



27th Annual Report 2011-12

Technical Partners
ICAP SIRA, Italy
VISMON, Spain

HARYANA LEATHER CHEMICALS LTD.
Regd. Office : 72-77, HSIDC Industrial Estate
Hansi Road, Jind - 126 102, Haryana
www.leatherchem.com

HARYANA LEATHER CHEMICALS LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Silu Nanda

AUDITORS

S.C. Dewan & Co., Panchkula

CORPORATE OFFICE

1004, Bhikaji Cama Bhawan,
Bhikaji Cama Place,
New Delhi - 110 066 (India)

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 - 106, Sector - 2,
Noida - 201 301 (U.P.)

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ISIN for Demat purpose : INE 681F01018



NOTICE

Notice is hereby given that the Twenty Seventh 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, 2012 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, 2012 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 2011-12.
3. To consider appointing a Director in place of Mr. V.K. Garg, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider appointing a Director in place of Mr. K.S.V. Menon, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider appointing a Director in place of Mr. N.K. Jain, 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 themselves 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.

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 : 25th day of August, 2012

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 - 201 301 (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 18.09.2012 to 25.09.2012 (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.
8. Members are requested to provide their e-mail address so as they can receive the accounts and other related details on their e-mail only.



DIRECTORS' REPORT

Dear Shareholders,

The directors of Haryana Leather Chemicals Ltd. are pleased to present the 27th Annual Report and Audited Statement of the company's accounts for the year ended on 31st March, 2012.

FINANCIAL RESULTS

A summary of the financial results for the year 2011-2012 is given below:

	2011 - 12 (Rs. in Lacs)	2010 - 11 (Rs. in Lacs)
Sales Turnover (Net of Excise)	3219.97	3462.54
Gross Profit	294.59	390.56
Deductions		
Depreciation	74.62	72.29
Interest	17.21	15.45
Profit before Tax	202.76	302.82
Less: Provision for Income Tax for the year	47.15	82.93
Less: Provision for Fringe Benefit Tax for the Year	-	-
Less: Provision for Taxation/FBT earlier year	1.43	12.43
Add: Provision for Income Tax written back	18.45	-
Less: Previous year Adjustment	-	-
Less/(Add): Deferred Tax Liability	2.71	21.93
Profit after Tax and available for Appropriation	169.92	185.53
Less: Provision for Dividend	29.45	29.45
Less: Provision for Dividend Tax	5.01	5.01
Less: Transfer to General Reserve	20.32	22.66
Profit carried to Balance Sheet	115.14	128.41

OPERATIONS

During the year the company has achieved a sales turnover of Rs. 3220 lacs against Rs. 3462 lacs for the previous year. The net profit for the year is 169.92 lacs against Rs. 185.53 lacs for the previous year. The exports are at Rs. 1092 lacs compared to the previous year's exports of Rs. 1420 lacs.

The company has recorded higher sales in domestic market but has not been able to maintain its growth momentum in export market in comparison to last year. A significant drop in exports, coupled with higher input costs have caused lower overall profit.

DIRECTORS

Pursuant to the provisions of the Articles of Association of the company, the directors - Mr. N.K. Jain, Mr. V.K. Garg and Mr. K.S.V. Menon retire by rotation at the forthcoming Annual General Meeting to be held on 25th September, 2012 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 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:

- during the preparing of the annual accounts, the applicable accounting standards have been followed and no material departure has taken place;
- 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, 2012 and of the profit of the company for the year ended on that date;
- 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;
- annual accounts have been prepared on an ongoing concern basis.

FIXED DEPOSIT

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



QUALITY CONTROL

The company has derived significant benefits from SAP ERP QC module for tracking down quality complaints for incoming and outgoing materials. Most vendors have started certifying materials for REACH (Registration, Evaluation and Authorization of Chemicals) compliances. There are negligible incidences of quality problems from the customers after standardization of QC procedures implemented at the new laboratories under centralized control. A deeper focus on REACH compliances about banned substances is in force – especially for export markets. Key material substitution to conform to REACH updates have been standardized and implemented in production. The company is strictly complying with the quality policy and the quality objectives outlined in the ISO 9001-2000 and ISO 14001 internal system.

EXPORT OPERATIONS

Company's export operations suffered a brief set back due to poor economic conditions in Europe which has direct effect on retail spending on leather goods. A significant drop in exports to Turkey - the European hub for leather production - has been the key cause for lower export revenue. The company is in advanced stages of negotiation with customers from Turkey on developing low cost formulations to regain the lost ground.

Company's efforts for revival of customers in Bangladesh who had stopped buying due to price increase have yielded encouraging results. Orders from Chinese customers are stable and are likely to grow due to expansion in product and customer base.

TECHNOLOGY DEVELOPMENT

The technology development and commercialization of the indigenously developed Polyurethane Dispersions have been limited to first phase due to slower response and weak market conditions for high -end products. The outlay of the project partially funded by TDB (Technology Development Board) of Govt. of India has been trimmed for speedier implementation and better operational control.

The technology development and market response for the new range of products targeted for PVC market is very promising. Fabrication of new pressure nozzle-type spray dryer equipment is progressing well and likely to be completed by March 2013 after a slight delay in import of key components and the installation.

The commercialization of 'Polymeric Fatliquors', whose technology was developed under assistance from DSIR (Department of Scientific & Industrial Research), has been deferred for some time due to financial constraints and will be taken up only after repayment of TDB assistance.

DIVIDEND

In spite of lower profits and reduced cash flow, the directors have recommended continuation of dividend of 6%.

PERSONNEL & INDUSTRIAL RELATION

The company continues to deploy HR practices in-line with current industry trends. Performance monitoring, closer interaction of senior management with operating staff and early redressal of minor grievances remain the backbone of personal and industrial relations. The yearly bonus system has also motivated key executives to participate in growth-related ideas. New ideas on team working and collaborative interactions are being discussed across the board for more inclusive approach towards personnel management.

Industrial relation remained cordial across all segments of skilled and unskilled workforce.

ENVIRONMENT & POLLUTION CONTROL MEASURES

Waste water minimization and treatability studies conducted under guidance of M/S Expertise limited UK have yielded significant benefits. The treatment cycle time, energy consumed in treatment and output parameters have been reviewed periodically and updated. All the statutory regulations of state pollution control board and the renewal of required permissions are being monitored at the highest level of management at plant site. In line with the directives of state pollution control board, the company is delivering all solid waste to Gujarat Enviro Protection & Infrastructure (Haryana) Pvt. Ltd. (GEIPL) common treatment facility for disposal.

ACKNOWLEDGEMENT

The Directors express their gratitude and sincere thanks to their various business partners, suppliers, domestic & international dealers, financial institutions and technical consultants, for their continued contribution towards the company's growth.

The directors also appreciate the motivation and commitment of all the employees who are working hard towards company's goals and objectives.

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

Place : New Delhi
Date : 25th day of August, 2012

N.K. JAIN
Chairman

PANKAJ JAIN
Managing Director-cum-Vice Chairman



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, 2012.

