilized the finishing chemical industry though the overall leather industry continues to grow.

Another significant threat to leather industry in India is the instability in foreign exchange markets. During last year, a sudden drop in Euro in relation to INR resulted in much lower sales realization to many leather exporters. It is believed that most of such exporters are unable to re-negotiate the prices with European buyers and continue to work at lesser profit margins.

### c. Segment-wise or product-wise performance

The domestic market, inspite of recessionary trend, has remained stable with most dealers maintaining their sales targets. The exports have declined mainly due to reduction of orders from Chinese dealers. Although the dealers are satisfied with company's products, but they have reported liquidity crises in leather tanning sector and have regulated the supplies with respect to their cash flow. The business from Europe and Africa has remained stable with signs of growth particularly in high performance products.

The growth in shoe-finishing chemicals is also promising and company plans to expand in terms of territory and product offering. Most of these products are import substitutes and competition is relatively low as compared to finishing chemicals for tanneries.

### d. Outlook

The outlook of China market which constituted more than 50% of company's export remains weak due to economic downturn there. Company's domestic market share is likely to improve due to more aggressive product offering and faster deliveries. In domestic market Kolkata will be the lead market followed by Kanpur and Chennai.

REACH compliance with most tanneries is fairly stable and company's laboratories are being regularly upgraded to address new regulations on restricted substances. This preparedness will further reduce the competition from unorganized sector which has been waging a price war with organized manufacturers.

### e. Risks & Concerns

In short terms, company's prime concern is the economic condition in China, stability of Euro, European markets and stability in petroleum prices. If Euro continues its downward journey, there is risk of drop in domestic sales as most of the customers are exporters. At the local level, a major concern for the company in long term is the city and industrial area infrastructure which lacks good roads and connectivity inspite of inclusion of Jind district in NCR. Besides, future expansion of talent pool, particularly the plant operators who can handle more complex reactors, will pose some challenge for a second shift operation.

**f. Internal control systems and their adequacy**

During 2014, a major emphasis on cost control, REACH regulations and effluent treatment efficiency has enabled company to remain profitable and safe for its customers, employees and the community around. The company's internal control systems are adequate enough to meet all regulatory requirements on industrial safety and pollution control. Improved inventory control has resulted in faster deliveries to the customers even in the remote areas. The production planning and scheduling system has significantly improved transparency of operational management at every level inside the plant.

Internal stock audits, control of debtors and creditors by the finance team resulted in uninterrupted supplies to customers and improved cash flow. A weekly budgeting for allocating funds for supplier's payments has resulted in maintaining uninterrupted raw material supplies.

**g. Discussion on financial performance with respect to operational performance**

Reduction in profit as compared to last year is mainly due to drop in sales revenue and increased expenditure on renovation of plant. The company does not foresee any such expenditure for next 3-4 years. Reduction in creditors' w.r.t. previous year is mainly due to improved inventory management and faster turnaround of raw materials. Reduction in debtors has accrued due to a tight control on credit sales and faster sales realization cycle.

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

The Company continues to maintain its talent pool across all levels without any attrition problems. Quick redressal of grievances of workers by their departmental heads helped in maintaining cordial relations between workers and the management. Company has maintained the payment of bonus and increments aligned with market trends across all levels of employees.

Employees as on 01.03.2015 was 89.

## **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 aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

Our belief in good corporate citizenship enshrined in the Company's Code of Conduct, its policies, compliance with law and robust internal control systems, which are subjected to regular assessment drives its effectiveness, reinforces integrity of management and fairness in dealing with all the stakeholders. This meets with all statutory and regulatory compliance including Clause 49 of the Listing Agreement.

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 adheres 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 five times on 30.04.2014, 14.05.2014, 31.07.2014, 31.10.2014, and 10.02.2015.

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 20.09.2014
Pankaj Jain	Executive	3	-	5	No
Sippy Jain	Executive	-	-	3	No
N.K. Jain	Non - Executive	4	-	-	No
V.K. Garg	Non - Executive	7	-	-	No
H.K. Gupta	Independent	5	3	-	No
K.S.V. Menon	Independent	-	3	5	No
H.C. Dutta	Independent	-	3	2	No
Massimo Medini*	Independent	-	-	-	No
Marco Medini*	Independent	-	-	-	No
Pradeep Behl	Independent	-	3	5	Yes

\*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. Limited	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 & 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. Limited	30.03.1979	30.03.1979
2.	L24299PB1980PLC004147	Munak Chemicals Limited	1.7.2013	27.06.1980
3.	U29219CH1983PTC005493	Munak Engineers Pvt. Limited	27.06.1983	27.06.1983
4.	U65921CH1983PTC005499	Munak Credit And Investment Pvt. Limited	6.7.1983	6.7.1983
5.	L65910CH1985PLC023820	Keshoram Leasing Limited	6.4.1989	6.4.1989
6.	U67120CH1986PLC006688	Munak Holdings Limited	6.12.1993	6.12.1993
7.	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 Pvt. Limited	18.01.1994	18.01.1994
3.	U74899DL1994PTC056969	N.K. Jain Holdings & Finance Pvt. 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 Pvt. 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 in Haryana Leather Chemicals Limited.

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 in Haryana Leather Chemicals Limited.

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 in Haryana Leather Chemicals Limited:

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

**MASSIMO 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. Limited	01.10.2005	01.10.2005
4.	U24233HR2008PTC038480	Liberty Life Sciences Private Limited	03.11.2008	03.11.2008
5.	U52100HR2008PTC038502	Smart Life Style Retailing Pvt. Limited	12.11.2008	12.11.2008
6.	U14294TN2010PTC077222	Trio Granites Pvt. Limited	03.09.2010	03.09.2010

Apart from the Directorship in the Company Mr. Harish Kumar Gupta is also the Member of the following Board Committees in Haryana Leather Chemicals Limited:

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	07.08.2013	10.08.2010

### 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	08.02.2013	08.02.2013

### 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 30.04.2014, 31.07.2014, 31.10.2014, and 10.02.2015.

The attendance of the members of the committee is as follows:

Name of Director	Details of Attendance
Dr. K.S.V. Menon	30.04.2014, 31.07.2014, 31.10.2014 and 10.02.2015.
Mr. H.C. Dutta	31.10.2014 and 10.02.2015.
Mr. Harish K. Gupta	-
Mr. Pradeep Behl	30.04.2014, 31.07.2014, 31.10.2014 and 10.02.2015.

### 4. Nomination and Remuneration Committee

The Company has constituted Nomination and Remuneration committee consisting of four independent Directors, Dr. KSV Menon (Chairman), Mr. H.C. Dutta and Mr. Harish K. Gupta and Mr. Pradeep Behl.

All Directors except Mr. Pankaj Jain, Managing Director & Mrs. Sippy Jain, whole time Director receive only sitting fee.

