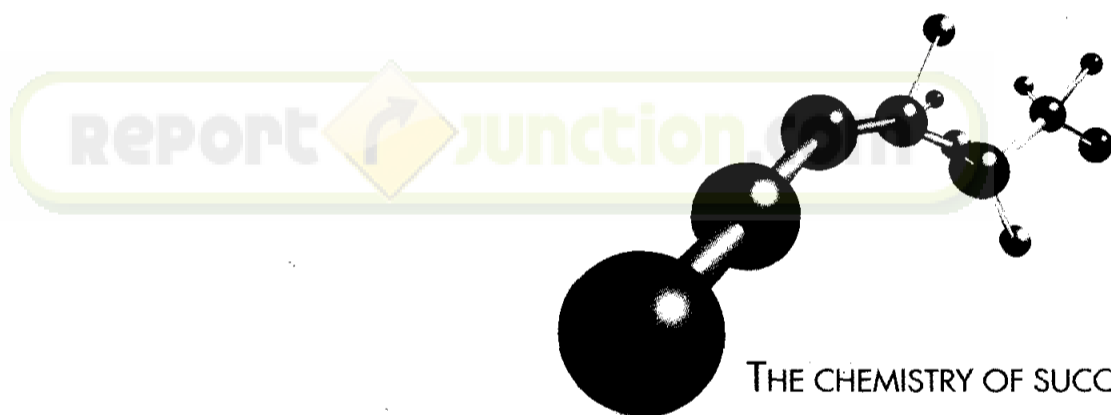


# 17<sup>th</sup> ANNUAL REPORT 2001 - 2002



## **HARYANA LEATHER CHEMICALS LTD.**

72 - 77, HSIDC Industrial Estate, Hansi Road, Jind 126 102 (INDIA)  
Phones : +91 - 1681 - 25662, 25899, 26645 Fax: +91 - 1681 - 25101

[www.leatherchem.com](http://www.leatherchem.com)

# 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

## CORPORATE OFFICE

1004, Bhikaji Cama Bhawan  
Bhikaji Cama Place  
New Delhi - 110 066

## REGISTERED OFFICE AND WORKS

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

## CORPORATE EXECUTIVES

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

## REGISTRAR & SHARE TRANSFER AGENTS

(For Physical and Demat Shares)  
RCMC Share Registry (P) Ltd.  
1515 (1st Floor), Bhisham Pitamah Marg  
Kotla Mubarakpur (Near South Extension)  
New Delhi - 110 003

## Contents

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

ISIN for Demat purpose : INE 681F01018



## NOTICE

Notice of the SEVENTEENTH Annual General Meeting of the Members of Haryana Leather Chemicals Ltd., to be held on Monday, the 30th day of September, 2002 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, 2002 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. Massimo Medini, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider to appoint a Director in place of Mr. Piero Tranchinetti, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider to appoint a Director in place of Lt. Gen. (Retd.) H C Dutta, who retires by rotation and being eligible offers himself for re-appointment.
5. 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, HSIDC Industrial Estate,**  
**Hansi Road, Jind,**  
**Haryana - 126 102**

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

28th August, 2002

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 RCMC Share Registry (P) Ltd., 1515 (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur (Near South Extn.), New Delhi - 110 003.
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 made available at the meeting.
6. The Register of Members and the Share Transfer Register shall remain closed from 16.09.2002 to 30.09.2002.
7. Members are advised to note the new Registrar & Sharetransfer Agent i.e., M/s. RCMC Share Registry (P) Ltd., 1515 (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur (Near South Extn.), New Delhi - 110 003.
8. Members are advised to note the **ISIN No. : INE 681F01018** allotted to the company's shares and those who are interested to dematerialise their holdings may do so.

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the SEVENTEENTH Annual Report and Audited statement of accounts of the company for the year ended on 31st March, 2002.

### FINANCIAL RESULTS

The summarised financial results for the year 2001 - 2002 are given below:-

	(Rs. in Lacs) 2001-2002	(Rs. in Lacs) 2000-2001
Sales Turnover	1311.34	1360.30
Gross Profit	145.58	117.28
<u>Deductions</u>		
Depreciation	43.58	42.27
Interest	23.11	22.06
Profit Before Tax	78.89	52.95
Less: Provision for Tax	25.00	18.50
Add : Deferred Tax Asset	2.58	-
Profit After Tax	56.47	34.45
Less: Previous Years' Adjustments	0.45	0.52
Less: Provision for Doubtful Debts	0	1.46
Net Profit for the year	56.02	32.47
Add : Net Profit Brought Forward		
From the previous year	395.52	363.05
Less: Deferred Tax Liability for earlier years	111.87	-
Net Profit Carried Forward	339.67	395.52

### OPERATION

During the year the company has achieved a turn over of Rs. 1311.34 lacs against Rs. 1360.30 lacs for the previous year and net profit of Rs. 56.02 lacs against Rs. 32.47 lacs for the previous year.

The performance of the company was better in the first half of the year compared to the second half.

Though the turnover of the company during the year has marginally decreased, the net profit of the year has improved compared to the previous year and the earning per share has gone up from Rs. 0.66 to Rs. 1.14.

### DIRECTORS

Dr. Massimo Medini, Lt. Gen. (Retd.) H C Dutta and Mr. Piero Tranchinetti 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 offer themselves for re-appointment.

### CORPORATE GOVERNANCE

The implementation of Corporate Governance prescribed by Securities and Exchange Board of India will be completed by 31st March, 2003 as required 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, 2002 and of the profit of the company for the year ended on that date;



ISO 9002

- iii. 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;
- iv. that the annual accounts have been prepared on a going concern basis.

