

# HARYANA

LEATHER CHEMICALS LTD.

Technical Partners  
ICAP SIRA, Italy  
VISMON, Spain

33rd Annual Report 2017- 2018

# **HARYANA LEATHER CHEMICALS LIMITED**

## **BOARD OF DIRECTORS**

Narendra Kumar Jain, Chairman  
Pankaj Jain, Managing Director-cum-Vice Chairman  
Vijay Kumar Garg  
Harish Kumar Gupta  
Lt. Gen. (Retd.) H.C. Dutta  
Dr. K.S.V. Menon  
Dott. Massimo Medini  
Pradeep Behl  
Sippy Jain  
Marco Medini

## **COMPANY SECRETARY** **SILU NANDA**

## **AUDITORS**

AKR & Associates, Panchkula, Haryana

## **CORPORATE OFFICE**

1405 - B, Signature Towers,  
South City - I,  
Gurugram - 122 001, Haryana

## **REGISTERED OFFICE AND WORKS**

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

## **CORPORATE EXECUTIVES**

Sukanto Choudhary, Assistant General Manager - Finance  
Dr. M.P. Singh, Assistant General Manager - Production  
Neeraj Bishnoi, General Manager - Marketing

## **REGISTRAR & SHARE TRANSFER AGENTS**

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

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**ISIN for Demat purpose : INE 681F01018**

**CIN: L74999HR1985PLC019905**

**Script Code: 524080**

## NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the Members of the Company **M/s. Haryana Leather Chemicals Limited** will be held on Tuesday, the 25th day of September, 2018 at 11.30 a.m. at the Registered Office of the Company at 72-77, HSIIDC Industrial Estate, Hansi Road, Jind - 126 102 to transact with or without modification(s), as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as on 31st March 2018 and the Statement of Profit & Loss Account for the Year ended as on that date together with the Reports of Auditors and Directors thereon.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that the Audited Financial Statement of the Company for the year ended March 31, 2018 including Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash flow statement for the year ended March 31, 2018 together with the reports of the Board of Directors and the Auditors of the Company thereon, as circulated to the members and presented to the meeting be are hereby adopted."

2. To consider declaring Final Dividend @ 8% on the nominal value of the equity shares of the Company for the Financial Year 2017-18.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that dividend of Rs.0.80 per equity share of Rs. 10/- each on 49,08,470 equity shares, as recommended by the Board of Directors, be and is hereby declared out of the profits of the Company for the year ended March 31, 2018, and that the said dividend be paid to those shareholders, whose names appear in the Company's register of members as at the end of business hours on September 19, 2018 and in respect of shares in electronic form to those beneficial owners of the shares as at the end of business hours on September 18, 2018 as per the details furnished by the depositories for this purpose."

3. To consider appointing a Director in place of Mr. Harish Kumar Gupta (DIN: 01203136), who retires by rotation and being eligible offers himself for re-appointment.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that pursuant to section 152 of the Companies Act, 2013, Mr. Harish Kumar Gupta (DIN: 01203136), who retires by rotation and being eligible for re appointment, be and is hereby re-appointed as a Director of the Company."

4. To consider appointing a Director in place of Mr. Narendra Kumar Jain (DIN: 00486730), who retires by rotation and being eligible offers himself for re-appointment.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that pursuant to section 152 of the Companies Act, 2013 Mr. Narendra Kumar Jain (DIN: 00486730), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

5. To consider appointing a Director in place of Dr. K. S. V. Menon (DIN: 00920088), who retires by rotation and being eligible offers himself for re-appointment.

To consider passing the following resolution as an **ordinary resolution**:

"Resolved that pursuant to section 152 of the Companies Act, 2013 Dr. K. S. V. Menon (DIN: 00920088), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

6. To appoint statutory auditors of the Company. The appointment of statutory auditors M/s AKR & Associates, Chartered Accountants, who hold office from the conclusion of the Thirty Second Annual General Meeting until the conclusion of the Thirty Fifth Annual General Meeting to be held in Financial Year 2020. The declaration to the effect that their appointment, if ratified, would be within the limits and that they are free from any disqualification specified in section 141 of the Companies Act, 2013, and the rules made thereunder, has been received from them.

To consider passing the following resolution as an **ordinary resolution**:


"RESOLVED THAT, in partial modification of the Ordinary Resolution passed at the Annual General Meeting held on 20th September, 2014 and in accordance with the amended Section 139 of the Companies Act, 2013 read with relevant rules made there under, the approval of the shareholders be and is hereby accorded to continue the appointment of M/s AKR & Associates, Chartered Accountants (Firm Registration No. 021179N) as the Statutory Auditors of the Company, at such remuneration as may be decided by the Board of Directors, till the conclusion of the Annual General Meeting to be held in the year 2020 and that the said appointment would not be subject to ratification at every subsequent Annual General Meeting."