The Remuneration package of Mr. Pankaj Jain, Managing Director for the year 2014-15 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 2014-15 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 2014-15	Shareholders : Nil Stock exchange : Nil SEBI : One NSDL : Nil CDSL : Nil
Complaints not solved to the satisfaction of shareholders	Nil
Complaints pending on 31.03.2015	Nil

#### 6. General Body Meetings

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

Date	Time	Location
20.09.2014	11.30 a.m.	72 - 77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, Haryana.
07.08.2013	11.30 a.m.	- do -
25.09.2012	11.30 a.m.	- 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 Ajit Samachar (Jalandhar) 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 28.09.2015 at 11.30 am at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind- 126102 (Haryana).
- Financial Calendar: April to March.
- Date of Book Closure: 23.09.2015 to 28.09.2015 (both days inclusive).
- Dividend Pay-out dates: 30.09.2015.
- 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. 14.90 to Rs. 32.65 during the year 2014-15.
- Registrar and Transfer Agents: RCMC Share Registry (P) Limited, B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020.  
The share Transfer System: Company's Registrar & Share Transfer Agents is handling the both physical and electronic share transfer related job.
- Depository Participants: National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## Distribution of Shareholdings:

### Distribution of Shareholdings as on 31.03.2015

Shareholding of Value of Rs.	No. of Share Holders	% of Share holders to Total	No. of shares held	Amount Rs.	% to Total
0 - 5000	3451	87.86	644547	6445470	13.13
5001 - 10000	243	6.19	204568	2045680	4.17
10001 - 20000	91	2.32	133715	1337150	2.72
20001 - 30000	40	1.02	103094	1030940	2.10
30001 - 40000	15	0.38	51738	517380	1.05
40001 - 50000	17	0.43	79227	792270	1.61
50001 - 100000	26	0.66	196858	1968580	4.01
100001 and above	45	1.15	3494723	34947230	71.20
<b>Total</b>	<b>3928</b>	<b>100</b>	<b>4908470</b>	<b>49084700</b>	<b>100</b>

### Shareholding Pattern as on 31.03.2015

Category	No. of Shares	Percentage
Promoters (including Foreign Collaborator)	20,39,416	41.56
FII, Banks, Mutual Funds	10,100	0.21
Others	28,58,954	58.23
<b>Total</b>	<b>49,08,470</b>	<b>100.00</b>

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

## SECRETARIAL AUDIT REPORT

### Form No. MR-3

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

The Members

**Haryana Leather Chemicals Limited**

CIN: L74999HR1985PLC019905

72-77, HSIDC Industrial Estate,

Hansi Road, Jind - 126 102 (Hr.)

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 31st March, 2015 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. The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.

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 31st March, 2015 according to the provisions of:
  - The Companies Act, 2013 (the rules) and the rules made thereunder;
  - 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, 2013 and the Rules made under that 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 29th Annual General Meeting held on 20th September, 2014;



- (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 issue and dispatch of duplicate certificates of shares;
  - (n) Payment of interest on debentures and redemption of debentures – NA;
  - (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.
  - (y) We have not examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable only from 1st July, 2015
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 thereunder 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 was not required to comply 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 was not required to comply 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.

**For V. JHANWAR & Co.**  
Company Secretaries

**VIKRAM JHANWAR**  
Proprietor  
Certificate of Practice No. 11204  
10th June, 2015

### **Annexure - A to Secretarial Audit Report dated 10th June, 2015**

To

The Members  
**Haryana Leather Chemicals Limited**  
CIN: L74999HR1985PLC019905  
72 - 77, HSIDC Industrial Estate,  
Hansi Road, Jind - 126 102 (Hr.)

Our Secretarial Audit Report dated 10th June, 2015 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as it is taken care in the statutory audit.
4. We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. This Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For V. JHANWAR & Co.**  
Company Secretaries

**VIKRAM JHANWAR**  
Proprietor  
Certificate of Practice No. 11204  
10th June, 2015

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2015**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L74999HR1985PLC019905  
ii) Registration Date: 22.01.1985  
iii) Name of the Company: HARYANA LEATHER CHEMICALS LIMITED  
iv) Category / Sub-Category of the Company: Company Limited by Shares  
v) Address of the Registered office and contact details:  
72-77, HSIDC Industrial Estate  
Hansi Road, Jind - 126 102, Haryana  
Email id.: info@leatherchem.com  
Web address: www.leatherchem.com  
Phones: (01681) 226645, 226646  
Fax No.: 01681-225101  
vi) Whether listed Company Yes/No: Yes  
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any  
Mr. Rakesh Adhana  
M/s. RCMC Share Registry Pvt. Ltd.,  
B-25/1, First Floor, Okhla Industrial Area,  
Phase-II, New Delhi - 110 020  
Phones: 011-26387320, 26387323  
Fax: 011-26387322

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	NOUVOL SR	P1349	28.57

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	ON/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Labotron Instruments Pvt. Ltd. Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011	U74899DL1991PTC045520	Associate	Nil	2(76)
2.	N.K. Jain Instruments Pvt. Ltd. 2A, Tribune Colony, Ambala Cantt.-133001, Haryana	U85110HR1997PTC033697	Associate	Nil	2(76)
3.	Labotech Microscopes India Pvt. Ltd. Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011	U36999DL1997PTC084940	Associate	Nil	2(76)

**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):**

**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	%
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	1068005	1068005	21.75	964196	139535	1103731	22.49	0.74
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	172315	20500	192815	3.93	147315	19900	-	3.41	(0.52)
e) Banks' FI ....	-	-	-	-	-	-	-	-	-
f) Any other (Trust)	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	172315	1088505	1260820	25.68	1111511	159435	1270946	25.90	(0.22)
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	768470	768470	15.66	-	768470	768470	15.66	-
e) Any Other ...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	768470	768470	15.66	-	768470	768470	15.66	-
Total Shareholding of Promoters (A) = (A) (1)+(A)(2)	172315	1856975	2029290	41.34	1111511	927905	2039416	41.56	(0.22)
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	5200	5200	0.11	-	5200	5200	0.11	-
b) Banks/ FI	-	4900	4900	0.10	-	4900	4900	0.10	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	-	10100	10100	20.21	-	10100	10100	20.21	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	%
<b>(2) Non-Institutions</b>									
a) Bodies Corp.	166441	72200	238641	4.86	125186	72200	197386	4.02	(0.84)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 Cr.	775990	597287	1373277	27.98	735701	582737	1318438	26.85	(1.13)
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Cr.	1226668	18500	1245148	25.37	1283552	18500	1302052	26.53	1.16
c) Any Other	6727	-	6727	0.13	9537	-	9537	0.19	0.06
i) NRI's/ OCBs	5087	200	5287	0.11	31341	200	31541	0.64	0.53
ii) Clearing Members	-	-	-	-	-	-	-	-	-
iii) Foreign Nationals	-	-	-	-	-	-	-	-	-
iv) Trusts	-	-	-	-	-	-	-	-	-
v) Foreign Portfolio Investment Corporation	-	-	-	-	-	-	-	-	-
Sub-total (8) (2)	2180893	688187	2869080	58.49	2185317	673637	2858954	58.23	(0.26)
Total Public Shareholding (B) = (B)(1)+(B)(2)	2180893	698287	2879180	58.66	2185317	683737	2869054	58.44	(0.22)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	2353208	2555262	4908470	100	3296828	1611642	4908470	100	-

