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

HARYANA
LEATHER CHEMICALS LTD.

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 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 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.
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) with a copy marked to 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
Website: 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.

HARYANA
LEATHER CHEMICALS LTD.

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	403.26
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
Profit Carried to Balance Sheet	**99.53**	**121.02**

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. Jhawar & 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

(i) Directors,

(ii) Key Managerial Personnel (KMPs) and

(iii) Senior Management Personnel (SMPs) of the Company.

(iv) The same was approved The NRC also reviews succession planning of both SMPs and Board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMPs.

The process of appointing a Director / KMPs / SMPs is, that when a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the Board / Company, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the Board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is/are appointed or continues in the employment of the Company as its executive chairman, managing Director, whole-time Director shall comply with the conditions as laid out under Schedule V to the Act 2013.

NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV of the Act 2013 along with any other applicable provisions and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

While every employee's contract of employment stipulates that he will not disclose confidential information about the employer's affairs, in order to bring about accountability and transparency, there should be a mechanism to enable employees to voice their concerns where they discover information which they believe shows serious malpractice, impropriety, abuse or wrong doing within the organization. The employees should be encouraged and assisted to raise concerns without any fear of victimization, subsequent discrimination or disadvantage. If the employee has acted in good faith it does not matter if one is mistaken and the Company shall ensure protection from any harassment or victimization of/against the disclosing employee.

The Company has adopted a Whistle Blower Policy which applies to all permanent employees of the Company including those who are on probation and comes into effect from April 1, 2014, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

1. Policy and Procedure for disclosure, enquiry and disciplinary action

1.1 Concerns which may be raised-illustrative list

A whole variety of issues could fall under malpractice, impropriety, abuse and wrong doing, some of which are listed below:

- Breach of any Policy or Manual or Code adopted by the Company.
- Fraud and corruption (e.g. receiving bribes).
- Health and safety risks, including risks to the public as well as other employees e.g. faulty electrical equipment).
- Any sort of financial malpractice.
- Abuse of power (e.g. Bullying/harassment).
- Any unlawful act, including failure to comply with legal or statutory obligation for and on behalf of the Company.
- Any other unethical or improper conduct.

1.2 Concerns - how to raise/whom to disclose

The concern should be disclosed through letter, e-mail, telephone, fax or any other method to any of the following persons, who shall comprise the Corporate Compliance Committee, headed by the Managing Director & Chairman reporting directly to the Audit Committee of the Board.

The Corporate Compliance Committee comprises the Managing Director & Chairman, the Executive Director & Company Secretary, the CEO and the HR.

All relevant information regarding the concern should be disclosed not later than 1 year from the date on which the employee came to know of the concern. Upon receipt of the disclosure, the member of the Compliance Committee receiving the same shall furnish a copy to the Managing Director & Chairman who shall decide which member shall be responsible for the investigation.

1.3 Procedure for investigation

Obtain full details and clarifications of the complaint.

Consider the involvement of the Company's Auditors or any other external investigation agency or person.

Fully investigate into the allegation with the assistance where appropriate of other individuals/bodies.

Prepare a detailed written report and submit the same to the Compliance Committee not later than 30 days from the date of disclosure of the concern.

Based on the findings in the written report and after conduct of such further investigation as it may deem fit, the Compliance Committee shall take a decision in the matter not later than 30 days from the date of the written report. If the complaint is shown to be justified then they shall invoke disciplinary or other appropriate action against the defaulting employee.

A copy of all decisions of the Compliance Committee shall be placed before the Audit Committee at the meeting held immediately after such final decision.

The employee making the disclosure as well as all other persons involved in the investigation and the members of the Compliance Committee shall not make public the Concern disclosed except with the prior written permission of the Audit Committee, except where the employee is called upon to disclose this by any judicial process.

FIXED DEPOSIT

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

CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance. A separate statement on Corporate Governance together with a certificate on the compliance of conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 134(5) OF THE COMPANIES ACT, 2013.

The Board of Directors acknowledge the responsibility for ensuring compliances with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 in the preparation of Annual Accounts for the financial year ended on 31st March, 2018.

