

16th Annual Report 2000 - 2001



HARYANA LEATHER CHEMICALS LTD.
AN ISO 9002 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
Sippy Jain
(Alternate to 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

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NOTICE

Notice of the SIXTEENTH Annual General Meeting of the Members of Haryana Leather Chemicals Ltd., to be held on Saturday, the 29th day of September, 2001 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, 2001 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 Dr. KSV Menon, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider to appoint a Director in place of Mr. NK Jain, 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.

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 August, 2001

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.
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-110 065.
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 Secretary 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.
7. The Register of Members and the Share Transfer Register shall remain closed from 16.09.2001 to 29.09.2001.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their SIXTEENTH Annual Report and Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. In Lacs) 2000-2001	(Rs. in Lacs) 1999-2000
Sales Turnover	1360.30	1081.17
Gross Profit	117.28	112.71
<u>Deductions</u>		
Depreciation	42.27	40.99
Interest	22.06	45.81
Profit Before Tax	52.95	25.91
Less: Provision for Tax	18.50	6.00
Profit After Tax	34.45	19.91
Less: Previous Years' Adjustments	0.52	0.53
Less: Provision for Doubtful Debts	1.46	3.57
Net Profit for the year	32.47	15.81
Add : Net Profit Brought Forward From the previous year	363.05	347.24
Net Profit Carried Forward	395.52	363.05

OPERATION

During the year the company has achieved a turn over of Rs. 1360.30 lacs against Rs. 1081.17 lacs for the previous year and net profit of Rs. 32.47 lacs against Rs. 15.81 lacs for the previous year. There is an increase of 25.8% in Sales Turnover and 105.4% increase in Net Profits. Earning per share has improved from Rs. 0.32 to Rs. 0.66.

DIVIDEND

Considering the modernisation and diversification plans your Directors have not recommended any dividend.

DIRECTORS

Dr. KSV Menon and Mr. N.K. Jain, 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. During the year Mrs. Sippy Jain has been appointed as Alternate Director to Mr. P. Tranchinetti.

CORPORATE GOVERNANCE

The implementation of Corporate Governance prescribed by Securities and Exchange Board of India will be completed as per the schedule under clause 49 of the Listing Agreement.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2001 and of the profit of the company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.



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FIXED DEPOSITS

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

QUALITY CONTROL

The company has maintained its endeavour to provide quality products and services to the Leather Industry.

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

TECHNOLOGY UPGRADATION AND DIVERSIFICATION

The company had embarked upon a major plan to upgrade the quality and range of products in line with current fashion trends and future application.

The company has successfully introduced on commercial sale, these products for which the technology agreements were concluded in previous year.

The new range of Fatliquor (Phosphated and Waterproof) has been widely accepted. The new range of Cationic finishing systems is the first of its kind and tanners are finding it comparable to European suppliers and in due course will substitute imports and contribute significantly to the company's revenue.

The company also achieved the distinction of producing polyurethane dispersion which has also been commercialised and is an import substitute offering.

The company has also undertaken a major expansion plan to add synthetic tanning agent to its range of products in view of the emerging demand of the Synthetic tanning agents. The future of company will greatly depend on its achievements to offer such products specially with a focus to penetrate Far Eastern markets which are entirely dependent on Europe for such products.

AUDITORS AND THEIR REPORT

The present auditors M/s. S.C. Dewan & Co., Chartered Accountants will retire at the forthcoming Annual General Meeting. The Auditors have confirmed their eligibility for re-appointment and the Board recommends their re-appointment at the forthcoming Annual General Meeting.

The observations in the Auditors Report have been suitably explained by way of notes to accounts under schedule 16 of the Balance Sheet.

OTHER INFORMATION AND DISCLOSURES

The appeals filed by the company in respect of sales tax exemption matter have not been accepted and an amount of Rs. 34.51 lacs towards previous years' sales tax liability has been charged to the profit and loss account this year.

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.

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 in the 15th Annual General Meeting.

PERSONNEL & INDUSTRIAL RELATIONS

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

ACKNOWLEDGMENT

The Directors wish to express their sincere gratitude to our bankers SBI and Government authorities for their assistance and co-operation. The Board wishes to express its appreciation to the employees for their outstanding contribution to the operations of the company.

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

Place : New Delhi
Date : 25th August, 2001

PANKAJ JAIN
Managing Director

N.K. JAIN
Director

ANNEXURE A

INFORMATION AS PER SECTION 217(1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2001.

(A) CONSERVATION OF ENERGY

The company still faces increase of energy cost due to reasons such as :

1. poor availability from HSEB and increase in tariff rates
2. increase in production
3. increase in the rates of Furnace oil

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

	Current Year 2000-2001	Previous Year 1999-2000
1. Power and Fuel Consumption		
i) Electricity		
a) Purchased Unit		
(KWH)	162838	141050
Total Amount (Rs.)	686461	492248
Rate/Unit (Rs.)	4.22	3.49
b) Own Generation		
1. Through Diesel		
Generator		
Unit (KWH)	42680	39800
Units/Ltr. of		
Diesel Oil	3.00	3.00
Cost/Unit (Rs.)	6.80	5.00
ii) Coal		
Quantity	-	-
Total Cost	-	-
Average Cost	-	-
iii) Furnace Oil		
Quantity (K. ltrs)	32.95	28.04
Total Amount (Rs.)	497321	388437
Average Rate (Rs. K. Ltr.)	15090	13850
iv) Others/Internal Generation		
Quantity	-	-
Total Cost	-	-
Rate Unit	-	-
2. Consumption per unit of production		
Production (MT)	1935.1	1625.22
Electricity (KWH/MT)	106.20	111.28
Furnace Oil (Ltrs/MT)	17.03	17.25
Coal	-	-
Others	-	-

(Total amount paid to HSEB is minimum contract payment i.e. 325 KVA @ Rs. 200.00 per KVA plus additional consumption @ Rs. 4.32 per unit.)