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	
1.	ICAP SIRA Chemicals & Polymers SpA	768470	15.66	–	768470	15.66	–	–
2.	Munak Holdings Limited	113382	2.31	–	113382	2.31	–	–
3.	Manik Jain	7300	0.15	–	7300	0.15	–	–
4.	Munak Credit & Investment	16335	0.33	–	16335	0.33	–	–
5.	Munak Engineers Pvt. Ltd.	16098	0.33	–	16098	0.33	–	–
6.	N.K. Jain Holding & Fin. Pvt. Limited	13900	0.28	–	13900	0.28	–	–
7.	Narendra Kumar Jain	297060	6.05	–	297060	6.05	–	–
8.	Pankaj Jain	453910	9.25	–	453910	9.25	–	–
9.	Ratnam Jain	5300	0.11	–	5300	0.11	–	–
10.	Savita Aggarwal	138190	2.82	–	138190	2.82	–	–
11.	Sippy Jain	143200	2.91	–	153326	3.12	–	0.21
12.	Vijay Kumar Garg	23645	0.48	–	48645	0.99	–	0.51
13.	Vijay Kumar Garg Contractor Pvt. Limited	7500	0.15	–	7500	0.15	–	–
14.	Bronze trading Limited	25000	0.51	–	–	–	–	(0.51)
	Total	2029290	41.34	–	2039416	41.55	–	0.21

**(iii) Change in Promoters' Shareholding (Please Specify, if there is no change)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the Company	% change in shareholding during the year
1.	Sippy Jain	143200	2.91	153326	3.12	0.21

**Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	<b>Urmil Mahasukh Gopani</b>				
	At the beginning of the year	192261	3.92	192261	3.92
	11.04.2014	Transfer 2565	0.05	194826	3.97
	22.08.2014	Transfer 1000	0.02	195826	3.99
	29.08.2014	Transfer 1250	0.03	197076	4.02
	12.09.2014	Transfer 500	0.01	197576	4.03
	30.09.2014	Transfer 5538	0.11	203114	4.14
	31.12.2014	Transfer 500	0.01	203614	4.15
	At the end of the year			203614	4.15



**Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2.	<b>S Sathya</b>					
	At the beginning of the year		153340	3.12	153340	3.12
	At the end of the year				153340	3.12
3.	<b>Avni Sohil Sanghvi</b>					
	At the beginning of the year		147838	3.01	147838	3.01
	18.04.2014	Transfer	200	0	148038	3.02
	30.06.2014	Transfer	13395	0.27	161433	3.29
	01.08.2014	Transfer	13158	0.27	174591	3.56
	29.08.2014	Transfer	1250	0.03	175841	3.58
	30.01.2015	Transfer	5000	0.1	180841	3.68
	At the end of the year				180841	3.68
4.	<b>Sangeetha S</b>					
	At the beginning of the year		103660	2.11	103660	2.11
	At the end of the year				103660	2.11
5.	<b>Sunil Kumar Gupta</b>					
	At the beginning of the year		70300	1.43	70300	1.43
	02.05.2014	Transfer	-5000	-0.1	65300	1.33
	30.05.2014	Transfer	-1	0	65299	1.33
	13.06.2014	Transfer	-2299	-0.05	63000	1.28
	05.12.2014	Transfer	-3000	-0.06	60000	1.22
	13.02.2015	Transfer	-10000	-0.2	50000	1.02
	At the end of the year				50000	1.02
6.	<b>Rupa Harshadbhai Shah</b>					
	At the beginning of the year		60585	1.23	60585	1.23
	31.12.2014	Transfer	-60585	-1.23	0	0
	20.03.2015	Transfer	32342	0.66	32342	0.66
	At the end of the year				32342	0.66
7.	<b>Intellec Trading and Agencies Pvt. Ltd.</b>					
	At the beginning of the year		55000	1.12	55000	1.12
	At the end of the year				55000	1.12
8.	<b>Rajendra Dhiraj Lal Gandhi</b>					
	At the beginning of the year		49200	1	49200	1
	At the end of the year				49200	1
9.	<b>Jasmine Pravin Ajmera</b>					
	At the beginning of the year		49000	1	49000	1
	09.05.2014	Transfer	300	0.01	49300	1
	23.05.2014	Transfer	600	0.01	49900	1.02
	At the end of the year				49900	1.02
10.	<b>Parul Sanjay Shah</b>					
	At the beginning of the year		45568	0.93	45568	0.93
	18.07.2014	Transfer	6987	0.14	52555	1.07
	At the end of the year				52555	1.07

**Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
11.	<b>Amit Jain</b>					
	At the beginning of the year		–	–	–	–
	04.04.2014	Transfer	1417	0.03	1417	0.03
	25.04.2014	Transfer	778	0.02	2195	0.04
	02.05.2014	Transfer	4192	0.09	6387	0.13
	09.05.2014	Transfer	302	0.01	6689	0.14
	16.05.2014	Transfer	217	–	6906	0.14
	23.05.2014	Transfer	669	0.01	7575	0.15
	30.05.2014	Transfer	5300	0.11	12875	0.26
	06.06.2014	Transfer	4285	0.09	17160	0.35
	04.07.2014	Transfer	747	0.02	17907	0.36
	11.07.2014	Transfer	1645	0.03	19552	0.4
	18.07.2014	Transfer	1075	0.02	20627	0.42
	25.07.2014	Transfer	587	0.01	21214	0.43
	08.08.2014	Transfer	3290	0.07	24504	0.5
	15.08.2014	Transfer	245	–	24749	0.5
	22.08.2014	Transfer	7701	0.16	32450	0.66
	29.08.2014	Transfer	1186	0.02	33636	0.69
	19.09.2014	Transfer	2114	0.04	35750	0.73
	14.11.2014	Transfer	155	–	35905	0.73
	21.11.2014	Transfer	4637	0.09	40542	0.83
	28.11.2014	Transfer	2490	0.05	43032	0.88
	05.12.2014	Transfer	14957	0.3	57989	1.18
	12.12.2014	Transfer	872	0.02	58861	1.2
	31.12.2014	Transfer	-3498	-0.07	55363	1.13
	30.01.2015	Transfer	25	–	55388	1.13
	06.02.2015	Transfer	990	0.02	56378	1.15
	13.02.2015	Transfer	2336	0.05	58714	1.2
	20.02.2015	Transfer	1019	0.02	59733	1.22
	27.02.2015	Transfer	184	–	59917	1.22
	At the end of the year				59917	1.22
12.	<b>Pankaj Kumar Magan Lal Babariya</b>					
	At the beginning of the year		–	–	–	–
	04.04.2014	Transfer	17868	0.36	17868	0.36
	31.12.2014	Transfer	53165	1.08	71033	1.45
	At the end of the year				71033	1.45