The Board of Directors of the Company confirms that:

a. During the preparing of the annual accounts, the applicable accounting standards have been followed and no material departure has taken place.

b. The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give an accurate view of the state of affairs of the Company as on March 31, 2018 and of the profit of the Company for the year ended on that date.

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

d. Annual accounts have been prepared on an ongoing concern basis.

e. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Related Parties which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexure herewith in the Annual Report.

QUALITY CONTROL

Company's quality control system is focused around Restricted Substances as per REACH (Registration, Evaluation, Authorization and Restriction of Chemicals). REACH is a European Union regulation dating from 18 December 2006, and addresses the production and use of chemical substances, and their potential impacts on both human health and the environment. The Company continues to adopt new updates regularly applicable to leather industry from time to time. The year saw addition of another 10 chemicals in the RS list. These were evaluated and screened for any possible use and formulations were modified accordingly. Using "Green-Trek Firewall" concept, internal screening, calibrated with external testing has eliminated any possible contamination due to banned substances.

Company's ISO quality system now conforms to ISO 9001:2015 and ISO 14001:2015 guidelines. The QC systems are regularly audited internally and externally to ensure very tight quality control and meeting of the quality and environmental objectives outlined in the policy.

HARYANA
LEATHER CHEMICALS LTD.

EXPORT OPERATIONS

The company continues to boost its efforts for exports inspite of a decline in market share–particularly because of instability of leather industry in China. The exports to Europe have also suffered due to REACH registration procedure that the importer has to undertake. It has been found that cost of registration is very prohibitive and many disputes have been raised by importers and exporters relating to cost of preparing the dossier by OR (Original Representative).

Through sustained efforts, the company has successfully retained most of its overseas customers, but most customers have recorded lower volumes. The company has initiated steps to revamp websites, rationalize product range to target a wider customer base through DIGITAL MARKETING initiatives. The company successfully maintains 'Star Export Status' granted by the DGFT, Ministry of Commerce & Industry, Govt. of India vide Certificate No. A/1877, as per Foreign Trade Policy, 2015-2020.

TECHNOLOGY DEVELOPMENT

The company has achieved an important milestone in technology development relating to powder handling. A vacuum based powder transfer system (PTS) from DEC-SWISS has been installed in Fatliquor department to transfer powder materials from bags to process vessel in a fully contained environment. This is one of the most advanced, environment friendly, completely spill proof and almost man-less transfer of bulk powder during process. This was earlier done manually - risking the operators to an unforeseen exposure. The system is first of its kind in North–India.

In the PVC additives plant, the entire spray drying process has been stabilized using the data from the "Computational Fluid Dynamics" (CFD) studies jointly carried out with IIT-Patna and IIT-Mumbai. The same principal was utilized in Syntan spray dryer which has also become dust-free due to removal of wet scrubber and addition of a new pulsating bag filter. This new generation bag filter traps fine traces of Syntan powder escaping in the atmosphere. This technology has improved yield, rendered the process completely safe for operator and environment.

DIVIDEND

Though there was drop in sales revenue as compared to last year, but considering the profitability, the Directors are pleased to recommend dividend @ 8% this year also.

PERSONNEL & INDUSTRIAL RELATION

The relations between management and its workforce have remained cordial throughout the year. Using upward and downward feedback, employee's grievances are quickly redressed. Company's Works Manager, Dr. P.L. Maurya retired after a highly satisfactory term of over 25 years. He continues to be a consultant with the company. The new organizational structure has been put in place which is more decentralized by giving higher autonomy to individual departmental heads.

Legal proceedings initiated in previous year against a senior manager Mr. Ramesh Goyal for data theft and destruction remains sub-judice and company hopes a satisfactory outcome of these proceedings very soon.

ENVIRONMENT & POLLUTION CONTROL MEASURES

Company's Zero Liquid Discharge (ZLD) has been widely acclaimed by most business partners and statutory bodies. The waste water minimization drive has further intensified and percolated to each and every level and aspect of water usage. Even Individual operators, temporary workers have been deeply sensitized to the company's commitment to "reduce & reuse" waste water.

