



25th Annual Report 2009-2010

An Italian Joint Venture
With ICAP SIRA, Italy

HARYANA
LEATHER CHMICALS LTD.

HARYANA LEATHER CHEMICALS LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

SILU NANDA

AUDITORS

S.C. Dewan & Co., Panchkula

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 (Hr.)

EOU DIVISION

52-53, HSIDC, Industrial Estate,
Hansi Road, Jind – 126102 (Hr.)

CORPORATE EXECUTIVES

Dr. P.L. Maurya, Chief General Manager- Works
A.K. Gupta, General Manager- Commercial
Ramesh Goyal, General Manager- Engg. &Tech.
Neeraj Bishnoi, General Manager-Marketing

REGISTRAR & SHARE TRANSFER AGENTS

RCMC Share Registry (P) Ltd.
B-106, Sector-2,
Noida - 201301 (U.P.)

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ISIN for Demat purpose: INE 681F01018

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of the company M/s Haryana Leather Chemicals Limited will be held on Friday, the 17th day of September, 2010 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC 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 on 31st March 2010 and the Profit & Loss Account for the Year ended on that date together with the Reports of Auditors and Directors thereon.
2. To consider declaring Final Dividend @ 6% for the Financial Year 2009-10.
3. To consider appointing a Director in place of Mr. N. K. Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider appointing a Director in place of Dot. Massimo Medini, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider appointing a Director in place of Lt. Gen (Retd.) H. C. Dutta, who retires by rotation and being eligible offers himself for re-appointment.
6. To consider appointing retiring auditors S.C. Dewan & Co., Chartered Accountants as Statutory Auditors of the Company who are eligible and offer himself for re-appointment, 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:

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolution.

"RESOLVED THAT subject to the approval of the shareholders in their general meeting and pursuant to the provisions of Sections 198, 269, 309 and 317 of the Companies Act, 1956, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, approval of the Board of Directors of the Company be and is hereby accorded to the re-appointment of Mr. Pankaj Jain as Managing Director of the company for a further period of three years with effect from 04.02.2010 on the following terms and conditions:

Mr. Pankaj Jain, Managing Director of the company will be eligible for remuneration within the ceiling limit under Section II 1(B) of Part-II of schedule XIII to the Companies Act, 1956, as follows:

Salary	:	Rs. 1,15,000/- per month
Housing Allowance	:	Rs. 46,000/- per month
Other Allowance	:	Rs. 25,000/- per month
Medical Allowance /reimbursement for Himself and family	:	Rs. 4,500/- per month

Leave Travel Allowance: Rs. 9,500/- per month
/reimbursement for
Himself and family

The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in paragraph as above:

1. Contribution to provident fund to the extent not taxable under the Income tax Act.
2. Gratuity at a rate not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.
4. Provision of car for use on company's business and telephone at residence shall not be considered as perquisites.
5. If and when the Managing Director is required to entertain and / or travel for the purpose of company's business the company shall reimburse all actual expenses incurred by him for such entertainment and / or travel.

"Resolved further that in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, perquisites, allowances, etc., within such prescribed limits or ceiling without any further reference to the Company in General Meeting subject, however to the provisions of Section 302 of the Companies Act, 1956."

"Resolved further that the Board of Directors of the company be and is hereby authorized to vary or increase the remuneration within the ceiling as per Schedule XIII and other applicable sections and provisions, if any, of the Companies Act, 1956 and to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as ordinary resolution.

"RESOLVED THAT pursuant to provisions of section 198, 269, 302, 309 and 311 and other applicable provisions if any of the Companies Act 1956 and subject to the approvals of members at the Annual General Meeting, Mrs. Sippy Jain be and is hereby appointed as a Whole Time Director of the Company at a remuneration of Rs. 29,000/- per month with effect from 17.09.2010."

"RESOLVED FURTHER THAT, Mrs. Sippy Jain, the Director of the Company will also be entitled traveling, boarding, lodging expenses incurred by her in connection with the Company's business and such other benefits as any from time to time, are available to other senior executives of the Company."

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.

Dated: 10th day of August 2010

SILU NANDA
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, B-106, Sector -2, Noida - 201301 (U.P).
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 at least 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 10.09.2010 to 17.09.2010 (both days inclusive).
7. 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.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

For item No. 7

Mr. Pankaj Jain has been Managing Director of the company since the incorporation of the company. As the term of his last appointment expired on 03.02.2010 and his re-appointment is required to be considered for the benefit of the company.