**SPECIAL BUSINESS:**

7. To increase the remuneration of Mr. Pankaj Jain (DIN: 00206564) Managing Director of the Company:  
To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolution.  
"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, read with "Section-I" of "Part-II" of "Schedule V" and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015 [including any modification (s) or re-enactment(s) thereof for the time being in force] and as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors and subject to all necessary approvals, consents, permissions and/or sanctions of the Central Government, shareholders and all other appropriate authorities, institutions and bodies, to the extent necessary and subject to such conditions and modification(s) as may be prescribed or imposed by them in granting any such approval, permission, consent or sanction, which may be agreed to, by the Board of Directors of the Company or any Committee thereof, approval of the members of the Company be and is hereby accorded to the increase in remuneration of Mr. Pankaj Jain as Managing Director of the Company up to the period of his appointment in the company till 03.02.2019 on the following terms and conditions:  
"RESOLVED FURTHER THAT such increase is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time."  
"RESOLVED FURTHER THAT except for the revision in remuneration, all other terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered."  
"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any/or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution, take such further steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company."  
"RESOLVED FURTHER THAT the Board of Directors or any committee thereof be and is hereby authorized to fix the salary payable to Managing Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the period of tenure of Managing Director, the remuneration payable to him shall be governed by Section II of Part II of Schedule V of the Companies Act, 2013, or any modification or re-enactment thereof."
8. To authorize Mrs. Sippy Jain (DIN: 03189151) as Designing Consultants of the Company:  
To consider and if thought fit, to pass with or without modification(s) the following resolution as ordinary resolution.  
RESOLVED THAT pursuant to the provisions of section 188 of the Companies Act, 2013 (as amended or re-enacted from time to time) read with Rule No. 15 of the Companies (Meeting of Board and its Powers) Rules 2014, the consent of the board be and is hereby accorded for entering into a contract with Mrs. Sippy Jain, at arm's length basis the copy of which is laid before the meeting and initiated by the chairman for the purpose of identification, be and is hereby approved.  
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and things and execute all documents as may be required and to delegate all or any of the powers herein conferred to any Committee of Directors to give effect to above said resolutions."

**Regd. Office:** 72-77, HSIIDC Industrial Estate,  
Hansi Road, Jind, Haryana - 126 102.  
**CIN:** L74999HR1985PLC019905  
**Date:** 9th August, 2018  
**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. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the items of Special Business given in this Notice, is annexed hereto.
2. Any 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.

3. Corporate Members intending to send their authorized 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, authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
4. Members/Proxy holders are requested to bring at the venue of Annual General Meeting their attendance slip duly signed so as to avoid inconvenience.
5. Attendance slip, proxy form and route map of the venue of the meeting are annexed hereto.
6. 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 Regulation 27 of the Listing Regulations with the Stock Exchange are provided in the Corporate Governance Report forming part of the Annual report.
7. 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.
8. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday the 18.09.2018 to Tuesday the 25.09.2018 (both days inclusive) for determining the names of Members eligible to receive the Dividend declared, if any, on the Equity Shares of the Company to comply with the provisions of Section 154 of the Companies Act, 2013 and Regulation 42 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. 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 as during the register of member is closed, 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.  
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-II, New Delhi-110020 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 31st March, 2018 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 Private 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 and the modifications, if any, 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 Private 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 at least 10 (ten) days prior to the date of the Annual General Meeting so as to enable the Company keep the information ready.

14. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 07, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 23, 2017.
15. 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.
16. 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 dematerialized form; in case the shares are held in the physical form, they must quote their Folio Number.
17. Those Members who have not yet en-cashed/claimed the Dividend of the Company for any/all of the financial year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 are requested to en-cash/claim the same immediately. In terms of Section 124 and 125 of the Companies Act, 2013, 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" (IEPF) of the Central Government 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 2010-11 to 2016-17 as on 31st March, 2018 are as under:

Dividend for the year	Unclaimed/Unpaid Dividend as on 31st March, 2018 (Rs.)	Due date of transfer to Investor Education and Protection Fund
2010-11	2,71,144.80	18th October, 2018
2011-12	2,80,178.40	31st October, 2019
2012-13	2,81,133.00	13th September, 2020
2013-14	5,35,648.70	26th October, 2021
2014-15	4,39,292.30	31st October, 2022
2015-16	3,76,280.80	29th October, 2023
2016-17	3,62,216.00	29th October, 2024

18. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) rules, 2016, as amended, the Company has, during the financial year 2017-18, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer i.e. October 31, 2017. Details of shares transferred to the IEPF Authority are available on the link <http://www.iepf.gov.in>.

Members may note that the shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them by visiting site: <http://www.iepf.gov.in/IEPFA/refund.html> or can contact our RTA for lodging claim for refund of shares and /or dividend from the IEPF Authority.