The vacuum based powder transfer system (PTS), dust control in spray dryers, addition of pulse bag filters, collectively, enabled the company to achieve highest standard in clean and safe manufacturing practices. Environmental Policy outlined under ISO 14001:2015 for improving the working environment continues to yield improvements in housekeeping, safety and security at work place.

ACKNOWLEDGEMENT

The Directors are thankful to the employees, customers, suppliers, service providers, technical consultants and esteemed shareholders for their continued support and the confidence reposed in the Company and its management. Their support and feedback has been extremely motivational towards company's endeavors for growth and safety.

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

Place : Gurugram
Date : *9th August, 2018*

NARENDRA KUMAR JAIN
Chairman

PANKAJ JAIN
Managing Director-cum-Vice Chairman

ANNEXURE - A

INFORMATION AS PER SECTION 134(3) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2018.

A) CONSERVATION OF ENERGY

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

Form - A

			Current Year 2017 - 18	Previous Year 2016 - 17
1.		**Power and Fuel Consumption**		
	a)	Electricity Purchased (KWH)	**337376**	344641
		Total Amount (Rs.)	**3238751**	3404515
		Rate / Unit (Rs.)	**9.59**	9.87
	b)	Own Generation		
		Through Diesel Generator		
		Unit (KWH)	**72148**	68186
		Units / Ltr. of HSD	**3.21**	2.87
		Cost / Unit (Rs.)	**18.28**	18.12
		Coal		
		Quantity	–	–
		Total Cost	–	–
		Average Cost	–	–
		Furnace Oil / HSD Oil Quantity (K. Ltrs.)	**152.423**	–
		Oil Quantity (K. Ltrs.)	–	150.08
		Total Cost (Rs.)	**8945705**	7804472
		Average Rate (Rs. / K. Ltr.)	**58.69**	52002.07
		Others / Internal Generation		
		Quantity	–	–
		Total Cost	–	–
		Rate Unit	–	–
2.		**Consumption per Unit of Production**		
		Production (MT)	**4356**	4730.00
		Electricity (KWH / MT)	**94.01**	87.27
		Furnace / HSD Oil (Ltr. / MT)	**29.83**	31.73
		Coal	–	–
		Others	–	–

B) TECHNOLOGY ABSORPTION

a) Research & Development (R & D)

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

The company researched on various prevailing technologies relating to powder transfer during bag dumping, reactor charging, bagging and palletizing to improve safety of workers and make the process environment friendly. A vacuum based powder transfer system (PTS) from DEC-SWISS was successfully tested and has been installed in Fatliquor department to transfer powder materials from bags to process vessel in a fully contained environment. This is one of the most advanced, environment-friendly, completely spill proof transfer of bulk powder during process. The system is first of its kind in North–India.

The Company researched on various scrubbing and filtering systems for trapping powder traces emitted by spray dryer process. A review of the wet scrubbing system for Syntan plant revealed that this method cannot trap very low density powder – though it complied with statutory requirements. To improve further, a new generation bag filter was designed and has been installed to trap fine traces of Syntan powder. This technology has improved yield, rendered the process completely safe for operator and environment.

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

The vacuum powder transfer system (PTS) has, enabled the company to achieve highest standard in clean and safe manufacturing practices. The addition of pulse bag filter in Syntan plant has improved yield, reduced breakdown, reduced waste water, reduced energy consumption and rendered the process completely safe for operator and environment. Coupled with environmental Policy outlined under ISO 14001:2015, there is tremendous improvement in dust control. The new technologies continue to yield improvements in housekeeping, safety and security at work place.

3. Future Plan of Action:

The Company plans to automate powder dispersions and wet milling of pigment emulsions and certain technologies will be tested on pilot scale during the year. The current production process of pigment emulsions are power intensive and also needs a very skilled workforce to achieve the desired particle size. The new technologies to be evaluated are "ultrasonic milling" and "multi stage rotor-stator" milling. Ultrasonic methods may be new to India but it has been in use in Europe and the company has the required lab set for this technology. Initial discussions with some foreign experts have revealed techno–economic feasibility of ultrasonic milling, and its benefits on power saving are quite significant.

Company also plans to undertake research and development of "Ultra Soft Acrylic Binders" required for highly sophisticated garment and upholstery leather. The current ranges of acrylic binders lack such products and company's marketing department is finding hard to increase market share in the absence of such products – particularly for export markets.

