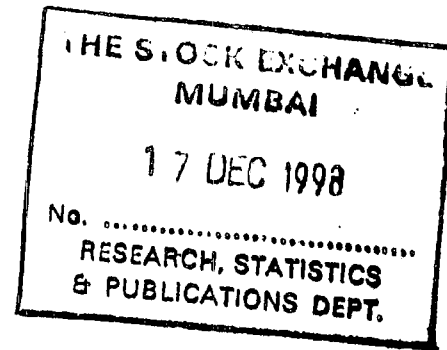


13th ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



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ISO-9002

HARYANA LEATHER CHEMICALS LIMITED

An ISO 9002 Certified Company



HARYANA LEATHER CHEMICALS LIMITED

BOARD OF DIRECTORS

N.K.Jain
V.K.Garg
H.K.Gupta
H.C. Dutta
Dr. K.S.V. Menon
Dr. Massimo Medini
Piero Tranchinetti
Pankaj Jain, Managing Director

SECRETARY

Tomy Joseph

AUDITORS

S.C.Dewan & Co.

REGISTRAR & SHARE TRANSFER AGENTS

Magnum Business Services Pvt. Ltd.
35-A Sant Nagar, East of Kailash
New Delhi 110 065

HEAD OFFICE

B-316-319, Som Datt Chambers-I
Bhikaji Cama Place
New Delhi 110 066

REGISTERED OFFICE AND WORKS

72-77, Industrial Estate
Hansi Road
Jind 126 102

CORPORATE EXECUTIVES

N.N.Batabyal, A.G.M.(Corporate Planning)
P.Behl, A.G.M. (Finance & Accounts)
Dr. P.L. Maurya, Works Manager

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Notice
Directors' Report
Auditors' Report
Balance Sheet
Profit & Loss Account
Schedules & Notes to Accounts
Cash Flow Statement



NOTICE

Notice is hereby given that the THIRTEENTH Annual General Meeting of the Members of Haryana Leather Chemicals Limited will be held on Wednesday the 30th December, 1998 at 11.30 A.M. at its Registered Office at 72-77 Industrial Estate, Hansi Road, Jind 126102 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To consider to appoint a Director in place of Mr. N.K.Jain, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider to appoint a Director in place of Mr. H.C. Dutta, who retires by rotation and being eligible, offers himself for reappointment.
4. To consider to appoint Auditors to hold office from the conclusion of this Annual General Meeting and till the conclusion of next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

5. To appoint a Director in place of Dr. K.S.V. Menon, who has been appointed as additional Director by the Board of Directors and holds office upto the date of ensuing Annual General Meeting of the Company and is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 257 of the Companies Act., 1956, proposing his candidature for the office of Director.

EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT., 1956

Dr. K.S.V. Menon (Ph.D-Eco) has been appointed as Additional Director by the Board of Directors w.e.f. 30th Oct., 98 as per the provisions of the Articles of Association of the Company. Dr. K.S.V. Menon ceases to hold office of Director at the ensuing Annual General Meeting. A notice under section 257 of the Companies Act., 1956 has been received from a member proposing the candidature of Dr. Menon for the office of Director.

None of the Directors except Dr. Menon himself, is personally concerned or interested in this resolution.

Regd. Office :
72-77, Industrial Estate
Hansi Road (Jind) Haryana 126102

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

26th November, 1998

TOMY JOSEPH
Company Secretary

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. 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 commencement of the meeting.
2. Members are advised to notify change in their address, if any, specifying full address in block letters with pin code to the Registrar.
3. The Members/Proxies attending the meeting are requested to bring their copies of the Annual Report and the Attendance slip being sent herewith duly filled for attending the meeting.
4. Share holders seeking any information with regard to the Accounts may write to the Company to reach atleast 10 days before the meeting so that the information can be kept ready at the meeting.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Thirteenth Annual Report and Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	(Rs. in lacs)	(Rs. lacs)
	1997-98	1996-97
Sales Turnover	1137.01	1097.45
Gross Profit	167.90	115.56
<u>Deductions</u>		
Depreciation	36.53	34.22
Interest	62.78	65.30
Profit Before Tax	68.59	16.04
Less : Provision for Tax	7.00	--
Profit After Tax	61.59	16.04
Less : Previous Years' Adjustments	6.73	3.07
Less : Provision for Doubtful Debts	10.53	8.41
Net Profit for the year	44.33	4.56
Add : Net Profit Brought Forward		
From the previous year	288.36	283.80
Net Profit Carried Forward	332.69	288.36

OPERATION

During the year the Company has achieved a turn over of Rs. 1137.01 lacs against Rs. 1097.45 lacs for the previous year and net profit of Rs. 44.33 lacs against Rs. 4.56 lacs for the previous year. The increase in net profit is mainly due to reduction in direct expenses during the year.