A) CONSERVATION OF ENERGY

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

Form A

		Current Year 2011 - 12	Previous Year 2010 - 11
1.	Power and Fuel Consumption		
	a) Electricity Purchased (KWH)	252464	274328
	Total Amount (Rs.)	1550900	1582345
	Rate / Unit (Rs.)	6.14	5.76
	b) Own Generation		
	- Through Diesel Generator		
	Unit (KWH)	70283	129370
	Units / Ltr. of Diesel Oil	2.22	2.60
	Cost / Unit (Rs.)	17.53	13.45
	- Coal	Nil	Nil
	Quantity		
	Total Cost		
	Average Cost		
	- Furnace Oil / HSD Oil Quantity (K. Ltrs.)	159.10	230.83
	Total Amount (Rs.)	6213567	7597944.04
	Average Rate (Rs. K. Ltr.)	39054	32915.90
	- Others / Internal Generation	Nil	Nil
	Quantity		
	Total Cost		
	Rate Unit		
2.	Consumption per Unit of Production		
	Production (MT)	3890	5396.80
	Electricity (KWH / MT)	82.99	74.80
	Furnace / HSD Oil (Ltr. / MT)	32.94	37.34
	Coal	-	-
	Others	-	-

B) TECHNOLOGY ABSORPTION

a) Research & Development (R & D)

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

- Generated data on thin film properties for the entire range of Acrylics and Polyurethane Binders using the Zwick Roell tensile tester. This data was included in the technical brochures and website to enable customers to choose products faster and adjust their processes quickly on the basis of physical properties of the films.
- Evaluated and graded the hot light ageing properties of all wet end products using Atlas Sun-test machine and developed a quick selection guide for the customers.
- Developed a range of Oxy-linked low-solid "Hybrid Acrylics" that can give the same properties as that of high-solid acrylic at much lower material cost.
- Removed solvent (NMP) from all Polyurethane Dispersions to comply with REACH updates.



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

- a) The company was able to review its marketing strategy in price sensitive markets such as Turkey and able to win back some customers.
- b) Sudden inclusion of NMP and Hydrazine in REACH list of banned substances posed a threat on newly developed Polyurethane dispersions. However, by substituting these banned substances the company was able to maintain its product portfolio in this category.
- c) The update of technical brochure with film properties and light ageing properties caused reduction in expenses on technical services relating to these products. The customer was able to select the products and tailor his own customized process.

3. Future Plan of Action

- a) To develop Di- Sulphone based synthetic tanning agents in order to increase value addition in existing portfolio of these tanning agents. This product range will be aligned with the latest trends of lighter and fuller leathers – particularly for upholstery.
- b) To develop fully-synthetic automotive leather that can comply with IUP 402 standards on gravimetric and reflectometric fogging. With more luxury car makers setting facilities in India, this type of fatliquor will be essential for producing automotive wet white leather. For this project company proposes to collaborate with M/s. Vismon - Spain for stabilization of technology.

4. Expenditure on R & D.

i) Capital	:	1.01
ii) Recurring	:	39.60
iii) TOTAL	:	40.61
iv) Total R & D expenditure as percentage of total turnover	:	1.26 %

b) Technology Absorption, Adaptation & Innovation (as per Form B of the annexure to this rule)

1. Efforts made towards technology absorption and innovation.
 - i) All indigenously developed technologies have been commercialized except for "Polymeric Fatliquors". Technology imported for light weight synthetic fatliquor from Vismon Spain has been fully absorbed and commercialized.
 - ii) All previously imported technologies have been fully absorbed and commercialized.

c) Foreign Exchange Earnings And Outgo

- a) The company's foreign exchange earnings out of export (inclusive of foreign exchange fluctuations) were Rs. 1111 lacs.
- b) The expenditure in foreign exchange during the financial year under review is Rs. 431.48 lacs. This is related to payment towards raw materials, import of capital goods, payment of overseas travel of directors & employees.

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

Place : New Delhi
Date : 25th day of August, 2012

N.K. JAIN
Chairman

PANKAJ JAIN
Managing Director-cum-Vice Chairman



MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

a. Industry Structure

Indian leather industry will continue to be a thrust area due to its employment generating potential. On long term basis it has seen a robust growth and priority status by Govt. of India. In spite of declining raw hide availability last year, most tanners continued the production to complete orders. The current US dollar appreciation will also boost the price realization of leather exporters resulting in healthier order book. Economic conditions in US and Europe will dictate the industry mood as these countries are the biggest buyers of leather goods from India. Domestic demand growth of leather footwear will also improve capacity utilization of large tanners who have been facing seasonal fluctuations from foreign buyers.

b. Opportunities & Threats

Opportunities

India and China have already become the major leather production centers. In addition Vietnam due to its changed political situation offers a huge opportunity for expansion of tanneries and footwear already in operation there. Bangladesh economic conditions are also favorable for investment in leather sector. On the contrary Europe and US will continue to see a decline in leather production capacities and lost opportunity there will be a gain for Asian countries. Tanneries in India and China have upgraded their environmental compliances; they are now well placed to meet the demands of the west. This shift of leather production offers a huge opportunity for leather chemical industry also. The company is already very well recognized in India, China and many other Asian countries. With an expanded product range conforming to the REACH regulations, the company can expect a continued growth in demand of its products from both these markets in the long-term.

Threats

The inflation and an increase in material costs linked to US dollar may affect the profitability of leather chemical industry as the entire material cost increase cannot be passed on to the tanners.

Fluctuation in International petroleum prices, further affecting the prices of raw materials, can further cause serious threat to the profitability. There are also concerns that due to depreciation of domestic currencies against US dollar in India, the import of plant and machinery for capacity expansions in leather and footwear segment will remain under pressure.

c. Segment-wise or product-wise performance

The growth in domestic sales will continue but exports have been fluctuating as per the economic conditions in the West. The growth in high value added chemicals for gloving and upholstery will enable the company to regain its profitability. The reduction in sales of commodity and low profit items will also allow freeing up of some plant capacity for better utilization. The company is making all efforts to increase its share of high value added products developed through indigenous research.

The growth in Acrylic emulsion division of the company after the installation of the spray dryer plant for PVC additives will yield higher sales revenue and profitability.

d. Outlook

The growth potential of leather chemical industry in India remains positive in domestic and international markets, mainly due to lower cost of production. Safety and environment regulations on banned substances will continue to make tougher demands on leather chemical industry but company's testing infrastructure is fully competent to meet such demands. The challenges of rising input cost will need to be addressed through R&D of newer products, more efficient processes and general cost cutting measures.

e. Risks & Concerns

Company's main concern will remain inflation, increased manpower and increased energy costs especially in commodity items. Foreign exchange and petroleum price stability are essential to ensure a steady demand and a control on the input costs.

f. Internal control Systems and their adequacy

The company's internal control on costs, yield and profitability has allowed further optimization of product portfolio. Cost of inputs and its relation to selling prices is tightly controlled for booking orders. A strict control on credit



sales is in force and key accounts are monitored on daily bases. A CCTV camera system allowing full coverage and its live transmission to head office has enabled better discipline at shop floors.

The computerized biometric system for attendance management of employees has yielded better control of time keeper's records. This has significantly reduced worker's grievances and has improved the discipline in the workforce.

g. Discussion on financial performance with respect to operational performance

Higher sales revenues in domestic market as compared to previous years are mainly due to expansion of products and dealer base within India. However the profits are lower mainly due to slowdown in exports and escalation of inputs costs.

h. Material developments in Human Resources / Industrial Relation front, including number of people employed

The company's workforce across various levels remains highly motivated to ensure growth and to achieve excellence in product quality and services. The pool of key executives has been able to take charge of the day-to-day operations freeing the senior managers to devote more time to strategic work, research and growth opportunities. The practice of 'year-end' bonus to staff, managers and executives was continued as a token of appreciation to their commitment.

