

# HARYANA LEATHER CHEMICALS LIMITED

## BOARD OF DIRECTORS

Narendra Kumar Jain, Chairman  
Pankaj Jain, Managing Director-cum-Vice Chairman  
Vijay Kumar Garg  
Harish Kumar Gupta  
Harish Chandra Dutta  
Dr. KSV Menon  
Dott. Massimo Medini  
Pradeep Behl  
Sippy Jain  
Marco Medini

## COMPANY SECRETARY

Silu Nanda

## AUDITORS

S.C. Dewan & Co., Panchkula, Haryana

## CORPORATE OFFICE

1405, Signature Towers,  
South City - I,  
Gurgaon - 122 001, Haryana

## REGISTERED OFFICE AND WORKS

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

## EOU DIVISION

52 - 53, HSIDC, Industrial Estate,  
Hansi Road, Jind - 126 102 (Haryana)

## CORPORATE EXECUTIVES

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

## REGISTRAR & SHARE TRANSFER AGENTS

RCMC Share Registry (P) Ltd.  
B - 25/1, First Floor, Okhla Industrial Area,  
Phase - I, New Delhi - 110 020  
Phone : 011 - 26387320 - 21  
011 - 26387323  
Fax : 011 - 26387322

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ISIN for Demat purpose : INE 681F01018

## NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company M/s. Haryana Leather Chemicals Limited will be held on Saturday, the 20th day of September, 2014 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, 2014 and the Statement of Profit & Loss Account for the Year ended as on that date together with the Reports of Auditors and Directors thereon.
2. To consider declaring Final Dividend @ 7% for the Financial Year 2013-14.
3. To consider appointing a Director in place of Mr. Marco Medini (DIN: 06709885), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider appointing a Director in place of Mr. Vijay Kumar Garg (DIN: 00236460), who retires by rotation and being eligible offers himself for re-appointment.
5. To reappoint Auditors and to fix their remuneration and in this regard to consider, and to if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution pursuant to section 139 of the Companies Act, 2013:

**"RESOLVED THAT** pursuant to the provisions of Section 139, and other applicable provisions, if any, of the Companies Act, 2013, M/s. S.C. Dewan & Co., Chartered Accountants (Registration No. 000934N), be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company."

### SPECIAL BUSINESS:

6. To reappoint Dr. K. S. V. Menon (DIN: 00920088) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Dr. K. S. V. Menon (DIN: 00920088) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective September, 20, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

7. To reappoint Mr. Pradeep Behl (DIN: 00703855) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Mr. Pradeep Behl (DIN: 00703855) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective September, 20, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

8. To reappoint Lt. Gen. Harish Chandra Dutta Retd. (DIN: 00920009) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Lt. Gen. Harish Chandra Dutta Retd. (DIN: 00920009) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective 20th September, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

9. To reappoint Mr. Harish Kumar Gupta. (DIN: 01203136) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 the Rules framed there under, read with Schedule IV of the Companies Act, 2013, as amended from time to time, and clause 49 of the Listing Agreement Mr. Harish Kumar Gupta. (DIN: 01203136) be and is hereby reappointed as an Independent Director of the Company for five consecutive years, effective 20th September, 2014 up to the conclusion of the 34th Annual general meeting of the Company in the calendar year 2019, with the period of office not liable to determination by retirement-by-rotation.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and incidental to give effect to the aforesaid Resolution and delegate the aforesaid powers to any Director or Officer of the Company as may be deemed necessary in the best interest of the Company."

10. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Regd. Office:**  
**72-77, HSIDC Industrial Estate,**  
**Hansi Road, Jind,**  
**Haryana - 126 102.**  
CIN: L74999HR1985PLC019905  
Date: 31st July, 2014  
E-mail: info@leatherchem.com  
Website: www.leatherchem.com

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

SILU NANDA  
Company Secretary

**Notes:**

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the said meeting and vote on her/his behalf, and 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 the commencement of the meeting.  
  