4. R&D expenditure

a. Capital	:	–
b. Recurring	:	61.38
c. Total	:	61.38
d. Total R&D Expenditure	:	1.69%
As percentage of total turnover		

C) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

(As per form B of annexure to this rule)

a. All previously imported technologies have been fully absorbed and commercialized.

b. The indigenously developed technology for Polyurethane Dispersions (PUD) has been commercialized. The technology of "Polymeric Fatliquor" is still at pilot plant scale and its full scale commercialization will depend on expansion of export markets.

D) FOREIGN EXCHANGE EARNINGS & OUTGO

a. The Company's foreign exchange earnings from the exports (Inclusive of foreign exchange fluctuations) were **Rs.1106.03 Lacs.**

b. The expenditure in foreign exchange during the financial year under review is **Rs.133.28 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 : Gurugram	NARENDRA KUMAR JAIN	PANKAJ JAIN
Date : *9th August, 2018*	*Chairman*	*Managing Director-cum-Vice Chairman*

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

1. Industry Structure:

The leather industry is widely acclaimed in Indian economic landscape in view of its massive potential for employment, growth and exports. As per data published by CLE (council for leather exports), export of leather and leather products, which was on the decline for the last two years, is seeing signs of revival. The exports grew 1.48 per cent at $4,388 million between April and December 2017 as opposed to $4,324 million for the same period in 2016 due to a revival of demand in the EU.

As per published data (makeinindia.com) India accounts for 12.93% of the world's leather production of hides/skins. Higher growth is projected in the next five years. Indian leather industry has one of the youngest workforce with 55% of workforce below 35 years of age. India is the second largest producer of footwear and leather garments in the world.

2. Opportunities & Threats:

Opportunities:

The Indian Government has identified the Leather Sector as a Focus Sector, as it has immense potential for exports and employment generation. The Indian leather industry aims to increase the production even more in the future, and thereby enhance exports, and resultantly create more and more employment opportunities. This particular sector is known for its consistency in the export earnings and is also among the top ten foreign exchange earners for the country. The export market for leather and leather products have increased over the past decades. The growth in leather industry provides significant growth potential for leather chemical sector – particularly companies with advanced technology and a domestic production base.

Threats:

Some of the challenges that Indian leather industry face are: (1) economy of Scope / Economy of Scale: (2) hardly any listed companies as most manufacturers are family owned business lacking a professional management: (3) raw material availability is inelastic: (4) new technologies in production are highly capital intensive. Furthermore, the recent economic slowdown in key western economies and consequent slackening of consumer demand has impacted the export performance of most leather producers, including India.

3. Segment-wise or product-wise performance:

The export operations of the Company are not growing due to lower capacity utilization in China market and increased competition from local manufacturing. The sales in domestic sector are also affected due to restructuring of industry after implantation of GST. The company continues to maintain its dominance in fatliquor area particularly for gloving and upholstery in Kolkata and Kanpur. In the Finishing Chemical segment, Company's compact finishes and lacquers are being recognized well in export markets and the company foresees an increase in demand as well. These products have a high value addition and the Company will continue to invest in their promotion, in domestic and international markets.

4. Outlook:

With global players looking for new sourcing options, India stands to gain a bigger share of the global market. Ranking eighth in terms of the country's foreign exchange earnings for the nation, the composition of exports has also been changing, with more and more value added products being exported. Indian Leather Industry has significant advantages to command a prominent position in the global leather trade. However, the country has only a small share of around 3% in world leather sector exports as against China which has emerged as the largest exporter of leather and leather products with a share of 41%.

5. Risks & Concerns

The domestic leather industry poses some risks to both the environment and those that work within it. The primary environmental threat involves the dumping of solid and liquid waste that contains leftover chromium and other hazardous compounds. This is common place in regions without strong environmental protection standards, which also happen to be the primary regions where leather is tanned, such as Kanpur, Chennai, and some parts of Kolkata. Even in fully modernized and carefully managed facilities, it is nearly impossible to reclaim all of the pollutants generated by the tanning process. Therefore the leather industry relies on huge govt. and UN support to mitigate the pollution problems.