19. SEBI has mandated submission of Permanent Account Number (PAN) by every Member of the Company. Members holding shares in dematerialized form are requested to submit their PAN to their respective Depository Participants. Members holding shares in physical form can submit their PAN to the Registrar and Share Transfer Agent.
20. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting by electronic means along with the Ballot Form and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or (link of website of Company).

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The e-voting period commences on 22nd September, 2018 (10:00 a.m.) and ends on 24th September, 2018 (05:00 p.m.). During this period shareholders' of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 18th September, 2018. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 18th September, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or (Company/ RTA email id).

The facility for voting through ballot paper shall be made available at the AGM/EGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The procedure to login to e-Voting website is given below:

1. Open the attached PDF file "e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of (Haryana Leather Chemicals Limited). Members can cast their vote online from 22nd September, 2018 (10:00 a.m.) and ends on 24th September, 2018 (05:00 p.m.).  
Note: e-Voting shall not be allowed beyond said time.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer (Manoj Gupta, 72-77, HSIIDC Industrial Estate, Hansi Road, Jind, Haryana - 126 102) through e-mail (Scrutinizer mail ID: [mguptacs@gmail.com](mailto:mguptacs@gmail.com)) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

Other information:

Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.

Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the Companies in which you are the shareholder.

It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Toll Free No.: 1800-222-990.

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

21. Relevant documents referred to in the accompanying Notice pursuant to provisions 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.

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

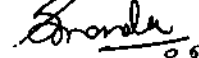
CIN: L74999HR1985PLC019905

Date: 9th August, 2018

E-mail: [info@leatherchem.com](mailto:info@leatherchem.com)

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

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

  
SILU NANDA

Company Secretary

Statement pursuant to Section 102(1) of the Companies Act, 2013 ('Act')

The following statement sets out all material facts relating to the special business mentioned in the notice:

#### ITEM NO. 7

Mr. Pankaj Jain (DIN:00206564), aged 62 years is a Managing Director of the Company.

Mr. Pankaj Jain conceptualized the idea of setting up of Haryana Leather Chemicals Limited. It's because of his vision and able leadership, the Company is well established and earned name and fame.

Mr. Pankaj Jain, Managing Director, is devoting his time and energy for the growth and diversification of the company. He has visualized the idea of this leather chemicals Company, developed it, nurtured it and brought it to its present stage.

He designed the organization structure, work allocation and overall control systems of the Company. He has been instrumental in the growth and diversification of the Company.

Mr. Pankaj Jain possesses appropriate skills and the necessary experience and knowledge. Keeping in mind his best efforts and the workload which has multiplied over years, the Board of Directors have approved increase in remuneration of Mr. Pankaj Jain, Managing Director of the Company.

Mr. Pankaj Jain, Managing Director of the Company will be eligible for remuneration within the ceiling limit under Section II of Part II of Schedule V to the Companies Act, 2013, as follows:

Salary	: Rs. 2,00,000/- per month
Housing Allowance	: Rs. 70,000/- per month
Other Allowance	: Rs. 35,000/- per month
Medical Allowance/reimbursement for himself and family	: Rs. 6,000/- per month
Leave Travel Allowance/reimbursement for himself and family	: Rs. 10,500/- per month

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. Encashment of leave at the end of the tenure.
2. Provision of car for use on Company's business and telephone at residence shall not be considered as perquisites.
3. 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 the Board of Directors or any committee thereof be and is hereby authorised to fix the salary payable to Managing Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the period of tenure of Managing Director, the remuneration payable to him shall be governed by Section II of Part II of Schedule V of the Companies Act, 2013, or any modification or re-enactment thereof."

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the abovesaid resolution.

#### ITEM NO. 8

Mrs. Sippy Jain being the Director of the Company is also working as the Designing Consultant of the Company and she is working on arm's length basis and the transaction is entered into the ordinary course of business and hence the ordinary resolution is passed for her services as Designing Consultant of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the above said resolution.



## DIRECTORS' REPORT

Dear Shareholders,

The Directors of Haryana Leather Chemicals Ltd. are pleased to present the 33rd Annual Report and Audited Statement of the Company's accounts for the year ended on 31st March, 2018.