**(iv) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		%change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	Narendra Kumar Jain	297060	6.05	297060	6.05	-
2.	Pankaj Jain	453910	9.25	453910	9.25	-
3.	Sippy Jain	143200	2.91	153326	3.12	0.21
4.	Kannadiparambil Sankarankutty Velayudha Menon	-	-	-	-	-
5.	Pradeep Behl	-	-	-	-	-
6.	Vijay Kumar Garg	23645	0.48	48645	0.99	0.51
7.	Massimo Medini	-	-	-	-	-
8.	Harish Chandra Dutta	-	-	-	-	-
9.	Harish Kumar Gupta	-	-	-	-	-
10.	Marco Medini	-	-	-	-	-

**(v) Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs. in thousands)
Indebtedness at the beginning of the financial year				
i) Principal Amount	6528.43	8902.52	-	15430.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	107.25	-	-	107.25
Total (i+ii+iii)	6635.68	8902.52	-	15538.20
Change in Indebtedness during the financial year				
Addition	2763.29	-	-	2763.29
Reduction	189.99	3119.77	-	3309.76
Net Change	2573.30	3119.77	-	546.47
Indebtedness at the end of the financial year				
i) Principal Amount	9208.98	5782.75	-	14991.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	9208.98	5782.75	-	14991.73

**(vi) Remuneration of Directors and Key Managerial Personnel**

**A. Remuneration to Managing Director, whole-time Directors and/or Managers:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (in Rs.)
		Mr. Pankaj Jain Managing Director In Rs. per month	Mrs. Sippy Jain whole time Director In Rs. per month	Ms. Silu Nanda Company Secretary In Rs. per month	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	145000	34250	13000	182250
2.	Stock Option	-	-	-	-
3.	Sweat Equity				
4.	Commission - as of profit others, specify ...	-	-	-	
5.	Others, please specify Sitting Fees (p.a.)	97000	6250	-	103250
	Total (A)	242000	40500	13000	285500
	Ceiling as per the Act (Sec. 197)	Within ceiling limit			

**B. Remuneration to Other Directors**

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount (Rs.)
		Narendra Kumar Jain	Kannadi Parambil Sankaran-kutty Velayudha Menon	Pradeep Behl	Vijay Kumar Garg	Massimo Medini	Harish Chandra Dutta	Harish Kumar Gupta	Marco Medini	
1.	Independent Directors ● Fee for attending board / committee meetings ● Commission ● Others, please specify		40,000	40,000	-	-	16,000	-	-	96000
	Total (1)	-	40,000	40,000	-	-	16,000	-	-	96000
2.	Other Non-Executive Directors ● Fee for attending board / committee meetings ● Commission ● Others, please specify									
	Total (2)	-	-	-	-	-	-	-	-	
	Total (8)=(1+2)	-	40,000	40,000	-	-	16,000	-	-	96000
	Total Managerial Remuneration	-								
	Overall Ceiling as per the Act	Within ceiling limit								

**C. Remuneration to Key Managerial Personnel other than Managing Director, whole-time Directors and/or Managers:**

Sr. No.	Particulars of Remuneration	Name of KMP	Total Amount (Rs. in lacs)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission as of profit others, specify	-	-
S	Others, please specify	-	-
	Total (A)	-	-

**(vii) Penalties/punishment/compounding of offences:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT-I Court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
Other officers in default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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

26th May, 2015

**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, 2015 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, 2015 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.**

The Board after finalizing the Code of Conduct and after approval shall arrange to get it posted on the website of the Company.

All Board Members and Senior Management Executives shall affirm the compliance of the Code of Conduct on an annual basis. Annual Report of the Company shall contain this fact signed by the CEO.

### **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 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*

## **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 Ltd.** for the year ended on 31st March, 2015 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 : 26th May, 2015

S.C. DEWAN  
*Partner*  
M.No. 015678

### **INDEPENDENT AUDITOR'S REPORT**

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

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of **HARYANA LEATHER CHEMICALS LTD.** ("the Company"), which comprise the Balance Sheet as at **31st March, 2015**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 mis-statement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of

the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at **31st March, 2015**, and its profit and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- a. we have sought and 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 it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on **31st March, 2015** and taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2015** from being appointed as a director in terms of Section 164(2) of the Act;
  - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company does not have any pending litigations which would impact its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **S.C. Dewan & Co.**  
Partner  
Membership Number: 015678  
Place : Chandigarh  
Date : 26th May, 2015

**Annexure to the Independent Auditor's Report of even date to the members of Haryana Leather Chemicals Ltd., on the financial statements for the year ended 31st March, 2015**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (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 between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.  
(b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.  
(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (ix) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or to debenture-holders during the year.
- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

per **S.C. Dewan & Co.**  
Partner  
Membership Number: 015678  
Place : Chandigarh  
Date : 26th May, 2015

**BALANCE SHEET AS AT 31st March, 2015**

	Notes	March 31, 2015	₹ in Thousand March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' Funds :</b>			
Share Capital	1	49,084.70	49,084.70
Reserves and Surplus	2	190,605.06	187,021.99
<b>2) Non Current Liabilities</b>			
Long Term Borrowings	3	2,234.96	5,997.43
Deferred Tax Liability (Net)	4	14,967.53	14,644.94
Long Term Provisions	5	448.15	574.76
<b>3) Current Liabilities</b>			
Short Term Borrowings	6	12,756.77	9,433.52
Trade Payables	7	69,813.47	78,841.58
Other Current Liabilities	8	7,930.53	7,521.23
Short Term Provisions	9	6,844.22	8,425.84
<b>TOTAL</b>		<b>354,685.39</b>	<b>361,545.99</b>
<b>II. ASSETS</b>			
<b>1) Non Current Assets</b>			
<b>a) Fixed Assets</b>			
Tangible Assets	10	289,437.93	289,818.33
		289,437.93	289,818.33
Less : Depreciation		132,425.36	119,024.07
<b>Net Block</b>		<b>157,012.57</b>	<b>170,794.26</b>
Capital Work in Progress		319.89	503.72
		<b>157,332.46</b>	<b>171,297.98</b>
<b>b) Long Term Loans and Advances</b>	11	448.35	448.35
<b>2) Current Assets</b>			
Inventories	12	54,293.05	39,046.91
Trade Receivables	13	97,698.48	108,037.64
Cash and Bank Balances	14	12,111.41	14,882.23
Short Term Loan & Advances	15	32,801.64	27,832.88
<b>TOTAL</b>		<b>354,685.39</b>	<b>361,545.99</b>
<b>Significant Accounting Policies</b>	27	–	–
<b>Notes to Financial Statement</b>	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 : 26th May, 2015