DIVIDEND

Considering the inadequate profits, poor cash flow and future requirement of funds for expansion, diversification plans your Directors have not recommended any dividend.



DIRECTORS

During the year under review IFCI has withdrawn their nominee Director, Ms. Renu Poplai from the board w.e.f. 30.04.98

The Board of Directors placed on record its appreciation for the valuable guidance and services received from Ms. Renu Poplai during her tenure as Director.

Mrs. Sippy Jain was appointed as Alternative Director to Mr. N.K.Jain for a period of six months up to 27th Sept., 1998.

Dr. K.S.V. Menon has been appointed as Additional Director by the Board of Directors w.e.f. 30th Oct., 98. He holds office of Director only up to the ensuing Annual General Meeting. A Notice U/s 157 of the Companies Act., 1956, has been received from a member of the Company proposing his candidature for the office of Director. Dr. Menon is an Economist of high repute and the Company will benefit a lot from his experience in Finance.

Mr. N.K.Jain and Lt. Gen (Retd.) H.C. Dutta, Directors will be retiring by rotation as per the provisions of Articles of Association of the Company and being eligible they have offered themselves for re-appointment.

FIXED DEPOSITS

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

QUALITY CONTROL

The company is constantly monitoring the quality of its products and services for better consumer satisfaction in line with ISO 9002 standards. The quality certification finalisation have been successfully completed and certificate has been received.

EXPANSION AND DIVERSIFICATION

The Company has decided to utilise a portion of Acrylic Plant capacity for manufacture of Pressure Sensitive Adhesives.

A technology transfer agreement has already been executed by the company with M/s ICAP Sira Chemicals & Polymers, SpA., Italy with this, we may be able to tap the Pressure Sensitive Adhesive market and to achieve a better turnover in the coming years.

Your company has also entered into a collaboration agreement with M/s NUOVA S.I.V.A.M. SpA., Italy for manufacture of 'Polyurethane Lacquer' for synthetic sole. This is very fast growing field particularly in modern footwear and sports shoes. The company will also have a distinguished market locational advantage because most of the manufacturers are located in north India.

AUDITORS AND THEIR REPORT

The present auditors M/s S.C. Dewan & Co., Chartered Accountants will retire at the forthcoming Annual General Meeting.

They have confirmed their eligibility for re-appointment and the Board recommends their re-appointment at the forthcoming Annual General Meeting.

OTHER INFORMATION AND DISCLOSURES

The Company has been granted sales tax exemption for 7 years instead of stipulated 9 years owing to some ambiguity existed in the law earlier. The company has appealed in the matter and we expect extension of the exemption period to full 9 years based upon the merit of the case. In the meantime, on insistence of sales tax authorities, the company has deposited Rs. 10.00 lacs, under protest, which is liable to be refunded provided our appeal is granted. No liabilities have been provided in the accounts in this regard.

Informations as per the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 relating to Conservation of Energy Technology absorption and Foreign Exchange Earning & Outgo are given in the annexure 'A' forming part of this report.

None of the employees is drawing remuneration to the extent of the limits prescribed under section 217 (2A) of the Companies Act, 1956 except Managing Director and approval of shareholders had been obtained for his remuneration in the 10th Annual General Meeting.

The comments of Auditors in their report are suitably explained wherever applicable in the Notes to the Accounts as Schedule 16 of Balance Sheet.

ACKNOWLEDGEMENT

The Directors wish to express their sincere gratitude to HSIDC, IFCI, SBI and other Government authorities for the continuous assistance and co-operation.

The Board also likes to express its appreciation to the employees.

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For and on behalf of Board of Directors
Haryana Leather Chemicals Ltd.

Place : Ambala Cantt., Haryana
Date : 26th Nov., 1998

PANKAJ JAIN
Managing Director

N.K. JAIN
Director