Besides, a crackdown on the slaughter is hurting India's Leather Industry. In the backstreets of Agra, Kanpur where shoes have been made for centuries, small-scale manufacturers are firing workers and families cutting back on spending as a government crackdown on cattle slaughter ripples through a section of leather tanning community that supplies raw hides to organized leather finishing industry. This can seriously impact the growth of leather industry in India which traditionally received raw materials from the unorganized sources.

6. Internal control systems and their adequacy

Company's internal control focused on reliable financial reporting, and compliance with laws, regulations and policies. The accounting and auditing assured achievement of operational effectiveness and efficiency. Management information systems, demand forecast, purchase and production planning are integrated with SAP based system with transparency for key personnel. The data security has been tightened online or offline. Regular reconciliation of stocks and receivables resulted in improved cash flow, timely payment to creditors. Stricter cost control measures, monitoring of financial transactions and logistics cost resulted in significant savings.

7. Discussion on financial performance with respect to operational performance

Reduction in profit as compared to last year is mainly due to lower sales as that of previous year (2016-17). The other income increase is mainly due to export incentives and interest earned. Inspite of lower sales and profit the cash flow remains stable due to stricter credit controls and faster production cycles and deliveries.

8. Material developments in Human Resources / Industrial Relation front, including number of People employed

The Company's talent pool remains adequate. There are no unresolved grievances of workers who have exhibited strict discipline and cordial relations with the management. Bonuses and increments have remained aligned with market trends across all levels of employees.

Number of employees as on 31.03.2018 was **88**.

Annexure to the Board's Report
Form No. AOC-2
Pursuant to sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rule, 2014

Form for disclosure of particulars of contracts/arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm length transactions under third provision thereto.

1. Details of Contracts or arrangements or transactions not at arm's length basis:

Name of the related party and nature of relationship	Nature of Contracts or arrangements or transactions	Duration of Silent terms of Contracts or arrangements or transactions	Silent terms of Contracts or arrangements or transactions including value, if any	Justification for entering into such Silent terms of Contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances	Date on which the special resolution passed in general meeting as required under section 188
Not Applicable							

2. Details of Contracts or arrangements or transactions at arm's length basis:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Related Parties which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

Name(s) of the related party and nature of relationship	Nature of Contracts or arrangements or transactions	Duration of Contracts or arrangements or transactions	Silent terms of Contracts or arrangements or transactions including value, if any
1. **Labotron Instruments Pvt. Ltd.** Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011	Sale of Materials	On-going	In the normal course of business and in line with market parameters
2. **N K Jain Instruments Pvt. Ltd.** 2A, Tribune Colony, Ambala Cantt. Ambala-133001, Haryana	-do-	-do-	-do-
3. **Labotech Microscopes India Pvt. Ltd.** Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011			
4. **N K Jain Holdings & Finance Pvt. Ltd.** D-142, Anand Niketan, New Delhi-110021			

Annexure to the Board's Report

Form MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

To
The Members of
M/s. Haryana Leather Chemicals Limited
CIN: L74999HR1985PLC019905
72-77, HSIIDC Industrial Estate,
Hansi Road, Jind - 126 102 (Hr.)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. HARYANA LEATHER CHEMICALS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year commencing from 1st April, 2017 and ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. HARYANA LEATHER CHEMICALS LIMITED ("The Company") for the financial year ended on 31st March, 2018, according to the provisions of:
   i. The Companies Act, 2013 (the Act) and the rules made thereunder
   ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
   iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
   iv. Foreign Exchange Management Act, 1999 (FEMA) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment (ODI)and External Commercial Borrowings (ECBs).
   v. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
      a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
      b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
      c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
      d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
2. 2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company during the financial year under report:
   a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
   b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
   c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
   d. The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014;
3. We have also examined compliance with the applicable clauses of the following:
   i. Secretarial Standards issued by The Institute of Company Secretaries of India, (effective from July 1, 2015)
   ii. The New Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited;
   iii. Employee State Insurance Act 1948 and Employee Provident Funds and Miscellaneous Provision Act 1952.