SILU NANDA  
Company Secretary

**Statement of Profit and Loss Account for the year ended 31st March, 2015**

		₹ in Thousand	
	Notes	March 31, 2015	March 31, 2014
<b>INCOME</b>			
<b>I. Revenue from Operations</b>	<b>16</b>	423,805.77	447,939.09
<b>II. Other Income</b>			
Other Misc. Income	17	2,861.29	1,967.48
Foreign Exchange Fluctuation (Gains)		422.20	5,041.06
Profit on Sale of Assets		-	5,232.62
<b>III. TOTAL REVENUE (I + II)</b>		<b>427,089.26</b>	<b>460,180.25</b>
<b>IV. EXPENSES</b>			
Cost of Material Consumed	18	296,581.80	319,558.70
Decrease/(Increase) in Stocks	19	(2,489.54)	(1,284.95)
Employees' Benefits Expenses	20	28,764.70	27,101.19
Financial Expenses	21	2,643.19	2,534.72
Depreciation/Amortization	10	13,401.29	7,848.87
Other Expenses	22	67,868.80	66,789.64
<b>TOTAL EXPENSES</b>		<b>406,770.24</b>	<b>422,548.17</b>
<b>V. Profit before Exceptional Items</b>		20,319.02	37,632.08
<b>VI. Exceptional Items</b>			
Prior Period Income		-	20.14
Prior Period Expenses		156.56	-
Profit before Tax		<b>20,162.46</b>	<b>37,652.22</b>
<b>VII. LESS : Tax Expenses</b>			
Current Tax Provision		6,109.37	9,348.49
Tax for earlier Year		138.52	158.71
Deferred Tax Liability		322.59	971.04
<b>Total Taxes</b>		<b>6,570.48</b>	<b>10,478.24</b>
		<b>6,570.48</b>	<b>10,478.24</b>
<b>VIII. Profit Carried to Balance Sheet</b>		<b>13,591.98</b>	<b>27,173.99</b>
<b>Earnings per Equity Share</b>	<b>23</b>		
Basic (Nominal value of shares Rs. 10 each)		2.77	5.54
Diluted (Nominal value of shares Rs. 10 each)		2.77	5.54
Significant Accounting Policies			
Notes to Financial Statement	<b>1-27</b>		

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 : 26th May, 2015

SILU NANDA  
Company Secretary

## CASH FLOW STATEMENT

₹ in Thousand

	March 31, 2015	March 31, 2014
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary Items	20,162	37,652
Adjustments for -		
Depreciation	13,401	7,849
Profit on sale of asset	-	5,232
Interest	2,074	1,285
	<u>35,637</u>	<u>41,554</u>
<b>Operating Profit before Working Capital Changes</b>		
Adjustments for -		
Trade and other Receivables	10,339	-15,961
Inventories	-15,246	3,879
Trade and other payables	-8,619	6,161
	<u>22,111</u>	<u>35,633</u>
<b>Cash Generated from Operations</b>		
Direct Taxes Paid	-6,682	-11,182
Provision for Dividend / Dividend Tax	-4,020	-4,020
Provision for Direct Tax	-	-
	<u>11,409</u>	<u>20,431</u>
<b>Cash Flow before Extraordinary Items</b>		
Extraordinary items	-	-
	<u>11,409</u>	<u>20,431</u>
<b>Net Cash from Operating Activities</b>	<u>11,409</u>	<u>20,431</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed / Long Term Assets	-5,317	-19,918
Sale/Reduction of Fixed Assets	-	3,514
profit on sale of asset	-	5,232
	<u>-5,317</u>	<u>-11,172</u>
<b>Net Cash used in Investing Activities</b>	<u>-5,317</u>	<u>-11,172</u>
<b>C. Cash Flow from Financing Activities</b>		
(increase)/decrease in long term borrowings	-3,279	4,300
proceeds from long term provisions/short term provisions	-1,708	104
changes in working capital loans/short term borrowings	2,840	2,100
(increase)/decrease in long term loan and advances borrowings	-4,642	-6,822
interest paid	-2,074	-1,285
	<u>-8,863</u>	<u>-1,603</u>
<b>Net Cash used in Financing Activities</b>	<u>-8,863</u>	<u>-1,603</u>
Net Increase/(Decrease) in Cash and Cash Equivalent	-2,771	7,656
Cash and Cash Equivalents (Opening Balances)	14,882	7,226
Cash and Cash Equivalents (Closing Balances)	<u>12,111</u>	<u>14,882</u>

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 : 26th May, 2015

SILU NANDA  
*Company Secretary*



## Notes on Financial Statement for the year ended 31st March, 2015

### NOTE 1

₹ in Thousand

	March 31, 2015	March 31, 2014
<b>Share Capital</b>		
<b>Authorised Capital</b>		
6,000,000 Equity Shares of Rs. 10/- each	60,000.00	60,000.00
Optionally convertible, cumulative or non-cumulative		
<b>Issued, Subscribed and Paid Up Capital</b>		
4,908,470 Equity Shares of Rs. 10/- each	49,084.70	49,084.70
<b>TOTAL</b>	<b>49,084.70</b>	<b>49,084.70</b>

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, 2015		March 31, 2014	
	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, 2015 No. of Shares	March 31, 2014 No. of Shares
Equity Shares at the beginning of the year	4,908,470	4,908,470
Add : Shares issued	–	–
Less: Shares cancelled	–	–
Equity Shares at the end of the year	<b>4,908,470</b>	<b>4,908,470</b>

### NOTE 2

	March 31, 2015	March 31, 2014
<b>Reserve &amp; Surplus</b>		
<b>General Reserve</b>		
As per Last Balance Sheet	41,407.97	37,934.88
Add: Transfer from Profit & Loss	2,341.36	3,473.09
Less: Adjustment of Fixed Assets	5,881.61	–
Closing Balance	37,867.72	41,407.97
<b>Profit and Loss account (Carried over from P &amp; L)</b>		
As per Last Balance Sheet	145,614.01	125,933.17
Add: Profit for the year	13,591.98	27,173.98
Less: Appropriations	2,341.36	3,473.09
Proposed Dividend	3,435.93	3,435.93
Dividend Distribution Tax	584.11	584.11
Less: Excess Interest of earlier year	107.25	–
Closing Balance	152,737.34	145,614.01
<b>TOTAL</b>	<b>190,605.06</b>	<b>187,021.99</b>

**Notes on Financial Statement for the year ended 31st March, 2015**

**NOTE 3**

₹ in Thousand

	March 31, 2015			March 31, 2014		
<b>LONG TERM BORROWINGS</b>						
<b>SECURED</b>						
<b>Loans from Others</b>	Current	Non Current		Current	Non Current	
ICICI Bank	93.99	–		176.73	76.89	
(formerly shown as secured loan from Rana Motors Ltd.) Delhi						
<b>Total</b>	93.99	–		176.73	76.89	
<b>UNSECURED</b>						
<b>- From NBFC</b>						
Magma Fincorp Limited	3,547.79	2,234.96	2,234.96	2,981.98	5,920.54	5,920.54
<b>TOTAL</b>	<b>3,641.78</b>	<b>2,234.96</b>		<b>3,158.71</b>	<b>5,997.43</b>	

**Note:**

Term Loans from ICICI Bank Ltd. 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. Current portion of Secured loans from ICICI Bank Ltd. and Magma Fincorp Limited has been shown in Note 6 as short term borrowings.