Considering his contributions and experience the remuneration committee of the company has considered and approved his re-appointment for a period of three years considering the ceiling of the remuneration under section II-I (A) of part II of schedule XIII of the Companies Act, 1956. The details of the remuneration and terms of appointment are contained in the above said resolution. The new remuneration is in line with the existing remuneration and after due consideration of his experience, ability and contribution made to the company.

Mr. Pankaj Jain is an Industrial Engineer and also promoted the Company M/s Haryana Leather Chemicals Limited in an Industrial backward area with latest technology from European companies. He managed the company in the capacity of Managing Director for the last twenty five year. Under his guidance the company has been continuously going upward in technology and profits.

The Board recommends the approval of the resolution by the shareholders.

r. Pankaj Jain, Mr. N. K. Jain, Mr. V. K. Garg being his relative are concerned and interested in the resolution.

The text of the resolution along with the explanatory statement may be considered as an abstract and Memorandum regarding the terms of appointment t of Managing Director as --required under section 302 of the Companies Act, 1956.

ITEM NO. 8

The company is working on some big ideas and growth plans. The Managing Director currently has to devote lot of time on 'day to day' management of the company's International business and in future needs to focus more on new growth plans. He wishes to delegate a part of his work to a competent person at a senior position. Therefore the company needs to appoint a whole time director who can look after the company's international business efficiently and has the required skills and experience to take it globally.

Mrs. Sippy Jain 'Manager Design' has been working in the company for the last three years. She has been responsible for a successful marketing campaign in international markets which resulted in significant growth in export. Her qualification, experience and skills are appropriate to handle company's international business in future. The Board has recommended Mrs. Sippy Jain for the post of directorship of the Company.

Board recommends this resolution for the approval of shareholders Mr. Pankaj Jain and Mr. N.K. Jain being her relatives are concerned and interested in the resolution.

DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the TWENTY FIFTH Annual Report and Audited statement of accounts of the company for the year ended on 31st March 2010.

FINANCIAL RESULTS

A summary of financial results for the year 2009–2010 is given below: -

	(Rs.in Lacs) 2009-10	(Rs.in Lacs) 2008-09
Sales Turnover (Net of Excise)	3236.07	2298.86
Gross Profit	437.98	248.40
<u>Deductions</u>		
Depreciation	66.50	65.79
Interest	7.14	4.36
Profit before Tax	364.34	178.25
Less: Provision for Income Tax for the year	75.00	39.85
Less: Provision for Fringe Benefit tax for the Year	0.00	4.00
Less: Provision for Taxation/FBT Earlier year	0.00	0.80
Add: Provision for Income Tax written back	13.57	3.25
Less: Previous year Adjustment	0.00	0.00
Less/(Add): Deferred Tax	(0.92)	(5.37)
Profit after Tax and available for Appropriation	303.83	142.22
Less: Provision for Dividend	29.45	29.45
Less: Provision for Dividend Tax	5.01	5.01
Less: Transfer to General Reserve	40.40	16.16
Profit carried to Balance Sheet	228.97	91.60

OPERATIONS

During the year the company has achieved a sales turn over of Rs.3236 lacs against Rs.2299 lacs for the previous year and net profit for the year is Rs.303.83 lacs against Rs.142.22 lacs for the previous year. During the year company's exports are Rs.1260 lacs compared to the previous year's exports of Rs.848 lacs.

The company has been able to achieve higher sales in comparison to last year. The company has also recorded higher profits due to increase in sales and introducing effective cost control measures.

DIRECTORS

During the year pursuant to the provisions of the Articles of Association of the company Mr. N.K. Jain, Dot. Mesimo Medini and Retd.Lt.Gen.H.C. Dutta, Directors retire by rotation at the forthcoming Annual General Meeting to be held on 17.09.2010 and being eligible they offer themselves for re-appointment.

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 is given as Annexure.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Board of Directors of the company confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors made judgments 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, 2010 and of the profit of the company for the year ended on that date;
- 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 annual accounts have been prepared on a going concern basis.

FIXED DEPOSIT

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

QUALITY CONTROL

The company continues with its present quality system of ISO 9001-2000. The company is strictly complying with the quality policy and the quality objectives outlined in the system. The company has also installed the document and control system on the environment management system defined under ISO 14001. The external audit is due in next few months. The company is also planning to merge the document system of quality and environment as per new ISO standards.