Pursuant to Section 105(1) of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights, such a Member may appoint a single person as proxy, who however shall not act as proxy for any other person or shareholder.
2. Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representative to attend and vote at the Annual General Meeting.
3. Members/Proxy holders are requested to bring at the venue of Annual General Meeting their attendance slip duly signed so as to avoid inconvenience.
4. Brief information of Directors, names of the Companies in which they hold directorship and membership/ Chairmanship of Board Committees, Shareholdings and relationships between directors as stipulated under clause 49 of the Listing agreement with the Stock Exchange are provided in the Corporate Governance Report forming part of the Annual report.
5. The Explanatory Statements pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business transacted at the meeting above are annexed hereto and form a part of this Notice.
6. Members are requested to bring their attendance slip along with their copy of Annual report to the meeting. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 15.09.2014 to Saturday, 20.09.2014 (both days inclusive) for determining the names of Members eligible to receive the Dividend declared, if any, on the Equity Shares of the Company.
8. The dividend on Equity Shares, if declared at the Meeting by the Members at the Annual General Meeting, shall be paid to all those Members whose names appear in the Company's Register of Members at the time of Book Closure, and in respect of the shares held in demat form, to all those Members whose names appear as beneficial owners as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited on the close of business hours as on that date.
9. Members holding shares in the physical form are requested to send the advice about any change in their registered address or bank particulars, to the Company's Registrar and Share Transfer Agent, M/s. RCMC Share Registry (P) Ltd., B-25/1, First Floor, Okhla Industrial Area Phase - I, New Delhi - 110 020 quoting their folio number.
10. Members holding shares in the electronic form must send the advice about any change in their registered address or bank particulars to their respective Depository Participants with whom they are maintain their demat accounts and not to the Company.
11. Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/documents in the electronic form. To enable the Company send its Annual Report, Notice of AGM, and other documents for the financial year ended March 31, 2014 electronically, Members are requested to update (in case of change)/register, at the earliest, their email IDs with their Depository Participants in case the shares are held in the electronic form or the Registrar and Share Transfer Agent of the Company, RCMC Share Registry (P) Limited, in case the shares are held in the physical form. The Company will continue to send the said documents in the physical form to such Members whose email IDs it does not have and to those who request delivery of the said documents in the physical form.
12. Pursuant to Section 123(5) of the Companies Act, 2013, and the Securities and Exchange Board of India's Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 regarding use of electronic payment modes for making payments to investors, Members are requested to update their bank account and latest address details with their respective Depository Participants (for shares held in the electronic form) along with a photocopy of their cheques to the Company's Registrar and Share Transfer Agent, RCMC Share Registry (P) Limited (for shares held in the physical form). Our Registrar and Share Transfer Agent will take due note of the same for payment of Dividend. This obviates problems like loss/fraudulent interception of Dividend warrants during postal transit while also expediting payment.
13. Members desiring any information on the Accounts of the Company are requested to write to the Company's Registered Office and same should reach 10 (ten) days before prior to the date of the Annual General Meeting so as to enable the Company keep the information ready.

14. 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.
15. In all correspondence with the Company or with its Share Transfer Agent, Members are requested to quote their Client ID Number and their DP ID Number if the shares are held in the dematerialised form; in case the shares are held in the physical form, they must quote their folio number.
16. Those Members who have not yet encashed/claimed the Dividend of the Company for any/all of the financial year 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are requested to encash/claim the same immediately. In terms of Section 205C of the Companies Act, 1956, the Company shall be required to transfer the unclaimed/unpaid Dividend of the Company on the expiry of seven years from the date it became due for payment, to the "Investor Education and Protection Fund", and subsequently, the Shareholders shall not have any right to claim the said Dividend from the Company or from the said Fund.

The details of the un-encashed / unclaimed Dividend for the Financial Years 2007-08 to 2012-13 as on March 31, 2014 are as under:

Dividend for the year	Unclaimed/Unpaid Dividend as on March 31, 2014 (Rs. in Thousands)	Due date of transfer to Investor Education and Protection Fund
2007-08	215.69	26th October, 2015
2008-09	188.87	16th October, 2016
2009-10	217.59	23rd October, 2017
2010-11	243.67	18th October, 2018
2011-12	278.14	31st October, 2019
2012-13	273.81	13th September, 2020

17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is offering e-voting facility to its members in respect of the business to be transacted at the Twenty Ninth Annual General Meeting to be held on Saturday, the 20th day of September, 2014 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, Haryana.