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	3,547.79	2,234.96	–	–	–
Previous Year	3,158.71	–	–	–	–

**NOTE 4**

	March 31, 2015	March 31, 2014
<b>Deferred Tax Liability</b>		
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	14,644.94	13,673.90
<b>Gross Deferred Tax Liabilities</b>	<b>14,644.94</b>	<b>13,673.90</b>
<b>Deferred Tax (Assets)/Liability</b>		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	322.59	971.04
<b>Gross Deferred Tax Liability</b>	<b>322.59</b>	<b>971.04</b>
<b>Net Deferred Tax Liability</b>	<b>14,967.53</b>	<b>14,644.94</b>

In compliance with AS 22 on Accounting for the Taxes on Income, a Sum of Rs. 498.59 Thousand has been considered as deferred tax liability in respect of timing difference on account of depreciation on Fixed Assets as per Income Tax books and as per Financial books and Rs. 175.99 Thousand has been considered as deferred tax asset in respect of Expenditure debited to Profit and Loss account in the current year but allowed for tax purposes in the following years. Therefore Net Deferred Tax Liability of Rs. 322.59 has been charged to profit & Loss account.

**NOTE 5**

	March 31, 2015	March 31, 2014
<b>Long Term Provisions</b>		
Provision for Leave Encashment	448.15	574.76
<b>Total</b>	<b>448.15</b>	<b>574.76</b>

During the Year Company has made a provision of Rs. 542.53 Thousand 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). Out of Rs. 542.53 Thousand, Rs. 448.15 is Long term provision for Leave Encashment and balance Rs. 94.30 Thousand is Short Term Provision for Leave Encashment.

**Notes on Financial Statement for the year ended 31st March, 2015**

**NOTE 6**

	March 31, 2015		₹ in Thousand March 31, 2014	
<b>Short Term Borrowings</b>				
<b>(Secured)</b>				
<b>- Working Capital Loans</b>				
- From Banks		9,114.99		6,274.81
CC (Stock) SBI Delhi	7,509.16		6,257.18	
CC (EPC) GGN SBI	1,605.84		17.63	
<b>- From Others</b>		93.99		176.73
ICICI Bank Limited	93.99		176.73	
<b>(Unsecured)</b>				
<b>- From NBFC</b>				
Magma Fincorp Limited	3,547.79	3,547.79	2,981.98	2,981.98
		<b>12,756.77</b>		<b>9,433.52</b>

**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 Equable Mortgage 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, 2015	March 31, 2014
<b>Trade Payables</b>		
- Micro, Small and Medium Enterprises	11,027.89	12,943.49
- Others	58,785.58	65,898.09
<b>Total</b>	<b>69,813.47</b>	<b>78,841.58</b>

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	March 31, 2015	March 31, 2014
Principal amount due and remaining unpaid	11,027.89	12,943.49
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 remaining due and payable in succeeding years	-	-

**NOTE 8**

**Other Current Liabilities**

Duties & Taxes	741.92	594.01
Unclaim Dividend	2,032.54	1,492.52
Security from Customers	705.61	500.00
Other Payables	4,450.46	4,934.70
(incl. Salary, Bonus, PF, ESI payables)		
<b>Total</b>	<b>7,930.53</b>	<b>7,521.23</b>

**NOTE 9**

**Short Term Provisions**

Provision for Leave Encashment	94.39	87.68
Accur Liab Royalty	-	1,300.00
Provision for Excise on Finished Goods	1,711.78	1,181.37
Accur Liab Other	1,018.01	1,836.75
Proposed Dividend	3,435.93	3,435.93
Dividend Distribution Tax	584.11	584.11
<b>Total</b>	<b>6,844.22</b>	<b>8,425.84</b>

## Notes on Financial Statement for the year ended 31st March, 2015

### NOTE 10

#### Fixed Assets

₹ in Thousand

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2014	Additions	Deletions/ Adjustments	As at 31.03.2015	As at 01.04.2014	For the Year	Deletions/ Adjustments	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
<b>Tangible Assets :</b>										
Land	13,392.13	–	–	13,392.13	–	–	–	–	13,392.13	13,392.13
Building	86,379.29	–	228.96	86,150.32	14,165.77	2,599.95	–	16,765.73	72,213.51	69,384.60
Plant & Machinery	158,095.96	3,709.56	5,945.89	155,859.63	82,491.45	8,323.98	–	90,815.42	75,604.52	65,044.21
Furniture, Fixture & Equipments	20,894.95	1,791.65	1,632.75	21,053.85	13,726.59	1,196.73	–	14,923.32	7,168.36	6,130.53
Vehicles	11,056.00	–	(1,925.99)	12,981.99	8,640.26	1,280.63	–	9,920.89	2,415.74	3,061.10
<b>TOTAL</b>	<b>289,818.33</b>	<b>5,501.21</b>	<b>5,881.61</b>	<b>289,437.93</b>	<b>119,024.07</b>	<b>13,401.29</b>	<b>–</b>	<b>132,425.36</b>	<b>170,794.26</b>	<b>157,012.57</b>
Previous Year	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
<b>Capital work in Progress</b>	503.72	–	183.83	319.89	–	–	–	–	503.72	319.89

#### Note 10

Depreciation on fixed assets provided as per the life of the asset, provided in Schedule-II of the Company Act, 2013 (as notified on 26th of March, 2014 and is made applicable from 1st of April, 2014 by the Ministry of Corporate Affairs). As a result of the change, the charge on account of depreciation for the year ended 31st March, 2015, is higher by Rs. 5,552.43 Thousand compared to the useful lives estimated in earlier periods. In case of assets whose useful life have ended as on 31st March, 2015, the carrying values as at 1st April, 2014 (after adjusting the 5% of Original cost as Scrap value) have been adjusted to the opening reserves as on 1st April, 2014 pursuant to the provisions of the Schedule-II of the Companies Act, 2013.

## Notes on Financial Statement for the year ended 31st March, 2015

### NOTE 11

₹ in Thousand

	March 31, 2015	March 31, 2014
<b>Long Term Loans and Advances</b>		
(Unsecured - considered goods except to the extent provided for)		
Security Deposits	448.35	448.35
<b>Total</b>	<b>448.35</b>	<b>448.35</b>

### NOTE 12

#### Inventories

	March 31, 2015	March 31, 2014
Raw Material	32,805.69	22,342.56
Stores & Spares	444.87	390.53
Packing Material	3,586.55	1,347.43
Work in Progress	2,049.93	2,417.09
Finished Goods	15,406.01	12,549.31
<b>Total</b>	<b>54,293.05</b>	<b>39,046.91</b>

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)

	March 31, 2015	March 31, 2014
Debts Outstanding for a period exceeding six months	1,921.73	2,244.94
Other Debts	96,084.08	105,792.70
Total Trade receivables	98,005.81	108,037.64
Less: Bad Debts during the period	307.33	–
<b>Net trade receivables unsecured considered good</b>	<b>97,698.48</b>	<b>108,037.64</b>

### NOTE 14

#### Cash and Bank Balances

	March 31, 2015	March 31, 2014
Cash in Hand	63.17	79.90
<b>Balances with Scheduled Banks on :</b>		
- in current accounts	4,913.39	8,561.19
- in dividend accounts	2,032.54	1,492.52
- Fixed Deposit / Margin Money Account	5,102.31	4,748.62
<b>Total</b>	<b>12,111.41</b>	<b>14,882.23</b>

Fixed Deposit / Margin Money Account include Rs. 1,464.29 Thousand pledged against margin money (previous year Rs. 1,448.28 Thousand).