4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following:
   (a) Maintenance of various statutory registers and documents and making necessary entries therein;
   (b) Closure of the Register of Members/Debenture holders;
   (c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
   (d) Service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
   (e) Notice of Board meetings and Committee meetings of Directors;
   (f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation, if any;
   (g) The 32nd Annual General Meeting held on 23th September, 2017;
   (h) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
   (i) Approvals of the Members, the Board of Directors, the Committees of Directors and the Government authorities, wherever required;
   (j) Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
   (k) Payment of remuneration to Directors including the Managing Director and Whole-time Directors;
   (l) Appointment and remuneration of Auditors and the appointment of Cost Auditors was not applicable.
   (m) Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
   (n) Payment of interest on debentures and redemption of debentures-Not Applicable.
   (o) Declaration and payment of dividends;
   (p) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
   (q) Borrowings and registration, modification and satisfaction of charges wherever applicable;
   (r) Investment of the Company's funds including inter-corporate loans and investments and loans to others;
   (s) Giving guarantees in connection with loans taken by subsidiaries;
   (t) Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
   (u) Allotment of equity shares of the Company.
   (v) Directors' report;
   (w) Contracts, common seal, registered office and publication of name of the Company;

OBSERVATIONS :

(a) As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is not applicable to the Company.

(b) As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ ADRs or any Commercial Instrument under the financial year under report.

5. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

6. We further report that:
   (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.

(b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of the meeting.

(c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

7. We further report that there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For V JHAWAR & CO.
Company Secretaries

Vikram Jhawar
Proprietor
ACS No. 30623
CP. No. 11204
Place : New Delhi
Date : 30.06.2018

Annexure-A to Secretarial Audit Report dated June 30, 2018

To
The Members of
M/s. Haryana Leather Chemicals Limited
CIN: L74999HR1985PLC019905
72-77, HSIIDC Industrial Estate,
Hansi Road, Jind - 126 102 (Hr.)

Our Secretarial Audit Report dated June 30, 2018 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as it is taken care in the statutory audit.
4. We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
5. Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. This Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V JHAWAR & CO.
Company Secretaries

Vikram Jhawar
Proprietor
ACS No. 30623
CP. No. 11204
Place : New Delhi
Date : 30.06.2018

HARYANA
LEATHER CHEMICALS LTD.

Annexure to the Board's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- L74999HR1985PLC019905

ii) Registration Date: 22.01.1985

iii) Name of the Company: HARYANA LEATHER CHEMICALS LIMITED

iv) PAN: AAACH3955N

v) Category / Sub-Category of the Company: Company Limited by Shares

vi) Address of the Registered office and contact details:

72-77, HSIIDC Industrial Estate
Hansi Road, Jind - 126 102, Haryana
Email id.: info@leatherchem.com
Web address: www.leatherchem.com
Phone: (01681) 226645
Fax No.: 01681-225101

vii) Whether listed Company Yes/No: Yes

viii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Mr. Rakesh Adhana
M/s. RCMC Share Registry Pvt. Ltd.,
B-25/1, First Floor, Okhla Industrial Area,
Phase-II, New Delhi - 110 020
Phones: 011-26387320, 26387323
Fax: 011-26387322

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	NOUVOL SR	P1349	26.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	ON/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Labotron Instruments Pvt. Ltd. Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011	U74899DL1991PTC045520	Associate	Nil	2(76)
2.	N.K. Jain Instruments Pvt. Ltd. 2A, Tribune Colony, Ambala Cantt.-133001, Haryana	U85110HR1997PTC033697	Associate	Nil	2(76)
3.	Labotech Microscopes India Pvt. Ltd. Flat No. 6, Gauri Apartments, 3-4, Rajesh Pilot Lane, New Delhi-110011	U36999DL1997PTC084940	Associate	Nil	2(76)
4.	N.K. Jain Holdings & Finance Pvt. Ltd. D-142, Anand Niketan, New Delhi-110021	U74899DL1994PTC056969	Associate	0.28	2(76)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	%
A. Promoters									
(1) Indian									
a) Individual/HUF	917696	138190 1	1055886	21.5	917996	138190 1	1056186	21.51	0.01
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	195960	19900	215860	4.4	195960	19900	215860	4.40	-
e) Banks' FI	-	-	-	-	-	-	-	-	-
f) Any other (Trust)	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	1113656	158090	1271746	25.9	1113956	158090	1272046	25.91	0.01
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	768470	768470	15.66	-	768470	768470	15.66	-
e) Any Other ...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	768470	768470	15.66	-	768470	768470	15.66	-
Total Shareholding of Promoters (A) = (A)(l)+(A)(2)	1113656	926560	2040216	41.56	1113956	926560	2040516	41.57	0.01
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	5200	5200	0.11	-	5200	5200	0.11	-
b) Banks/ FI	-	4900	4900	0.1	-	3600	3600	0.07	-0.03
c) Central Govt.	-	-	-	-	2900	-	2900	0.06	0.06
d) State Govt.	-	-	-	-	-	-	-	-	
e) Venture capital Funds	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture capital Funds	-	-	-	-	-	-	-	-	
i) Others (Specify)	-	-	-	-	-	-	-	-	
Sub-total (B) (1)	-	10100	10100	0.21	-	11700	11700	0.24	0.03

