

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., Chandigarh

REGISTRAR & SHARE TRANSFER AGENTS

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

HEAD OFFICE

1004, Bhikaji Cama Bhawan
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)
Dr. P.L. Maurya, Works Manager

15th Annual Report 1999-2000

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NOTICE

Notice of the FIFTEENTH Annual General Meeting of the Members of Haryana Leather Chemicals Ltd., to be held on Tuesday, the 5th day of September, 2000 at 11.30 A.M. at the Registered Office of the Company at 72 - 77, 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, 2000 and the Profit & Loss Account for the Year ended on that date togetherwith the Report of Auditors and Directors thereon.
2. To consider to appoint a Director in place of Mr. V. K. Garg, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider to appoint a Director in place of Mr. H. K. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider to appoint Auditors to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

"RESOLVED that subject to the provisions of Section 198, 309 and 269 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being inforce) Mr. Pankaj Jain be and is hereby re-appointed as Managing Director of the Company w.e.f. 4th February, 2000 for a period of 5 (five) years with the following terms and conditions :

- (1) Salary : Rs. 35,000 per month - with 10% increment every year.
- (2) Commission : Such amount as may be determined by the Board of Directors for each financial year based on the net profits of the Company subject to ceilings laid down in Sections 198, 309 or any other relevant provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being inforce).
- (3) Perquisites : With in the overall limits laid down in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being inforce).
 - (a) HRA/Housing : Rs. 20,000 pm. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules.
 - (b) Medical Insurance/Medical Reimbursement : Expenses incurred by the Managing Director and his family subject to a ceiling of one month Basic Salary in a year or three months over a period of three years.
 - (c) Leave Travel Concession : Leave Travel Concession for the Managing Director and his family in a year limited to one month's Basic salary.
 - (d) Club Fees : Fees of clubs subject to a maximum of two clubs.
 - (e) Personal Accident Insurance : Personal accident insurance for amount the annual premium of which does not exceed Rs. 4,000 per annum.
 - (f) Any other allowance or perquisites with in the specified ceiling.
4. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
5. Gratuity payable should not exceed half month's salary for each completed year of service.

6. Encashment of leave at the end of tenure of the Managing Director.
7. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.
8. In the event of loss or inadequacy of profits in any financial year during the aforesaid period no deduction shall be made from the salary and that he shall be paid all other perquisites within the overall limits laid down in Section II of part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force).
9. If and when the Managing Director is required to entertain and/or travel for the purpose of the Company's business, the company shall re-imburse all actual expenses incurred by him for such entertainment and/or travel.
10. The terms and conditions of the appointment and/or the remuneration may be varied and/or increased from time to time in such manner as the Board of Directors in exercise of its absolute discretion considers appropriate provided, however, that the terms of such appointment and/or remuneration are subject to the limits set out in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) as may be made from time to time and/or the maximum limits for payment of managerial remuneration in accordance with the Companies Act as may be recodified or the laws, policies, rules, regulations and guidelines in force for the time being.

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

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

25th July, 2000

TOMY JOSEPH
Company Secretary

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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.
2. 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.
3. Members are advised to notify change in their address, if any, specifying full address in block letters with pin code to the Registrar M/s Magnum Business Services Pvt. Ltd. 35A, Sant Nagar, East of Kailash, New Delhi-110065.
4. The members / proxies attending the meeting are requested to bring their copies of Annual Report and attendance slip duly filled in for attending the meeting.
5. Shareholders 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 at the meeting.
6. The Explanatory Statement to the Special Business is annexed hereto as part of this Notice.

EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956)

Mr. Pankaj Jain has been the Managing Director since the inception of the Company. His period of office as Managing Director expired on 3rd February, 2000 as per the terms of his previous appointment. The Board of Directors, considering his contributions to the growth of the Company, re-appointed Mr. Pankaj Jain as Managing Director for a further period of five years with the terms and conditions laid down in the resolution. The remuneration has been increased to match with his ability, experience and contributions and also with the trend in managerial remuneration.