### NOTE 15

#### Short Term Loans and Advances

(Unsecured - considered good except to the extent provided for)

	March 31, 2015	March 31, 2014
Advances Recoverable in Cash or in Kind (Short Term)	340.83	319.44
Prepaid Expenses	804.09	682.89
Claim Receivable	5,423.07	2,980.51
Deposit for Flat	12,011.92	10,578.54
Staff Advances	685.64	678.50
Balance With Excise Dept.	9,538.56	8,246.68
Advances to Suppliers	412.54	1,058.14
Interest Accrued but not due	–	107.25
Income Tax Refundable F.Y. 2013-14 (Net of Provision)	434.27	–
Income Tax Refundable	1,674.63	1,809.84
ITC VAT/CST Recoverable	972.57	972.57
Other Deposits	503.52	398.52
<b>Total</b>	<b>32,801.64</b>	<b>27,832.88</b>

**Notes on Financial Statement for the year ended 31st March, 2015**

**NOTE 16**

₹ in Thousand

		March 31, 2015	March 31, 2014
<b>SALES</b>			
<b>DOMESTIC SALES:</b>	Manufactured Products	338,466.28	329,049.21
	Less: Excise Duty	46,160.09	44,366.17
	Net Domestic Sales	<u>292,306.19</u>	<u>284,683.04</u>
<b>EXPORT SALES:</b>	Manufactured Products	131,499.58	163,256.05
<b>Total</b>		<u>423,805.77</u>	<u>447,939.09</u>

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, 2015	March 31, 2014
Sale of goods	131,499.58	163,256.05

**NOTE 17**

**Other Income:**

	March 31, 2015	March 31, 2014
Interest Income	448.83	231.34
Interest from Bank	397.33	231.34
Interest from Dealer/Customer	51.50	—
Balances Written Back / off (Net)	372.09	208.53
<b>Miscellaneous Income:</b>		
Scrap Sale	1,435.34	1,285.98
Misc. Income	605.03	241.63
<b>Total</b>	<u>2,861.29</u>	<u>1,967.48</u>

Gross interest received from Bank Rs. 397.33 Thousand (TDS deducted by bank Amounted to Rs. 43.63 Thousand has been adjusted against income tax liability for the current year)

**NOTE 18**

	%age of Consumption	March 31, 2015	%age of Consumption	March 31, 2014
<b>Cost of Material Consumed</b>				
Imported	8.75	25,950.59	8.34	26,645.49
Indigenous	91.25	270,631.21	91.66	292,913.21
<b>Total</b>	<b>100</b>	<u>296,581.80</u>	<b>100</b>	<u>319,558.70</u>

**Value of Imports on CIF Basis in respect of:**

	March 31, 2015	March 31, 2014
Raw material	28,356.34	23,669.41
Components & Spare Parts	651.00	571.16
Capital goods (including CWIP)	—	3,493.42
<b>Total</b>	<u>29,007.34</u>	<u>27,733.99</u>

**NOTE 19**

	March 31, 2015	March 31, 2014
<b>Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade</b>		
<b>Opening Stocks:</b>		
F.G.	12,549.31	12,039.98
Stock-in-process	2,417.09	1,641.47
<b>Closing Stocks:</b>		
F.G.	15,406.01	12,549.31
Stock-in-process	2,049.93	2,417.09
<b>Net Change in Stock</b>	<u>(2,489.54)</u>	<u>(1,284.95)</u>

## Notes on Financial Statement for the year ended 31st March, 2015

### NOTE 20

₹ in Thousand

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Employees' Benefits Expenses</b>		
Salaries, Wages, Bonus & Incentives etc. (Net)	25,510.41	23,817.94
Contribution to Provident and Other Funds	1,211.72	1,042.92
Workmen and Staff Welfare Expenses	1,455.78	1,372.99
Gratuity	522.22	784.30
Recruitment & Training Expenses	64.57	83.04
<b>Total</b>	<b>28,764.70</b>	<b>27,101.19</b>

The Company has taken Group Gratuity Policy from LIC and the fund Value as on 31.03.2015 was Rs. 8569.59 Thousand. During the Year, the Company has made provision for Gratuity amounting to Rs. 522.22 Thousand.

The Company has made provision for Leave Encashment in its books of accounts on actuarial valuation basis. As per the actuarial valuation report the provision for leave encashment as on 31st March 2015 has been determined Rs. 542.53 Thousand using the Projected Unit Credit actuarial method.

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.

### NOTE 21

#### Financial Expenses

Interest to Bank - on Term Loan	-	-
- on Working Capital Loan	687.52	363.93
Interest Others	1,386.34	921.59
Finance Charges	569.33	1,249.20
<b>Total</b>	<b>2,643.19</b>	<b>2,534.72</b>

### NOTE 22

Auditors Remuneration	266.82	308.10
Damaged Material Written Off	45.00	-
Bad Debts Written Off	307.33	-
Other Debit Balances Written Off	353.94	318.59
Director Sitting Fees	127.20	128.00
Guest House Expenses	125.66	44.67
Insurance Expenses	1,454.21	1,362.35
Postage & Telephone Expenses	1,796.80	1,358.48
Printing Stationary Expenses	822.85	1,244.87
Professional Charges	2,078.30	1,329.81
Property Tax Expenses	53.31	242.33
R & D Expenses	4,846.13	6,899.05
Rent - Building	623.29	564.81
Repair & Maintenance Expenses	19,383.63	13,393.51
Royalty Expenses	-	1,304.23
Technical Services	510.75	2,444.01
Marketing Expenses	13,356.10	17,048.71
Miscellaneous Expenses	183.37	657.29
Travelling Expenses	6,534.63	3,835.21
Power, Fuel and Water Expenses	13,771.06	12,909.47
Vehicle Expenses	514.65	524.90
Gardening Expenses	241.52	312.32
Office Upkeep Expenses	472.25	558.93
<b>Total</b>	<b>67,868.80</b>	<b>66,789.64</b>

#### Remuneration to auditors

Statutory audit	247.00	224.50
Certification Charges	7.50	22.50
Expenses reimbursement	12.32	61.10
<b>Total</b>	<b>266.82</b>	<b>308.10</b>

Service Tax being Cenvatable, hence not included.