The numbers of employees as on 01.08.2012 was 90.

CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The company has strictly adhered to the model code in corporate governance and has strictly complied with various statutory regulations.

Fairness to shareholders and common bodies, transparency, disclosures and accountability has been the guiding philosophy on company's day to day and long term operational goals.

2. Board of Directors

The Board of directors consists of ten directors, two executive director and eight non-executive directors. Out of the eight non- executive directors, two are nominees of the collaborators i.e., ICAP Sira Chemicals & Polymers SpA, Italy.

The Board normally meets once in every quarter. During the year the Board of Directors met five times on 30.04.2011, 30.07.2011, 10.08.2011, 31.10.2011 and 30.01.2012.

The Composition of the Board of Directors and attendance record is as follows:

Director	Category	Other Director-ships held	Memberships in Committees of Board	No. of Board meeting attended	Whether attended AGM held on 12.09.11
Pankaj Jain	Executive	2	-	5	Yes
Sippy Jain	Executive	-	-	5	Yes
N.K. Jain	Non - Executive	4	-	-	No
V.K. Garg	Non - Executive	9	-	-	No
H.K. Gupta	Independent	5	3	-	No
K.S.V. Menon	Independent	1	3	5	No
H.C. Dutta	Independent	-	3	1	No
Massimo Medini*	Independent	-	-	-	No
Piero Trachinetti*	Independent	-	-	-	No
Pradeep Behl	Independent	-	3	4	No

* Represents collaborator M/s. ICAP Sira Chemicals & Polymers SpA, Italy.



3. Audit Committee

The Audit Committee of the Company has the following members:

1. Dr. K.S.V. Menon – Chairman
2. Mr. H.C. Dutta – Member
3. Mr. H.K. Gupta – Member
4. Mr. Pradeep Behl – Member

The terms of reference are as required under clause 49 of the Listing Agreement.

During the year the committee met on 30.04.2011, 30.07.2011, 10.08.2011, 31.10.2011 and 30.01.2012. The attendance of the members of the committee is as follows:

Name of Director	Details of Attendance
Dr. K.S.V. Menon	30.04.2011, 30.07.2011, 10.08.2011, 31.10.2011 and 30.01.2012
Mr. H.C. Dutta	31.10.2011
Mr. Harish K. Gupta	-
Mr. Pradeep Behl	30.04.2011, 30.07.2011, 10.08.2011 and 30.01.2012

4. Remuneration Committee

The Company has constituted remuneration committee consisting of four independent directors, Dr. K.S.V. Menon (Chairman), Mr. H.C. Dutta and Mr. Harish K. Gupta and Mr. Pradeep Behl.

All directors except Mr. Pankaj Jain, Managing Director and Sippy Jain, whole time Director receive only sitting fee. The Remuneration package of Mr. Pankaj Jain, Managing Director for the year 2011-12 is given below:

All elements of remuneration	Rs. 24.00 lacs*
Fixed Portion	Rs. 24.00 lacs
Performance Incentive	Nil
Criteria of performance incentive	N/A
Period of appointment	04.02.2010 to 03.02.2013
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

The remuneration package of Mrs. Sippy Jain, whole time Director for the year 2011-12 is given below:

All elements of remuneration	Rs. 3.51 lacs*
Fixed Portion	Rs. 3.51 lacs
Performance Incentive	Rs. 0.75 lacs
Criteria of performance incentive	N/A
Period of appointment	04.02.2010 to 03.02.2013
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

*Other than the fixed portion of remuneration the managing director is entitled to contribution to provident fund, gratuity & leave encashment at the end of the tenure.



5. Shareholders / Investor Grievance Committee

Name of Non-executive Director heading the Committee	Dr. K.S.V. Menon
Compliance Officer	Ms. Silu Nanda, Company Secretary
No. of complaints received during the year 2011-2012	Shareholders = 2 Stock exchange = Nil SEBI = 2 NSDL = Nil
Complaints not solved to the satisfaction of shareholders	Nil
Complaints pending on 31.03.2012	Nil

6. General Body Meetings

Location, time and date of last three A G Ms

Date	Time	Location
12.09.2011	11.30 am	72 - 77, HSIDC Industrial Estate, Hansi Road, Jind, Haryana.
17.09.2010	11.30 am	— do —
10.09.2009	11.30 am	— do —

7. Disclosures

- There were no material transactions with directors or the Management or their relatives having potential conflicts with the interest of the company at large.
- There has been no instances of non-compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority on any matters related to the capital market during the last three years.

8. Means of Communication

The Company adopts the quarterly financial results as per the format prescribed by the stock exchange and is immediately sent to Bombay Stock Exchange, Mumbai. The quarterly results are also published in newspapers – Financial Express – Mumbai and Dainik Tribune (Chandigarh) and are also available in company's web site.

The Management Discussion and Analysis Report is part of the Annual Report.

9. General Shareholder Information

- Annual General Meeting (AGM): The Company's AGM will be held on 25.09.2012 at 11.30 am at the Registered Office of the Company at 72-77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102 (Haryana).
- Financial Calendar: April to March.
- Date of Book Closure: 18.09.2012 to 25.09.2012 (both days inclusive).
- Dividend Pay out dates: 26.09.2012
- Listing of Stock Exchanges: Mumbai Stock Exchange Limited.
- Stock Code: BSE 524080.
- Market Price Data: The shares of the company quoted at Bombay Stock Exchange between Rs. 12.40 to Rs. 23.00 during the year 2011-12.
- Registrar and Transfer Agents: RCMC Share Registry (P) Ltd, B-106, Sector-2, Noida - 201 301 (U.P.). The share Transfer System: Company's Registrar & ShareTransfer Agents is handling the both physical and electronic share transfer related job.
- Depository Participants; National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).



Distribution of shareholdings:

Distribution of shareholding as on 31.03.2012

Shareholding of Value of Rs.	No. of Share Holders	% of Share holders to Total	No. of shares held	Amount Rs.	% to Total
0 - 5000	3684	87.86	698886	6988860	14.24
5001 - 10000	260	6.20	219116	2191160	4.46
10001 - 20000	89	2.12	135007	1350070	2.75
20001 - 30000	43	1.03	110086	1100860	2.24
30001 - 40000	18	0.43	63087	630870	1.29
40001 - 50000	20	0.48	94148	941480	1.92
50001 - 100000	34	0.81	263641	2636410	5.37
100001 and above	45	1.07	3324499	33244990	67.73
Total	4193	100	4908470	49084700	100

Shareholding Pattern as on 31.03.2012

Category	No. of shares	Percentage
Promoters (including Foreign Collaborator)	20,29,290	41.35
FII, Banks, Mutual Funds	10,100	0.21
Others	28,69,080	58.44
Total	49,08,470	100.00

Dematerialisation and Liquidity:

The shares of the company is dematerialised and the ISIN for demat is: INE681F01018.

Registered Office and Plant Location:

Plot No. 72 - 77, HSIDC Industrial Estate, Hansi Road, Jind, Haryana - 126 102.

EOU Division:

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

Corporate Office:

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



The Board of Directors,
Haryana Leather Chemicals Ltd.
72-77 Industrial Estate, Hansi Road,
Jind - 126 102, Haryana.