The Board of Directors recommends the resolution for the approval of members. None of the directors except Mr. N.K. Jain, Mr. V.K. Garg and Mr. Pankaj Jain himself, is personally concerned or interested in this resolution.

The text of the resolution alongwith the explanatory statement may be considered as the abstract and memorandum regarding the terms of appointment of Managing Director as required u/s 302 of the Companies Act, 1956.

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By order of the Board of Directors of
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25th July, 2000

TOMY JOSEPH
Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their FIFTEENTH Annual Report and Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. In Lacs) 1999-2000	(Rs. in Lacs) 1998-99
Sales Turnover	1081.17	1112.31
Gross Profit	112.71	125.69
<u>Deductions</u>		
Depreciation	40.99	38.76
Interest	45.81	61.49
Profit Before Tax	25.91	25.44
Less: Provision for Tax	6.00	4.00
Profit After Tax	19.91	21.44
Less: Previous Years Adjustments	0.53	5.59
Less: Provision for Doubtful Debts	3.57	1.30
Net Profit for the year	15.81	14.55
Add : Net Profit Brought Forward From the previous year	347.24	332.69
Net Profit Carried Forward	363.05	347.24

OPERATION

During the year the company has achieved a turn over of Rs. 1081.17 lacs against Rs. 1112.31 lacs for the previous year and net profit of Rs. 15.81 lacs against Rs. 14.55 lacs for the previous year. The sales turnover remained almost at the same level and the slight decrease is due to reduction in selling price as per new excise duty structure.

DIVIDEND

Considering the inadequate cash flow and also in view of future Technology upgradation / modernisation and diversification plans your Directors have not recommended any dividend.

DIRECTORS

Mr. V.K. Garg and Mr. H.K. Garg, Directors will retire by rotation at the ensuing Annual General Meeting 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 has continued its endeavour to provide quality products and services to the Leather Industry.

The company is following the quality objective and quality policy as per ISO 9002.

TECHNOLOGY UPGRADATION AND DIVERSIFICATION

Due to changes in market trends, our company needs to upgrade its product range specially in the field of Fatliquors. To meet with demands of light weight and waterproof leather a technology transfer agreement has been concluded with M/s Vismon Barcelona, Spain.

The RBI has approved the agreement and the products will be launched in Sept., 2000

The Company has also started production of PSA (Pressure Sensitive Adhesive) as per the agreement concluded with ICAP-SIRA. The Company is confident that due to this additional product range the Capacity utilisation of Acrylic plant will be optimised in current year.

The company has also successfully test produced Polyurethane dispersions - high quality, impregnation resin. These products have been developed in our R & D Lab. and represent 'State of the art Technology'.

All the above steps will improve company's market share and profitability.

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 appeal filed by the company in respect of sales tax exemption for years 97-99 with the Hon'ble High Court for Punjab & Haryana is still pending. Though the company had deposited an amount of Rs. 12.50 lacs with the sale tax authorities there had been no liability created in previous years and therefore, the amount has been charged to profit and loss account in the current year.

Information 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 and outgo are given in the annexure 'A' forming part of this report.

No employee 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 up to 03.02.2000 in the 10th Annual General Meeting and approval of shareholders is being sought at the ensuing Annual General Meeting for his remuneration paid thereafter.

DISCLOSURE OF THE Y2K STATUS

During the year the company did not face any problem on account of the Y2K bug.

PERSONNEL & INDUSTRIAL RELATION

Your company has taken special effort to promote and maintain personnel relation and during the year the industrial relations remained very cordial.

ACKNOWLEDGMENT

The Directors wish to express their sincere gratitude to IFCI, SBI and other Government authorities for their assistance and co-operation. The Board wishes to express its appreciation to the employees for their sincere and devoted services.

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

Place : New Delhi
Date : 25th July, 2000

PANKAJ JAIN
Managing Director

N.K. JAIN
Director