The Company has engaged the services of RCMC Share Registry (P) Limited as the Authorised Agency to provide e-voting facility. The Particulars of e-voting will be sent to the shareholders separately.

The e-voting facility will be available during the following voting period:

Commencement of e-voting : From 15th September, 2014 (10:00 a.m.)  
End of e-voting : Up To 17th September, 2014 (10:00 a.m.)

The cut-off date (i.e. record date) for the purpose of e-voting is Mondy the 15th September, 2014.

18. Relevant documents referred to in the accompanying Notice and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during office hours on all working days up to the date of the Annual General Meeting of the Company.

## **Explanatory Statement (Pursuant to Section 102(1) of the Companies Act, 2013)**

### **Item No. 6**

Dr. K. S. V. Menon is an Independent Director of Haryana Leather Chemicals Limited.

While Dr. Menon was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Dr. Menon for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Dr. Menon fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Dr. Menon as an Independent Director.

Dr. K. S. V. Menon is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Dr. Menon does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Dr. Menon, is in any way interested or concerned with this resolution.

**Item No. 7**

Mr. Pradeep Behl is an Independent Director of Haryana Leather Chemicals Limited.

While Mr. Pradeep Behl was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Mr. Pradeep Behl for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Mr. Pradeep Behl fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Mr. Pradeep Behl as an Independent Director.

Mr. Pradeep Behl is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Mr. Pradeep Behl does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Pradeep Behl, is in any way interested or concerned with this resolution.

**Item No. 8**

Lt. Gen. Harish Chandra Dutta Retd. is an Independent Director of Haryana Leather Chemicals Limited.

While Lt. Gen. Harish Chandra Dutta Retd. was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Lt. Gen. Harish Chandra Dutta Retd. for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Lt. Gen. Harish Chandra Dutta Retd. fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Lt. Gen. Harish Chandra Dutta Retd. as an Independent Director.

Lt. Gen. Harish Chandra Dutta Retd. is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Lt. Gen. Harish Chandra Dutta Retd. does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Lt. Gen. Harish Chandra Dutta Retd., is in any way interested or concerned with this resolution.

**Item No. 9**

Mr. Harish Kumar Gupta is an Independent Director of Haryana Leather Chemicals Limited.

While Mr. Harish Kumar Gupta was originally appointed as an Independent Director liable to retire by rotation under the provisions of the Companies Act, 1956, under the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Pursuant to the provisions of sub-sections (4), (10), (11) of Section 149 of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors recommends the reappointment of Mr. Harish Kumar Gupta for a period of five consecutive years with effect from September 20, 2014. In the opinion of the Board of Directors, Mr. Harish Kumar Gupta fulfils the conditions specified in the Companies Act, 2013, and the Rules made there under, and the Listing Agreement. The Board considers it in the interest of the Company to reappoint Mr. Harish Kumar Gupta as an Independent Director.

Mr. Harish Kumar Gupta is not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent to act as Director.

Mr. Harish Kumar Gupta does not hold any shares in the Company. None of the Directors and Key Managerial Personnel of the Company or their relatives, except Mr. Harish Kumar Gupta, is in any way interested or concerned with this resolution.

**Item No. 10**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors M/s Balvinder & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.10 of the Notice for approval by the shareholders.

**Item No. 11**

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication - their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board commends the Special Resolution set out at Item No. 15 of the Notice for approval by the shareholders.

By Order of the Board of Directors  
For Haryana Leather Chemicals Limited

(SILU NANDA)  
*Company Secretary*  
Place : Gurgaon  
Date : 31st July, 2014

CIN: L74999HR1985PLC019905  
Registered Office:  
72-77, HSIDC Industrial Estate,  
Hansi Road, Jind,  
Haryana - 126 102.