EXPORT OPERATIONS

Company's export operations continue to be focus of growth, yielding a robust growth of 40% in leather chemical exports. The EOU unit has maintained its customer and product base - even in those countries which were hit by economic recession. With new enquiries from African and CIS countries, the international business potential will require even more attention from top management. The export of non leather products is yet to give any significant result and a new product line up is under development to harness the potential.

TECHNOLOGY DEVELOPMENT

The research project on 'Polymeric Fatliquors' sponsored by DSIR (Department of Scientific & Industrial Research) has been completed to the satisfaction of sponsoring authority. The company hopes to launch the products by middle of 2011. The company completed the project with a total cost of Rs.182 lacs as against the projected cost of Rs.227 lacs.

The company has successfully completed the trial production of PVC Acrylic Processing Aids (APA) and Acrylic Impact Modifiers (AIM). The seed marketing results have been very encouraging. The company is considering setting up a new production facility for which the technical feasibility has been completed. A new spray drying system is being considered to ease off the production constraints and also to address the environmental concerns during production.

DIVIDEND

Considering a stable cash flow situation, adequate profits and accruals during the year, your Directors are glad to recommend a dividend of 6%.

PERSONNEL & INDUSTRIAL RELATION

After the introduction of the new 'Performance Appraisal System' - introduced last year - there has been a significant improvement in motivation and responsibility levels across all staff, managers and executives. The new talent pool of 'key executives' was able to handle some challenging tasks and will continue to be more focused on product development, technical services, safety and environmental issues. Industrial relation remained cordial across all segment of skilled and unskilled workforce.

ENVIRONMENT & POLLUTION CONTROL MEASURES


The company's efforts on waste water minimization have yielded huge reduction of effluent water. The water treatment system has consistently met with all the statutory requirements. The company has started to use Gujarat Enviro Protection & Infrastructure (Haryana) Pvt. Ltd (GEIPL) common treatment facility for disposal of solid waste - as per the directives of state pollution control board.

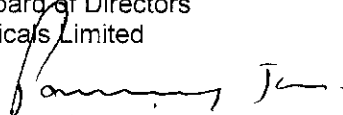
ACKNOWLEDGEMENT

The Directors express their gratitude and sincere thanks to their various business partners, suppliers, domestic & international dealers and financial institutions, who have contributed in the company's growth.

The directors appreciate the diligence, dedication and commitment of all those employees, who have worked hard towards company's growth.

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


N.K. JAIN
Chairman


Pankaj Jain
Managing Director & Vice Chairman

Place: New Delhi

Date: 10th August, 2010

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 2010.

A) CONSERVATION OF ENERGY

The company has been able to reduce energy cost due to reasons such as:

1. Running of spray drier on UHBVNL power as and when available instead of continuous operation on Gen sets.
2. Due to lower sale of Syntans which is more fuel intensive;.

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

		<u>Form A</u>	
		<u>Current Year</u> 2009-10	<u>Previous Year</u> 2008-09
1,	Power and Fuel Consumption		
a)	Electricity Purchased (KWH)	354976	263044
	Total Amount (Rs.)	1631225	1261839
	Rate / Unit (Rs.)	4.59	4.79
b)	Own Generation		
	- Through Diesel Generator		
	Unit (KWH)	93030	78821
	Units / Ltr. Of Diesel Oil	2.55	2.55
	Cost / Unit (Rs.)	12.38	12.67
	- Coal	Nil	Nil
	Quantity		
	Total Cost		
	Average Cost		
	- Furnace Oil / HSD Oil Quantity (K. Ltrs.)	237.98	164
	Total Amount (Rs.)	6411063	4450907
	Average Rate (Rs. K. Ltr.)	26939	27139.67
	- Others / Internal Generation	Nil	Nil
	Quantity		
	Total Cost		
	Rate Unit		
2.	Consumption per Unit of Production		
	Production (MT)	4489.40	3093
	Electricity (KWH/MT)	99.79	110.51
	Furnace / HSD Oil (Ltr. / MT)	44.89	43.02
	Coal	-	-
	Others	-	-

B) TECHNOLOGY ABSORPTION

a) Research & Development (R & D)

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

- a) The company successfully completed the Application Testing of PVC additives and achieved the target results. The product developed were compared with foreign competitor's samples and test data was reconfirmed for release of product in market for field trials.