24 April, 2012

Re: CEO Certification

As stipulated under clause 49 of the Listing Agreement with Stock Exchange, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
 - (iii) instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Haryana Leather Chemicals Ltd.

PANKAJ JAIN
Managing Director-cum-Vice Chairman



CODE OF CONDUCT DIRECTORS AND SENIOR MANAGEMENT

Applicable to all Directors and Senior Management of the Company i.e. all Board members including Managing Director and Senior Management who are members of the core management team i.e., all executives who are one level below the Directors including all functional heads.

General Policy

The Company's philosophy of Corporate Governance is reflected in the commitment of management, which objectively works, realizing and accepting its responsibilities towards shareholders, society and the country. The management's endeavor is to maintain transparency, optimize operational efficiency and retain high level of credibility with the shareholders, creditors and the government.

This Code of Conduct is intended to provide guidance and help to all Directors & Senior Management Executives in recognizing their responsibility and dealing with the issues in such manner as to achieve the objective of the corporate in an ethical way and to help to foster a culture of honesty in the performance of one's duties and accountability.

Each person should act with competence and diligence to bring honour and respect for the Company and comply with all the relevant laws governing the operations of the Company's business in accordance with the principles laid down in the Code. A Director of the Company is to act in the fiduciary capacity and every Senior Management Executive is to act as a most disciplined, sincere and loyal worker to protect the interest of the Company and to make efforts for achievement and promotion of the corporate objectives, inter alia relating to financial, social, cultural and ethical areas.

The Best – of results can be achieved by adopting the best practices as under:

DIRECTORS

Every Director to:

- Make reasonable efforts to attend Board and Committee meetings regularly
- Dedicate sufficient time, energy and attention to the affairs of the Company to ensure diligent performance of his duties, including preparing for meetings and decision making by viewing in advance any Agenda / material distributed and making reasonable enquiries.
- Seek to comply with all Corporate Policies
- Act in the best interest of, and fulfill his fiduciary obligations to the Company's shareholders
- Conduct himself in a professional, courteous and respectful manner
- Comply with all applicable laws, rules and regulations
- Act in a manner to enhance and maintain the reputation of the Company
- Disclose potential conflicts of interest that he may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director has or may have a conflict of interest
- Make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors
- Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, except when authorized or legally required to disclose such information
- Restrain from the use of confidential information acquired in the course of their service as Directors to his personal advantage
- Notify the other Directors of his material personal interest and must not vote on the matter
- Bring an open and independent mind to Board or Committee meetings and should not make a decision about a matter before attending and participating in the deliberations of the meeting

SENIOR MANAGEMENT EXECUTIVES

Every Senior Executive to:

- Attend to the duties regularly
- Dedicate sufficient time, energy and attention to the affairs of the Company and ensure diligent performance of his duties, including preparing for each meetings and decision making by viewing in advance any Agenda / material distributed and making reasonable inquiries.



- Seek to comply with all Corporate Policies
- Make available to and share with seniors information as may be appropriate to ensure proper conduct and sound operation of the Company and its Board of Directors
- Respect the confidentiality of information relating to the affairs of the Company acquired in the course of his service as Sr. Executive, except when authorized or legally required to disclose such information
- Notify his personal material interest to his seniors and not to participate in the discussions and decision making in the concerned matters.
- Protect Company's assets / funds / properties and ensure its efficient use. Theft, carelessness, waste, etc. of the assets / properties which have a direct impact on the Company's profitability.
- Consult the Legal Department of the Company if he is unfamiliar / uncertain about the legal rules involving Company's business before taking any action that may jeopardize the Company or that individual.
- To obtain prior approval of the Managing Director of the Company before accepting employment or a position of responsibility (such as Consultant / Director) with any other Company nor provide 'freelance' services to anyone.

GENERAL

- All persons should avoid conflicts of interest with the Company. Any situation that involves or may reasonably expected to involve, a conflict of interest should be disclosed properly to the Chairman / Director-in-charge.
- All persons should act and conduct free from fraud and deception. Their conduct shall conform to the best efforts.
- All persons owe a duty for not taking themselves personally, opportunities that are discovered during the use of the Company's property, information or position, and they have duty towards the Company to advance its objectives and interest.
- All persons not to compete directly or indirectly with the Company and not to disclose the confidential and crucial information gathered by the individuals during the tenure of their position in this Company even after resignation from the directorship or leaving the services of the Company.
- All persons or their family members shall not accept any gift from persons or firms who deal with the Company where such gifts can be construed as a force to influence their actions and decisions in conflict with the interest of the Company.
- All persons shall deal fairly with employees of the Company. They shall not take any unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation or other unfair dealing-practices.
- All persons shall not indulge in the activity of subscribing or buying or selling the Securities of the Company, which may be in contravention of the policies prescribed by SEBI in the matter of Insider Trading. Such persons shall not misuse any unpublished price sensitive information about the Company with others.
- All persons shall give full cooperation to their seniors, share the information with them, if required, in the best interest of the Company or for compliance of the requirement of the good corporate governance.
- All persons must adopt proactive practices to promote the progressive and ethical behavior at all levels of the management and among other members of the team in the organization.
- All persons must ensure that none of their actions obstruct other person who is performing his duty as assigned to him.
- All persons ought to report variation of any type in policy Code to their seniors and all of them should give patient hearing to those who want to discuss and criticize any of the issues pertaining to any transaction assuming the same is in the interest of the Company. In case a person feels uncomfortable in discussion of such matters then the person desiring to convey his feeling should contact the Chairman of the Company.
- All persons must disclose if any of their relatives or any Company or firm in which they have interest is entering into employment or any business transaction with the Company. Such disclosure of interest should be given from time to time or periodically to the Managing Director / Company Secretary.
- Only Board of Directors have the right to make any waiver / modification in any part of this Code of Conduct.

For Haryana Leather Chemicals Ltd.

PANKAJ JAIN
Managing Director-cum-Vice Chairman



Auditor's Certificate on Compliance of conditions of Corporate Governance Under Clause 49 of the Listing Agreement

We have examined the compliance of conditions of Corporate Governance by **M/s. Haryana Leather Chemicals Limited** for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s). The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company, we certify that the Company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the Stock Exchanges.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 25th August, 2012

S.C. DEWAN
Partner
M.No. 015678

AUDITORS' REPORT

To
The Shareholders
Haryana Leather Chemicals Limited

We have audited the attached Balance Sheet of **M/s. Haryana Leather Chemicals Limited** as at 31st March, 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we enclose in Annexure A, statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we state that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of such books.
 - (iii) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of the written representations from the Directors as on 31st March, 2012, taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with Significant Accounting Policies & Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :-
 - a) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2012, and
 - b) In the case of Profit and Loss account of the *Profit* of the company for the year ended on that date.
 - c) In the case of cash flow statement of the cash flows for the year ended on that date.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 25th August, 2012

S.C. DEWAN
Partner
M.No. 015678



ANNEXURE TO THE AUDITORS' REPORT

HARYANA LEATHER CHEMICALS LIMITED, JIND.