**Notes on Financial Statement for the year ended 31st March, 2015**

**Expenditure in foreign currency**

		<b>March 31, 2015</b>	<b>₹ in Thousand March 31, 2014</b>
Travel, boarding and lodging expenses			
- Directors	3,286.16		
- Employees	1,157.72	4,443.88	1,686.61
Trade Fair overseas		516.44	249.39
<b>Total</b>		<b>4,960.32</b>	<b>1,936.00</b>

**NOTE 23**

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Earnings per share (EPS)</b>		
<b>Basic</b>		
Net profit as per profit and loss account	13,591.98	27,173.99
Weighted average number of equity shares outstanding during the year	4,908.470	49,084.70
<b>Earning per share - Basic</b>	<b>2.77</b>	<b>5.54</b>
<b>Diluted</b>		
Net profit as per profit and loss account	13,591.98	27,173.99
Weighted average number of equity shares outstanding during the year	4,908,470	4,908,470
<b>Earning per share - Diluted</b>	<b>2.77</b>	<b>5.54</b>
<b>Nominal value of equity share</b>	<b>10</b>	<b>10</b>

**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
N.K. 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	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Key Managerial Person	Managerial Remuneration	3,309.00	3,239.36
Relative of Key Managerial Person	Sitting Fee	-	-
Key Managerial Person	Sitting Fee	-	-
Associated Company	Sale of Material	730.69	541.00
Associated Company	Sale of Material	246.33	358.00
Associated Company	Sale of Material	124.40	223.00

**Notes on Financial Statement for the year ended 31st March, 2015**

**NOTE 25**

₹ in Thousand

	March 31, 2015	March 31, 2014
<b>a) Managing Director Remuneration:</b>		
Salary and Allowances	2,736.00	2,736.00
Perquisites and Provident Fund	130.50	63.36
<b>Total</b>	<b>2,866.50</b>	<b>2,799.36</b>
<b>b) Whole Time Director Remuneration:</b>		
Salary and Allowances	351.00	351.00
Perquisites and Provident Fund	91.50	89.00
<b>Total</b>	<b>442.50</b>	<b>440.00</b>

**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	1,551.11	2,294.46
b) Estimated amount of Contracts remaining to be executed on account of capital account and not provided for (net of advances)	250.00	1,290.00

**Detail of Provisions as per AS-29.**

	Employee Benefit (Earned Leave)	Excise duty on Finished Goods lying in stock	Dividend & Dividend Tax	Income Tax
Balance as at 1st April, 2014	662.44	1,181.37	4,020.04	-
Provision made during the year	542.53	1,711.78	4,020.04	6,109.37
Provision written off / back / paid during the period	662.44	1,181.37	4,020.04	6,109.37
Balance as at 31st March, 2015	542.53	1,711.78	4,020.04	-

**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 the 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 provided as per the life of the asset, provided in schedule-II of the Company Act, 2013 (as notified on 26th of March, 2014 and is made applicable from 1st of April 2014 by the ministry of corporate affairs). In case of assets whose useful life have ended as on 31st March, 2015, the carrying values as at 1st April, 2014 (after adjusting the 5% of Original cost as Scrap value) have been adjusted to the opening reserves as on 1st March, 2014 pursuant to the provisions of the schedule-II of the Companies Act, 2013.

**iv) Inventories**

- (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 has been valued at Raw material cost plus proportionate conversion cost.
- (d) Finished Goods lying at factory have been valued at Raw material cost plus conversion.
- (e) Cost including Excise duty payable.

**v) Transactions in Foreign Currency**

Foreign Currency transactions are recorded at the exchange rate prevailing at the date of transaction. The exchange fluctuation arising is shown as "Foreign Exchange Fluctuation Gain / (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:-

- (a) The Company has taken Group Gratuity Policy from LIC and the fund value as on 31.03.2015 was Rs. 8569.59 Thousand.
- (b) The provision for Leave Encashment has been taken on the basis of actuarial valuation. As per the actuarial valuation report the provision for leave encashment has been determined as Rs. 542.53 Thousand as on 31st March, 2015.
- (c) Contribution to Provident Fund are made in accordance with the provisions of Employee Provident Fund and Misc. Provisions Act, 1952 and charged to revenue every year and this is in conformity as per the requirement of AS 15.

**vii) Cenvat**

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

**viii) Revenue Recognition**

- (a) 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.
- (b) Interest from bank is recognised on accrual basis.

**ix) Recognition of Expenses**

Expenses are recognised 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 recognised, subject to the consideration of prudence, on timing differences, being the difference between the taxable income and the 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 recognised 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 recognised 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 recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the notes to the financial statements.

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 : 26th May, 2015

SILU NANDA  
*Company Secretary*

**HARYANA LEATHER CHEMICALS LIMITED**

Corporate Identity Number (CIN): L74999HR1985PLC019905  
 Registered Office: 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102 (Hr.)  
 Telephone No.: +91-01681-226645; Fax No.: +91-01681-225101  
 Website: www.leatherchem.com, Email ID: info@leatherchem.com

**30th Annual General Meeting on Monday, 28th September, 2015**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013, and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L74999HR1985PLC019905  
 Name of the Company : Haryana Leather Chemicals Limited  
 Registered office : 72-77, HSIDC Industrial Estate,  
 Hansi Road, Jind - 126 102 (Hr.)

Name of Member(s): .....
Registered address: .....
Email ID: .....
Folio No./Client ID: .....
DP ID: .....

I/We, being the Member(s) holding ..... shares of the above named Company, hereby appoint

1. Name: .....  
 Address: .....  
 Email ID: .....  
 Signature:....., or failing him/ her
2. Name: .....  
 Address: .....  
 Email ID: .....  
 Signature:....., or failing him/ her
3. Name: .....  
 Address: .....  
 Email ID: .....  
 Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Monday, the 28th day of September, 2015 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended as on that date, and the Directors' Report and the Auditors' Report thereon.
2. To declare dividend on the equity shares for the year ended 31st March, 2015.

3. To appoint a Director in place of Mr. Harish Kumar Gupta (DIN: 01203136), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Narendra Kumar Jain (DIN: 00486730), who retires by rotation and being eligible offers himself for re-appointment.
5. To reappoint the Auditors and to fix their remuneration.

Signed this..... day of....., 2015

Affix Revenue Stamp
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Signature of Shareholder

Signature of Proxy holder(s)

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 30th Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

## HARYANA LEATHER CHEMICALS LIMITED

Corporate Identity Number (CIN): L74999HR1985PLC019905  
 Registered Office: 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102 (Hr.)  
 Telephone No.: +91-01681-226645; Fax No.: +91-01681-225101  
 Website: www.leatherchem.com, Email ID: info@leatherchem.com

### ATTENDANCE SLIP

Regd. Folio/DP ID & Client ID	
Number of shares	
Name and Address of the Member	

I hereby record my presence at the Thirtieth Annual General Meeting of the Company held on Monday, the 28th day of September, 2015 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, Haryana.

.....  
 Name of the Member/Proxy  
 (in block letters)

.....  
 Member's/Proxy's Signature

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report to the meeting.