Website: [www.leatherchem.com](http://www.leatherchem.com)  
Email ID: [info@leatherchem.com](mailto:info@leatherchem.com)

## DIRECTORS' REPORT

Dear Shareholders,

The Directors of Haryana Leather Chemicals Ltd. are pleased to present the 29th Annual Report and Audited Statement of the Company's accounts for the year ended on 31st March, 2014.

### FINANCIAL RESULTS

A summary of the financial results for the year 2013-2014 is given below:

	2013 - 14 (Rs. in Lacs)	2012 - 13 (Rs. in Lacs)
Sales Turnover (Net of Excise)	4479.39	3967.14
Gross Profit	467.86	398.39
Deductions		
Depreciation	78.49	75.2
Interest	12.85	20.42
Profit before tax	376.52	302.87
Less: Provision for Income Tax for the year	93.48	92.00
Less: Provision for Fringe Benefit Tax (FBT)		
Less: Provision for taxation / FBT earlier year	1.59	28.11
Add: Provision for Income Tax written back		
Less: Previous year's adjustment		
Less/(Add): Deferred tax liability	9.71	4.29
Profit after tax and available for appropriation	271.74	178.36
Less: Provision for dividend	34.36	29.45
Less: Provision for dividend tax	5.84	5.01
Less: Transfer to general reserve	34.73	21.58
<b>Profit carried to balance sheet</b>	<b>196.81</b>	<b>122.32</b>

### OPERATIONS

During the year the Company has achieved a sales turnover of Rs. 4479 lacs against Rs. 3967 lacs for the previous year. The net profit for the year is Rs. 272 lacs against Rs.178 lacs for the previous year. The exports are at Rs.1632 lacs compared to the previous year's exports of Rs. 1673 lacs.

The Company has recorded approximately 12% growth in sales in comparison to previous year and 50% increase in profit carried to Balance Sheet.

### DIRECTORS

Pursuant to the provisions of the Articles of Association of the Company, the Directors - Mr. Pradeep Behl, Dot. Massimo Medini, Lt. Gen. (Retd.) H.C. Dutta retire by rotation at the forthcoming Annual General Meeting to be held on **20th September, 2014** and being eligible they offer themselves for re-appointment.

### STATUTORY AUDITORS

The statutory auditors of the Company M/s S. C. DEWAN & Co., Chartered Accountants, Panchkula are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment, offers themselves for the same. Their appointment, if made, will be in accordance with section 224 (1-B) of the Companies Act, 1956 (hereinafter referred to the "Act").

Auditor's report does not need any comments from the directors.

### PARTICULARS OF EMPLOYEES u/s 217(2) (A)

The Company did not employ any person drawing a remuneration of Rs. 5,00,000.00 or above for one month or part of the month or Rs. 60,00,000.00 or above for one year, whose particulars are required to be mentioned u/s 217(2)(A) of the Companies Act, 1956.

### SECRETARIAL COMPLIANCE CERTIFICATE

As the paid up share capital of the Company is more than Rs. 10,00,000/- and below Rs. 5,00,00,000/- so a certificate from the Company Secretary in practice is attached with the report as per the requirements of section 383A of the Companies Act, 1956 who has conducted audit of the books and other documents of the Company and has given the certificate.



#### **COST AUDITOR'S COMPLIANCE CERTIFICATE**

As the Central Government has by an order directed that an audit of cost accounts of the Company should be conducted in the manner specified in MCA order 52/26/CAB -2010 Dt. 24-01-2012, by an auditor who shall be a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959, so a certificate from the Cost Auditor in practice is taken as per the requirements of section 209(1)(d) of the Companies Act, 1956 who has conducted audit of the books and other documents of the Company and has given the certificate.

#### **TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND**

As the Company is distributing dividend to its shareholders since 2006 on recommendation of the shareholders of the Company. The Board also authorised to take all the necessary steps to transfer the unpaid / unclaimed dividend of Equity Shareholders for the year 2006-2007 to the Investor Education and Protection Fund (IEPF) of the Central Government established under sub section (1) of section 205C of the Companies Act, 1956 on the date as per the provisions of the relevant section of the Act.