Referred to in Paragraph 1 of our report of even date :

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The Fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. No Fixed Assets have been disposed off during the year.
2. Physical Verification of inventory has been conducted at reasonable intervals by the management. The procedures of Physical Verification of Inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The Company is maintaining proper records of the Inventory. No material discrepancies were noticed on Physical Verification dealt within the books of accounts.
3. The company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Sector 301 of the Act.
4. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered in the register. Each of these transactions has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposit from the public.
7. The company has an internal audit system commensurate with its size and nature of its business.
8. The company has not been required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
9. The company is regular in depositing undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales -tax, Wealth - tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities
10. The company has been registered for a period of more than five years, having existing share capital of Rs.490.84 lakhs. It has incurred neither accumulated loss nor any cash loss in the financial year under review or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the year under review.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund company.
14. The company is not running any Nidhi / Mutual Benefit Fund/Society.
15. The company is not a Financing Company.
16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
17. The term loans were applied for the purpose for which the loans were obtained, as per the information available from the records of the company.
18. The funds raised by the company on short term basis have not been used for long-term investment. The company has not raised funds on long term basis as it appears from the examination of the records of the company.
19. The Company has not made any Preferential Allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act.
20. The company has not issued any Debentures to the public.
21. The company has not raised any money by Public Issue during the year.
22. No fraud on or by the company has been noticed or reported during the year.

For S.C. DEWAN & CO.
Chartered Accountants
FRN 000934N

Place : NEW DELHI
Date : 25th August, 2012

S.C. DEWAN
Partner
M.No. 015678



BALANCE SHEET

₹ in Thousand

	Notes	March 31, 2012	March 31, 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds :			
Share Capital	1	49,084.70	49,084.70
Reserves and Surplus	2	149,477.33	135,931.57
2) Non Current Liabilities			
Long Term Borrowings	3	4,356.11	13,022.46
Deferred Tax Liability (Net)	4	13,244.66	12,973.01
Long Term Provisions	5	586.14	513.15
3) Current Liabilities			
Short Term Borrowings	6	14,399.89	8,524.52
Trade Payables	7	53,545.94	56,149.67
Other Current Liabilities	8	3,701.46	2,768.43
Short Term Provisions	9	9,345.19	11,751.53
TOTAL		297,741.42	290,719.04
II. ASSETS			
1) Non Current Assets			
a) Fixed Assets			
Gross Block	10	229,816.31	226,051.80
		229,816.31	226,051.80
Less : Depreciation		104,272.33	96,809.95
Net Block		125,543.98	129,241.85
Capital Work in Progress		25,142.53	-
		150,686.51	129,241.85
b) Long Term Loans and Advances	11	851.86	784.67
2) Current Assets			
Inventories	12	32,422.44	37,129.59
Trade Receivables	13	95,563.86	98,355.72
Cash and Bank Balances	14	4,944.18	15,918.83
Short Term Loan & Advances	15	13,272.57	9,288.38
TOTAL		297,741.42	290,719.04
Significant Accounting Policies			
Notes to Financial Statement	1-26		

In terms of our report of even date attached

For S.C. DEWAN & CO.
Chartered Accountants

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

S.C. DEWAN
Partner

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

NEW DELHI
August 25, 2012

SILU NANDA
Company Secretary



PROFIT AND LOSS ACCOUNT

		₹ in Thousand	
	Notes	March 31, 2012	March 31, 2011
INCOME			
I.	Revenue from Operations	321,997.79	346,253.94
II.	Other Income		
	Other Misc. Income	1,551.07	1,102.65
	Gain on fluctuation in Foreign Exchange	1,928.30	2,422.42
III.	TOTAL REVENUE (I + II)	325,477.16	349,779.01
IV. EXPENSES			
	Cost of Material Consumed	226,885.28	235,137.56
	Decrease/(Increase) in Stocks	140.81	(897.46)
	Employees' Benefits Expenses	22,098.20	21,737.69
	Financial Expenses	2,932.45	2,791.08
	Other Expenses	45,681.32	53,497.92
	Depreciation	7,462.39	7,229.94
	TOTAL EXPENSES	305,200.45	319,496.73
V.	Profit before exceptional items	20,276.71	30,282.28
	Profit before Tax	20,276.71	30,282.28
VI.	LESS : Tax Expenses		
	Current Tax Provision	4,715.63	8,293.30
	Tax for earlier Year	143.51	
	Deferred Tax Liability	271.65	2,192.67
	Total Taxes	5,130.79	10,485.97
	Add : Taxes - Previous Year	(1,845.59)	1,243.13
		3,285.20	11,729.10
VII.	Profit Carried to Balance Sheet	16,991.51	18,553.18
	Earnings per Equity Share		
	Basic (Nominal value of shares Rs.10 each)	3.46	3.78
	Diluted (Nominal value of shares Rs.10 each)	Nil	Nil
	Significant Accounting Policies		
	Notes to Financial Statement	1-26	

In terms of our report of even date attached

For S.C. DEWAN & CO.
Chartered Accountants

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

S.C. DEWAN
Partner

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

NEW DELHI
August 25, 2012

SILU NANDA
Company Secretary

**CASH FLOW STATEMENT**

₹ in Thousand

	March 31, 2012	March 31, 2011
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	20,277	30,282
Adjustments for -		
Depreciation	7,462	7,230
Interest	1,722	1,546
Operating Profit before Working Capital Changes	29,461	39,058
Adjustments for -		
Trade and other Receivables	-1,260	5,400
Inventories	4,707	-6,438
Trade and other payables	-4,004	-2,136
Cash Generated from Operations	28,904	35,884
Interest Paid	1,722	1,546
Direct Taxes Paid	3,013	7,636
Provision for Dividend / Dividend Tax	3,446	3,446
Provision for Direct Tax / Fringe Benefit Tax	-	1,900
Cash Flow before Extraordinary Items	20,723	21,356
Extraordinary items	-	-
Net Cash from Operating Activities	20,723	21,356
B. Cash Flow from Investing Activities		
Purchase of Fixed/Long Term Assets	28,907	57,993
Sale/Reduction of Fixed Assets	-	-
R & D Grant against Fixed Assets	-	-
Net Cash used in Investing Activities	-8,184	-36,637
C. Cash Flow from Financing Activities		
Repayment of Long Term Finance Borrowings	2,791	-8,215
Net Cash used in Financing Activities	2,791	-8,215
Net Increase/(Decrease) in Cash and Cash Equivalents	-8,184	-28,422
Cash and Cash Equivalents (Opening Balances)	15,919	44,341
Cash and Cash Equivalents (Closing Balances)	4,944	15,919

Notes :

1. The above statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances only.
3. Additions to Fixed / Long Term Assets are stated include movements of Capital Work in Progress during the year.
4. Previous year's figures have been regrouped / reclassified wherever applicable.

AUDITORS' CERTIFICATE

We have verified the above statement with the books and records maintained by M/s. Haryana Leather Chemicals Limited and certify that in our opinion and according to the information and explanations given, the above statement is in accordance therewith.

For S.C. DEWAN & CO.
Chartered Accountants

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

S.C. DEWAN
Partner

PANKAJ JAIN
Managing Director-cum-Vice Chairman

N.K. JAIN
Chairman

NEW DELHI
August 25, 2012

SILU NANDA
Company Secretary



Notes forming part of the Financial Statement

NOTE 1

₹ in Thousand

	March 31, 2012	March 31, 2011
Share Capital		
Authorised Capital		
6,000,000 Equity Shares of Rs. 10/- each	60,000.00	60,000.00
Optionally Convertible, cummulative or non-cummulative		
Issued, Subscribed and Paid Up Capital		
4,908,470 Equity Shares of Rs. 10/- each	49,084.70	49,084.70
TOTAL	49,084.70	49,084.70

Shares out of the issued, subscribed and paid up Share Capital were allotted as Bonus Shares in the last five years by capitalization of Securities Premium Reserves - Nil.