### FINANCIAL RESULTS

A summary of the financial results for the year 2017-2018 is given below:

	2017 - 18 (Rs. in Lacs)	2016 - 17 (Rs. in Lacs)
Sales Turnover (Net of Excise)	3639.43	3905.42
Gross Profit	312.84	403.28
Deductions:		
Depreciation	87.19	104.80
Interest	4.74	2.88
Profit before tax	220.91	295.58
Less: Provision for Income Tax for the year	48.63	91.86
Add: Provision for Income Tax written back	1.57	1.12
Less: Previous year's adjustment	-	2.33
Less/(Add): Deferred tax liability	2.08	4.64
Profit after tax and available for appropriation	172.79	200.28
Less: Provision for dividend	39.27	39.27
Less: Provision for dividend tax	7.99	7.99
Less: Transfer to general reserve	26.00	32.00
<b>Profit Carried to Balance Sheet</b>	<b>99.53</b>	<b>121.02</b>

### OPERATIONS

During the year the Company could only achieve a sales turnover of Rs.3639 lakhs as against Rs.4243 lakhs for the previous year, because of instability of leather industry in China and the exports to Europe have also suffered a lot due to the REACH registration procedure which importer has to undertake. Also overall sales turnover is lower than last year, mainly due to drop in domestic sale, as the smaller units found it hard to transition to the GST compliances.

### DIRECTORS

The composition of the Board of Directors of the Company is furnished in the Corporate Governance Report annexed to this report. Pursuant to the provisions of the Articles of Association of the Company, the Directors - Mr. Harish Kumar Gupta (DIN: 01203136), Mr. Narendra Kumar Jain (DIN: 00486730) and Dr. K. S. V. Menon (DIN: 00920088) retire by rotation at the forthcoming Annual General Meeting to be held on 25th September, 2018 and being eligible they offer themselves for re-appointment.

### STATUTORY AUDITORS

The statutory auditors of the Company M/s AKR & Associates, Chartered Accountants, (Firm Registration No. 021179N) Panchkula are retiring at the forthcoming Annual General Meeting and they are eligible for re-appointment. Also M/s. AKR & Associates, Chartered Accountants offers themselves for the appointment as Statutory Auditors of the Company. Their appointment, if made, will be in accordance with section 139 and 142 of the Companies Act, 2013 (hereinafter referred to the "Act").

The Company has received letter from the Statutory Auditors consenting to the appointment and a confirmation to the effect that their appointment, would be within the prescribed limits and that they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder.

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

#### **PARTICULARS OF EMPLOYEES u/s 134(3) of the Companies Act, 2013**

The information required pursuant to Section 134 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors, Key Managerial Personnel (KMP) and Employees of the Company are provided as follows:

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 197 of the Companies Act, 2013.

#### **SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s V. Jhavar & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The report on the Secretarial Audit carried out for the year 2017-18 is annexed herewith as 'Annexure-B'. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

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

The Central Government has directed that a cost audit of the Company should be conducted in the manner specified in MCA order 52/26/CAB-2010 Dt. 24-01-2012, or any amendment thereof, by a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 as amended thereof.

However, as per Companies (cost records and audit) Rules, 2014 notified by Ministry of Corporate Affairs, cost audit is not applicable to the Company by virtue of its turnover being less than the prescribed limits. Therefore, the Board did not proceed with the appointment of cost auditor and cost audit for the year 2017-18.

The Company is properly maintaining its cost Record internally.

#### **CORPORATE SOCIAL RESPONSIBILITY**

With the enactment of the Companies Act, 2013, India has become the forerunner to mandate spend on Corporate Social Responsibility (CSR) activities through a statutory provision.

The new CSR provisions put formal and greater responsibility on companies in India to set out clear framework and processes to ensure strict compliance. However, what the Companies Act does is bring more companies into the fold and increase the total CSR spend.

Section 135(1) of Company Act 2013 mandates the CSR expenditure / CSR Applicability for the following companies— Every company having

- a) Net worth of Rs.500 crore,
- b) Turnover of Rs.1000 crore
- c) or net profit of Rs.5.00 crore Where net profit excludes income from overseas branch & divided distributed by company on which this section apply.

As the Company Haryana Leather Chemicals Limited doesn't fall under any of the categories as mentioned above, the Company was not required to constitute any CSR policy or to make any expenditure towards CSR funds

#### **WOMAN DIRECTOR**

In terms of Section 149 of the Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors, Rules, 2014 and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to have a woman Director on its Board. Mrs. Sippy Jain is already appointed as the Whole time Director of the Company.

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

The Company is distributing dividend to its shareholders since 2006 on recommendation of the shareholders of the Company. For the unclaimed dividend for the year 2009-2010 amounting Rs.2,30,389.80, the Board has taken necessary steps to transfer the unpaid / unclaimed dividend of Equity Shareholders for the year 2009-2010 to the Investor Education and Protection Fund (IEPF) of the Central Government established under section 124 and 125 of the Companies Act, 2013.

#### **NOMINATION AND REMUNERATION POLICY**

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the Board of Directors of the Company, to ensure that there is an appropriate mix of abilities, qualifications, experience and diversity to serve the interests of all shareholders and the Company.

During the year, in accordance with the requirements under Section 178 of the Act 2013 and relevant clause of Listing Agreement, the NRC formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of