#### **LISTING**

Your company's shares continued to be listed on Delhi Stock Exchange and Bombay Stock Exchange and the annual listing fees have also been paid.

#### **DEMATERIALISATION OF SHARES**

The company has made necessary application to established connectivity with National Securities Depository (India) Ltd. (NSDL) and The Central Depositories Services (India) Ltd. (CDL).

The shareholders of the company can keep their holdings in demat form or physical form according to their convenience after the connectivity is established. The shareholders interested to dematerialise their shares may contact the company's sharetransfer agent.

#### **SHARE TRANSFER SYSTEM & TRANSFER AGENT**

The company has appointed new sharetransfer agent having electronic connectivity.

Sharetransfer Agent : RCMC Share Registry (P) Ltd., 1515 (1st Floor), Bhishm Pitamah Marg, Kotla Mubarakpur, (Near South Extn.), New Delhi - 110 003.

#### **MEANS OF COMMUNICATION**

The company is regularly publishing the quarterly unaudited financial results through 'The Statesman' Delhi edition and 'Dainik Tribune' (Hindi) Chandigarh edition. A notice is also being published in these news papers regarding the date of Board meeting held to consider adoption of these results. These information from time to time is also sent to the Stock Exchanges where company's shares are listed.

#### **BOOK CLOSURE**

The Register of Members and Share Transfer Register shall remain closed from 16th September, 2002 to 30th September, 2002 (both days inclusive) for the purpose of holding its annual general meeting.

#### **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.

#### **DIVERSIFICATION AND NEW PRODUCTS**

The company has introduced many new products in fatliquors and finishes and stayed ahead of competitors and in line with international fashion and trends. The company's plans to produce syntans are being followed as planned and hope to commence production by December, 2003. The development of various shoe finishes will further strengthen the market position of company's products in shoe industry.

#### **TECHNOLOGY DEVELOPMENT**

Your company has already developed Crosslinkable – Aqueous aliphatic polyurethane dispersions (C-APUD) at our R & D lab. The company is taking various steps for producing the product at the pilot plant scale and this is expected to be completed by the end of the year 2002-2003 with the support of Dept. of Scientific & Industrial Research (DSIR). At present PUD is not being manufactured in India and is imported. This product has got very good demand in India and abroad. The company has also initiated inprocess research to improve the yield of various products and minimise waste water.

#### **DIVIDEND**

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

#### **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 read with Notes to Accounts are self explanatory and do not call for any further comments.

**OTHER INFORMATION AND DISCLOSURES**

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 earnings & outgo are given in the annexure 'A' forming part of this report.

**PARTICULARS OF EMPLOYEES**

No employee is drawing remuneration to the extent of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

**PERSONNEL & INDUSTRIAL RELATIONS**

During the year the industrial relations remained very cordial.  
The company is making continuous efforts to improve the efficiency and commitment of its personnel by enhancing their skills through internal as well as external need based training.

**ENVIRONMENT & POLLUTION CONTROL MEASURES**

The company is already following various measures for controlling pollution and maintaining better environment.  
The company has also initiated to follow the procedures for getting the ISO 14000 certification.

**ACKNOWLEDGEMENT**

The Directors wish to express their sincere gratitude to our bankers SBI and Government authorities for their assistance and co-operation. The Board also appreciate the dedicated services rendered by the employees of the company at all levels.

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

Place : New Delhi  
Date : 19th August, 2002

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, 2002.

**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 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 2001-2002	Previous Year 2000-2001
1. Power and Fuel Consumption		
i) Electricity		
a) Purchased Unit (KWH)	187500	162838
Total Amount (Rs.)	891937	686461
Rate/Unit (Rs.)	4.76	4.22



ISO 9002

## b) Own Generation

## 1. Through Diesel

Generator		
Unit (KWH)	21800	42680
Units/Ltr. of		
Diesel Oil	3.00	3.00
Cost/Unit (Rs.)	7.00	6.80

## ii) Coal

Quantity  
Total Cost  
Average Cost

## iii) Furnace Oil

Quantity (K. ltrs.)	29.07	32.95
Total Amount (Rs.)	508812	497321
Average Rate (Rs. K. Ltr.)	17503	15090

## iv) Others/Internal Generation

Quantity  
Total Cost  
Rate Unit

## 2. Consumption per unit of production

Production (MT)	1744	1935.1
Electricity (KWH/MT)	120.01	106.20
Furnace Oil (Ltrs/MT)	16.67	17.03
Coal	-	-
Others	-	-

(Total amount paid to HSEB is minimum contract payment i.e. 325 KVA @ Rs. 200.00 per KVA plus additional consumption @ Rs. 4.24 per unit.)

**(B) TECHNOLOGY ABSORPTION**

## a) RESEARCH AND DEVELOPMENT (R &amp; D)

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

- Lab scale production of Crosslinkable Aquos Aliphatic Polyurethane Dispersions.
- Shoe finishes and creams
- Application development of waterproof upholstery leather.

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

- better product range.
- better attention to customer complaints & problems
- better possibilities for exports.

## 3. Future Plan of Action

- Pilot scale production of Crosslinkable- aliphatic PUD.
- Syntan plant trials
- New range of protein finishes.
- To take up inprocess research to improve yield of batches and reduce waste water.

## 4. Expenditure on R &amp; D.

i) Capital	Rs. 5.79 Lacs
ii) Recurring	Rs. 18.26 Lacs
iii) Total	Rs. 24.05 Lacs
vi) Total R & D expenditure as percentage of total Turn over	1.83 %