Shares out of the issued, subscribed and paid up Share Capital were allotted in the last five years pursuant to the various scheme of amalgamation without payment being received in cash - Nil.

Shares out of the issued, subscribed and paid up Share Capital held by subsidiaries do not have Voting Rights and are not eligible for Bonus Shares - Nil.

The details of Shareholders holding more than 5% shares.

Name of the Share Holder	March 31, 2012		March 31, 2011	
	No. of Shares	% held	No. of Shares	% held
Narendra Kumar Jain	297,060	6.05	297,060	6.05
Pankaj Jain	453,910	9.25	453,910	9.25
ICAP SIRA Chemicals & Polymers SpA	768,470	15.66	768,470	15.66

The reconciliation of number of shares outstanding is set out below:

Particulars	March 31, 2012 No. of Shares	March 31, 2011 No. of Shares
Equity Shares at the beginning of the year	4,908,470.00	4,908,470.00
Add : Shares issued	-	-
Less: Shares cancelled	-	-
Equity Shares at the end of the year	4,908,470.00	4,908,470.00

NOTE 2

₹ in Thousand

	March 31, 2012	March 31, 2011
Reserves & Surplus		
General Reserve		
As per Last Balance Sheet	33,744.41	31,478.29
Add: Transfer from Profit & Loss	2,031.86	2,266.13
Closing Balance	35,776.27	33,744.42
Profit and Loss account (Carried over from P&L)		
As per Last Balance Sheet	102,187.15	89,345.83
Add: Profit for the year	16,991.51	18,553.18
Less: Appropriations	2,031.86	2,266.12
Proposed Divided	2,945.08	2,945.08
Divided Distribution Tax	500.66	500.66
Closing Balance	113,701.06	102,187.15
TOTAL	149,477.33	135,931.57



Notes forming part of the Financial Statement
NOTE 3

₹ in Thousand

	March 31, 2012			March 31, 2011		
LONG TERM BORROWINGS						
SECURED						
Loans from Others	Current	Non Current		Current	Non Current	
Rana Motors Ltd. Delhi	449.55	405.29		637.70	143.44	
Total	449.55	405.29	405.29	637.70	143.44	143.44
UNSECURED						
- From NBFC						
Technology Development Board	7,000.00	2,019.14		4,938.05	9,019.14	
RELIGARE FINVEST LTD.	1,928.20	1,931.68	3,950.82	1,931.68	3,859.88	12,879.02
TOTAL			4,356.11			13,022.46

Note:

Term Loans from Rana Motors are secured by Hypothecation on Vehicles and personal Guarantee of Managing Director, and from financial institutions and other are unsecured but personal guarantee of Managing Director.

Maturity Profile of Secured Term Loans are as below:

Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
Term Loans from Other - Current Year	1,928.20	1,931.68	-	-	-
Previous Year	1,931.68	1,928.20	1,931.68	-	-

NOTE 4

₹ in Thousand

	March 31, 2012	March 31, 2011
Deferred Tax Liability (Net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	12,973.01	10,780.33
Gross Deferred Tax Liabilities	12,973.01	10,780.33
Deferred Tax Assets/Liability		
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	271.65	2,192.68
Gross Deferred Tax Liability	271.65	2,192.68
Net Deferred Tax Liability	13,244.66	12,973.01

In compliance with AS 22 issued by ICAI on Accounting for the Taxes on Income, a sum of Rs. 271.65 thousand (previous year Rs. 2192.68 Lac) has been considered as deferred tax liability in respect of timing difference for the year under consideration and the same has been charged to profit & Loss account.

NOTE 5

₹ in Thousand

	March 31, 2012	March 31, 2011
Long Term Provisions		
Provision for Leave Encashment	586.14	513.15
Total	586.14	513.15

During the year, company has made a provision of Rs. 467.77 Lacs for accrued liability on account of leave encashment on the basis of actuarial valuation based on projected unit method as required by AS 15 (Revised 2005).



Notes forming part of the Financial Statement

NOTE 6

	March 31, 2012		₹ in Thousand	
			March 31, 2011	
Short Term Borrowings				
(Secured)				
- Working Capital Loans				
- From Banks		5,022.14		1,017.09
CC A/c - State Bank of India				
- From Others		449.55		637.70
Rana Motors Ltd. Delhi	449.55			
(Unsecured)				
- From NBFC				
Technology Development Board	7,000.00		4,938.05	
RELIGARE FINVEST LTD.	1,928.20	8,928.20	1,931.68	6,869.73
		<u>14,399.89</u>		<u>8,524.52</u>

Note :

Working Capital Limits from Banks are secured / to be secured by First charge on stocks of Raw materials, Semi-finished goods, Finished goods, Consumable stores, hypothecation of book debts. The Limits are further secured by Equalibale Moratage of Factory Land of the company.

All secured and Unsecured loans are further secured by personal guarantee of Managing Director of the Company.

NOTE 7

	March 31, 2012		₹ in Thousand	
			March 31, 2011	
Trade Payables				
- Micro and Small Enterprises		3,162.59		5,166.80
- Others		50,383.35		50,982.87
Total		<u>53,545.94</u>		<u>56,149.67</u>

Debit and Credit Balances in the accounts of suppliers and others are subject to confirmation and reconciliations.

Detail of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	March 31, 2012		₹ in Thousand	
Particulars			March 31, 2011	
Principal amount due and remaining unpaid		3,162.59		5,166.80

NOTE 8

	March 31, 2012		₹ in Thousand	
			March 31, 2011	
Other Current Liabilities				
Duties & Taxes		435.11		19.47
Unclaim Dividend		1,143.95		865.81
Security Deposits from Dealers		800.00		900.00
Other Liabilities (incl. Salary, Bonus, PF, ESI payables)		1,322.40		983.15
Total		<u>3,701.46</u>		<u>2,768.43</u>

NOTE 9

	March 31, 2012		₹ in Thousand	
			March 31, 2011	
Short Term Provisions				
Provision for Taxation (Net of Payments)		-		1,900.00
Accured Liability Royalty		1,335.51		1,346.19
Provision for Excise on Finished Goods		773.26		795.95
Accured Liability Others		3,790.68		4,263.65
Proposed Dividend		2,945.08		2,945.08
Dividend Distribution Tax		500.66		500.66
Total		<u>9,345.19</u>		<u>11,751.53</u>



Notes forming part of the Financial Statement

NOTE 10

Fixed Assets

₹ in Thousand

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2011	Additions	Sale/ Adjustments	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions/ Adjustments	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012
Tangible Assets :										
Land	16,138.27	-	-	16,138.27	-	-	-	-	16,138.27	16,138.27
Building	75,159.55	1,502.85	-	76,662.40	9,762.87	1,489.77	-	11,252.64	65,396.69	65,409.76
Plant & Machinery	108,773.81	100.72	-	108,874.53	69,922.66	4,155.66	-	74,078.32	38,851.15	34,796.21
Furniture, Fixture & Equipments	15,740.90	1,515.96	-	17,256.86	11,249.42	843.89	-	12,093.31	4,491.48	5,163.55
Vehicles	10,239.27	644.98	-	10,884.25	5,875.00	973.07	-	6,848.06	4,364.28	4,036.19
TOTAL	226,051.80	3,764.51	-	229,816.31	96,809.95	7,462.39	-	104,272.33	129,241.85	125,543.98
Previous Year	163,185.06	62,992.93	126.19	226,051.80	89,580.01	7,229.94	-	96,809.95	73,605.06	129,241.85
Capital work in Progress	-	25,142.53	-	25,142.53	-	-	-	-	-	25,142.53

Depreciation on fixed assets provided on straight line method as per schedule-XIV of the Company Act, 1956 (as revised by the amending notification vide circular no. 14/93 dated 20.12.1993 issued by department of company affairs, ministry of Law, Justice & Company Affairs). Depreciation is charged on prorata basis for assets purchased/sold during the year.