#### **FIXED DEPOSIT**

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

#### **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 has been given below as Annexure.

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

The Board of Directors of the Company confirms that:

- a. during the preparing of the annual accounts, the applicable accounting standards have been followed and no material departure has taken place;
- b. the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give an accurate view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- c. 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;
- d. annual accounts have been prepared on an ongoing concern basis.

#### **QUALITY CONTROL**

The Company's quality control system has gained further strength with focus on Restricted Substances List (RSL) of REACH (Registration, Evaluation and Authorization of Chemicals). New RSL inclusions of 2013 have been successfully addressed by the Company. The Company has expanded its in-house chromatography platform by "state of the art" instruments, and key inputs are screened for suspected RSL.

Quality incidences reported by customers were deeply investigated and corrections in product specifications and processes have been implemented to avoid any recurrence. The Company has also undertaken restructuring of its quality policy and new document system that will comply with the requirements of ISO 9001 : 2008 and ISO 14000 : 2004 is being put in place.

#### **EXPORT OPERATIONS**

In spite of recessionary trends in China, a key export market, the Company has been able to maintain its export operations –though growth targets could not be realized. The Company has identified thrust areas in Latin American markets and hopes for an early breakthrough in this distant market. The Company explored the possibility of setting up a representative office in the US to serve Latin American markets, but found that it will be more economical to operate through agents and dealers at this early stage. The efforts undertaken for entering Indonesian market have also yielded encouraging results and Company will consolidate its efforts further in this market.

#### **TECHNOLOGY DEVELOPMENT**

Since the last two years, the Company has been aggressively pursuing technology development of Di-Sulphone Syntan, Acrylic Impact and Flow Modifiers for use in PVC. A vital component of this project was a new generation spray dryer – a part of which has been imported. During the year the entire plant, its sequence of operation was tested and fuel consumption validated by producing full scale batches. The results from the plant in terms of yield and heat efficiency are satisfactory and the plant has been put to successful commercial production.

During the year the Company also tested several new technologies on bulk storage, fluid handling, pneumatic pumping and batching of key inputs with a view to improve plant efficiency and reduce batch process times. This activity was essential in view of emerging trends in transportation methods of chemicals in bulk tankers. The initial results of the new techniques are very satisfactory. In the coming few months this concept will be replicated to handle more products to improve operational convenience and faster batch cycle.

#### **DIVIDEND**

Considering the current growth and profitability, the Directors are pleased to recommend the dividend @ 7%.

#### **PERSONNEL & INDUSTRIAL RELATION**

The Company continues to maintain cordial relations across all levels of workforce. The key managerial staff has also maintained cordial relationship with their subordinates. The Company's efforts to involve shop floor supervisors and workers in generating new technical ideas have caused improved efficiency and safety. A new software for online sanction of leaves is being tested. The Company has maintained the yearly increments and bonus system to ensure motivation at all levels.

#### **ENVIRONMENT & POLLUTION CONTROL MEASURES**

The Company has complied with all the required State Pollution Control Regulations and its Amendments from time to time. The waste water discharge has been further reduced and has almost reached a quantity where the Company can aspire to achieve a "zero discharge" status. The vacuum distillation process and equipment for recovery of water from waste water was evaluated and was found unviable for small volume. It was considered that instead of water recovery, the wash water should be minimized and reused in subsequent batches. This system of reuse of wash water has been implemented in few products and more are likely to be covered under this concept.

The Company has also initiated expansion of water testing lab to test key parameters like COD, BOD, TSS and TDS. The data generated through this exercise will enable further improvement from each effluent stream for stricter control in discharge of wash water.

#### **ACKNOWLEDGEMENT**

The Directors extend their sincere thanks to Company's suppliers for enabling stricter quality controls; domestic and international dealers for their zealous approach for increased market share; representatives, service providers, financial institutions and technical consultants for their continued support.

The Directors deeply appreciate the involvement of all the employees in achieving the sales growth and for putting their best efforts towards meeting various challenges during the year.

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

Place : New Delhi  
Date : 14th May, 2014

N.K. JAIN  
Chairman

PANKAJ JAIN  
Managing Director-cum-Vice Chairman