Notes forming part of the Financial Statement

NOTE 11

Long Term Loans and Advances

(Unsecured - considered goods except to the extent provided for)

	March 31, 2012	₹ in Thousand March 31, 2011
Security Deposits	851.86	784.67
Advance Tax / Tax Deducted at Source (Net of provision for tax Rs. 47,15,634/- Previous Year Rs. 82,93,300/-)	-	-
Total	851.86	784.67

NOTE 12

Inventories

(As valued and certified by management)

(Cost or market price, whichever is lessor, otherwise stated)

	March 31, 2012	₹ in Thousand March 31, 2011
Raw Material & Components	19,031.62	24,114.06
Stores & Spares	390.63	537.32
Packing Material	2,171.87	1,509.08
Work in Progress	2,330.63	1,028.27
Finish Goods	8,497.69	9,940.86
Total	32,422.44	37,129.59

NOTE 13

Trade Receivables

(Unsecured, considered goods unless otherwise stated)

	March 31, 2012	₹ in Thousand March 31, 2011
Debts Outstanding for a period exceeding six months	3,695.75	4,082.59
Other Debts - Considered Goods	91,868.11	94,273.13
Total	95,563.86	98,355.72

NOTE 14

Cash and Bank Balances

	March 31, 2012	₹ in Thousand March 31, 2011
Cash in Hand	225.02	429.83
Balances with Scheduled Banks on :		
- in current accounts	1,260.61	1,305.56
- in dividend accounts	1,143.95	865.81
- Fixed Deposit / Margin Money Account	2,314.60	13,317.63
Total	4,944.18	15,918.83

Fixed Deposit / Margin Money Account include Rs. 10,50,000/- pledged against margin money previous year Rs. 81,50,000/-.

NOTE 15

Short Term Loans and Advances

(Unsecured - considered goods except to the extent provided for)

	March 31, 2012	₹ in Thousand March 31, 2011
Advances Recoverable in Cash or in Kind (Short Term)	886.42	829.20
Prepaid Expenses	521.17	561.99
Claims Receivable	730.47	2,497.15
Deposit for Flat	5,945.12	-
Staff Advances	349.25	459.28
Balance with Excise Dept.	1,929.82	2,538.72
Income Tax Refundable	1,868.35	1,289.15
CST Recoverable	1,041.97	1,112.89
Total	13,272.57	9,288.38



Notes forming part of the Financial Statement

NOTE 16

₹ in Thousand

	March 31, 2012	March 31, 2011
SALES		
DOMESTIC SALES:		
Manufactured Products	240,207.96	232,587.32
Less: Excise Duty	27,436.34	28,349.37
NET DOMESTIC SALES	212,771.62	204,237.95
EXPORT SALES:		
Manufactured Products	109,226.17	142,015.99
Total	321,997.79	346,253.94

The company is in the business of manufacturing Polymer Dispersions, Fatliquors, Synthetic Tanning Agents, Finishing Chemicals and these are considered as Leather Chemicals. These products are also sold for applications in Shoes, textiles and plastic Industry. As such there is no other segment according to the provisions of the accounting standard 17 on segment reporting as issued by Institute of chartered accountants of India.

The company is in the business of manufacturing of Polymers, Dispersions, Fatliquors, Finishing Chemicals and these all are considered as Leather finishing chemicals. As such, there is no other segment according to the provisions of the Accounting Standard 17 on "Segment reporting" as issued by the Institute of Chartered Accountants of India.

SALES TURNOVER

CAPACITY, PRODUCTION, PURCHASES AND STOCKS

Leather Chemicals and Auxiliaries, Acrylic Emulsions and Adhesives

	Capacity Installed	Production Quantity	Opening Stock Quantity	Closing Stock Quantity	Sales Turnover Quantity	Sales Turnover Value in Thousand
This Year	4910.0 MT	3890.15 MT	160.24 MT	112.07 MT	3938.32 MT	321,998
Previous Year	4910.0 MT	4624.07 MT	146.16 MT	160.24 MT	4609.99 MT	346,254

₹ in Thousand

	March 31, 2012	March 31, 2011
Domestic Turnover	240,208	232,587
Export Turnover	56,341	77,284
Export Turnover - EOU	52,885	64,732
	349,434	374,603
Less: Excise Duty	27,436	28,349
	321,998	346,254

- Note :
1. Installed capacity is as certified by the management and not verified by the auditors being technical matter.
 2. Figures of stocks are shown after adjustments for captive consumption, shortages/excesses.
 3. Manufacturing Sales are stated at ex-works prices plus excise duties.
 4. Sales include transit losses.
 5. Sales include export turnover **Rs. 109,226,166** (Previous Year - Rs. 142,015,992).
 6. The products manufactured by the company falls under one class of goods.

Earnings in Foreign Exchange

₹ in Thousand

	March 31, 2012	March 31, 2011
Sale of goods	109,226.17	142,015.99



Notes forming part of the Financial Statement

NOTE 17

₹ in Thousand

	March 31, 2012	March 31, 2011
Other Income		
Interest Income	449.99	618.38
Balances written back / off (Net)	518.86	76.64
Miscellaneous Income:		
Misc. Income	582.22	407.63
Total	1,551.07	1,102.65

NOTE 18

₹ in Thousand

	%age of Consumption	March 31, 2012	%age of Consumption	March 31, 2011
Cost of Material Consumed				
Imported	13.02	29,531.32	14.38	33,810.57
Indigenous	86.98	197,353.96	85.62	201,326.99
Total	100	226,885.28	100	235,137.56

Value of Imports on CIF Basis in respect of:			
Raw material		27,700.46	31,329.66
Componets & Spare Parts		-	66.63
Capital goods (including CWIP)		9,459.72	588.15
Total		37,160.18	31,984.44

NOTE 19

₹ in Thousand

	March 31, 2012	March 31, 2011
Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade		
Opening Stocks:		
F.G.	9,940.86	8,389.22
Stock-in-process	1,028.27	1,682.45
Closing Stocks:		
F.G.	8,497.69	9,940.86
Stock-in-process	2,330.63	1,028.27
Net Change in Stock	140.81	(897.46)

NOTE 20

₹ in Thousand

	March 31, 2012	March 31, 2011
Employees' Benefits Expenses		
Salaries, Wages, Bonus & Incentives etc. (Net)	20,468.26	20,285.04
Contribution to Provident Fund and ESI	1,037.54	877.02
Welfare Expenses	544.65	485.07
Recruitment & Training Expenses	47.75	90.56
Total	22,098.20	21,737.69

The Company has taken Group Gratuity Policy from LIC and the fund Value as on 31.03.2012 was Rs. 52,19,923/- and this is conformity as per the requirements of AS 15 issued by ICAI. The provision for Leave Encashment is on actuarial valuation basis. As per the actuarial valuation report the provision for leave encashment has been determined at Rs. 5,86,141/- as on 31.03.2012 and the same has been provided for in the books of accounts.



Notes forming part of the Financial Statement

NOTE 21

₹ in Thousand

	March 31, 2012	March 31, 2011
Financial Expenses		
Interest to Bank		
- on Term Loan		
- on Working Capital Loan	178.76	383.45
Interest Others	1,542.66	1,161.97
Bank Charges	1,211.03	1,245.66
Total	2,932.45	2,791.08

NOTE 22

₹ in Thousand

	March 31, 2012	March 31, 2011
Auditors remuneration	225.68	199.63
Damaged material written off	15.00	-
Debit balance written off	26.25	29.11
Director sitting fees	96.00	94.00
Guest house expenses	451.08	271.91
Insurance expenses	959.08	1,154.30
Marketing expenses	13,213.57	16,687.45
Repair other	631.14	1,102.52
Miscellaneous expenses	1,050.09	936.60
Postage & telephone expenses	1,648.94	1,551.82
Power, fuel and water	9,248.31	10,127.27
Printing stationary expenses	621.80	1,161.98
Professional charges	601.98	1,549.11
Property tax	49.39	67.67
R&D expenses	3,960.25	4,076.72
Rent - building	126.80	165.29
Rent - other	222.04	291.13
Repair maintenance	4,417.98	6,173.44
Travelling	4,723.39	4,859.97
Royalty	1,420.70	1,392.30
Technical services	898.99	590.90
Reimbursement of salary to excise	529.38	437.74
Vehicle expenses	543.48	577.06
Total	45,681.32	53,497.92

Remuneration to auditors

₹ in Thousand

	March 31, 2012	March 31, 2011
Statutory audit	185,240.00	168,400.00
Certification charges	10,000.00	10,000.00
Expenses reimbursement	30,443.00	21,219.00
Total	225,683.00	199,619.00

Service Tax being modvatable, hence not included.



Notes forming part of the Financial Statement

Expenditure in foreign currency

	₹ in Thousand	
	March 31, 2012	March 31, 2011
Travel, boarding and lodging expenses		
- Directors	2,238.94	
- Employees	1,201.46	
	3440.40	4098.52
Trade Fair overseas	236.9	419.98
Total	3677.30	4518.50

NOTE 23

	₹ in Thousand	
	March 31, 2012	March 31, 2011
Earnings per share (EPS)		
Basic		
Net profit as per profit and loss account	16,991.51	18,553.19
Weighted average number of equity shares outstanding during the year	49,084.70	49,084.70
Earning per share - Basic	3.46	3.78
Diluted		
Net profit as per profit and loss account	-	-
Weighted average number of equity shares outstanding during the year	49084.70	49084.70
Earning per share - Diluted	-	-
Nominal value of equity share	10	10

NOTE 24

Related Party Disclosure

As per the Accounting Standard 18, issued by the ICAI, these disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

List of related parties:

Sl.No.	Name of Related Party	Relationship
1.	Mr. Pankaj Jain	Key Managerial Person
2.	Mr. N.K. Jain	Relative of Key Managerial Person
3.	Mr. V.K. Garg	Relative of Key Managerial Person
4.	NK Jain Instruments Pvt. Ltd.	Associated Company
5.	Labotron Instruments Ltd.	Associated Company
6.	Labotech Microscopes India Pvt. Ltd.	Associated Company
7.	Mrs. Sippy Jain	Key Managerial Person

Transactions with related parties:

Sl.No.	Related Party	Nature of Transaction	Amount (Rs. in Lacs)
1.	Key Managerial Person	Managerial Remuneration	27.95
2.	Relative of Key Managerial Person	Sitting Fee	-
3.	Key Managerial Person	Sitting Fee	-
4.	Associated Company	Sale of Material	6.54
5.	Associated Company	Sale of Material	-
6.	Associated Company	Sale of Material	0.72



Notes forming part of the Financial Statement

NOTE 25

	₹ in Thousand	
	March 31, 2012	March 31, 2011
a) Managing Director Remuneration:		
Salary and allowances	2,232.00	2,232.00
Perquisites and provident fund	123.00	29.00
Total	2,355.00	2,261.00
b) Whole Time Director Remuneration:		
Salary and allowances	351.00	-
Perquisites and provident fund	89.00	-
Total	440.00	-

NOTE 26

CONTINGENT LIABILITIES NOT PROVIDED FOR ON ACCOUNT OF:

	₹ in Thousand	
	March 31, 2012	March 31, 2011
a) Letter of credit outstanding for import / purchase of Raw materials, spares and plant and machinery	3,349.00	9,509.17
b) Estimated amount of contracts remaining to be executed on account of capital account and not provided for (net of advances)	430.96	125.00

Detail of provisions as per AS-29.

	Employee benefit (Earned Leave)	Excise duty on finished goods lying in stock	Dividend & Dividend Tax	Income Tax & Fringe Benefit Tax
Balance as at 1st April, 2011	513149	795952	3445746	1900000
Provision made during the year	467771	773264	3445746	Nil
Provision written off / back during the period	394779	795952	3445746	1900000
Balance as at 31st March, 2011	586141	773264	3445746	Nil

For S.C. DEWAN & CO.
Chartered Accountants

S.C. DEWAN
Partner

NEW DELHI
August 25, 2012

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman

SILU NANDA
Company Secretary

N.K. JAIN
Chairman



HARYANA LEATHER CHEMICALS LIMITED

Regd. Office & Works : 72 - 77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102

PROXY FORM

L.F. No.

I/We

of

being member(s) of HARYANA LEATHER CHEMICALS LIMITED, hereby appoint(s)

Mr./Mrs./Miss

of

or failing him/her, Mr./Mrs./Miss

of

as my/our proxy to vote for me/us, on my/our behalf at the TWENTY SEVENTH Annual General Meeting of the Company to be held at 11.30 AM on 25th September, 2012 and at any adjournment thereof.

Signed this day of 2012

Revenue
Stamp

.....
Signature



- 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 and a proxy so appointed need not be member of the Company.
 2. The proxy form duly filled in and properly stamped should reach the Company's Registered Office atleast 48 hours before the commencement of the meeting.

Tear here

ATTENDANCE SLIP

(to be handed over at the entrance of the Meeting Hall)

Name of the attending member
(in BLOCK LETTERS)

Member's Ledger Folio No.

Name of the Proxy
(in BLOCK LETTERS)

(To be filled in by the Proxy who attends instead of the Member)

No. of Shares

I hereby record my presence at the TWENTY SEVENTH Annual General Meeting held at the Registered Office at 72 - 77, HSIDC Industrial Estate, Hansi Road, Jind - 126 102, on 25th September, 2012.

.....
Member's/Proxy's Signature

- Notes :
1. Shareholders/Representatives/Proxies are requested to sign this attendance slip at the time of handing it over at the entrance.
 2. You are requested to bring your copy of the Annual Report to the Meeting.