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	%
(2) Non-Institutions									
a) Bodies Corp.	82748	72300	155048	3.16	61742	24000	85742	1.75	(1.41)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 2 Lacs	855228	571932	1427160	29.08	850234	3888221	1239056	25.24	(3.84)
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lacs	1200481	-	1200481	24.46	1239651	-	1239651	25.26	0.26
c) Any Other	-	-	-	-	-	-	-	-	-
i) NRI's/ OCBs	44363	200	44563	0.91	44512	200	44712	0.91	-
ii) Clearing Members	30902	-	30902	0.63	18076	-	18076	0.37	(0.26)
iii) Foreign Nationals	-	-	-	-	-	-	-	-	-
iv) Trusts	-	-	-	-	-	-	-	-	-
v) Foreign Portfolio Investment Corporation	-	-	-	-	-	-	-	-	-
vi) IEPF Account	-	-	-	-	197670	-	197670	4.03	4.03
NCFCs registered with RBI	-	-	-	-	31347	-	31347	0.64	0.64
Sub-total (8) (2)	2213722	644432	2858154	58.24	2443232	413022	2856254	58.19	(0.05)
Total Public Shareholding (B) = (B)(1)+(B)(2)	2213722	654532	2868254	58.45	2446132	421822	2867954	58.43	(0.02)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	3327378	1581092	4908470	100	3560088	1348382	4908470	100	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	% change in share-holding during the year
1.	ICAP SIRA Chemicals & Polymers SpA	768470	15.66	0	768470	15.66	0	0.00
	Pankaj Jain	454710	9.26	0	454710	9.26	0	0.00
	Narendra Kumar Jain	297060	6.05	0	297060	6.05	0	0.00
	Sippy Jain	153326	3.12	0	153626	3.13	0	0.01
	Savita Aggarwal	138190	2.82	0	138190	2.82	0	0.00
	Munak Holdings Limited	113382	2.31	0	113382	2.31	0	0.00
2.	Munak Engineers Pvt. Ltd.	64743	1.32	0	64743	1.32	0	0.00
	Munak Credit & Investment	16335	0.33	0	16335	0.33	0	0.00
6.	NK Jain Holding & Fin. Pvt. Ltd.	13900	0.28	0	13900	0.28	0	0.00
	Vijay Kumar Garg Contractor Pvt. Ltd.	7500	0.15	0	7500	0.15	0	0.00
8.	Manik Jain	7300	0.15	0	7300	0.15	0	0.00
9.	Ratnam Jain	5300	0.11	0	5300	0.11	0	0.00
	Total	2040216	41.57	0	2040516	41.58		0.01

(iii) Change in Promoters' Shareholding (Please Specify, if there is no change)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the Company	% change in share-holding during the year
1.	Sippy Jain	153326	3.12	153626	3.13	0.01

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	**Subramanian P.**						
	At the beginning of the year	01/04/2017		222891	4.54	222891	4.54
		07/04/2017	Transfer	-27	0	222864	4.54
		01/09/2017	Transfer	-260	-0.01	222604	4.54
		15/09/2017	Transfer	-44	0	222560	4.53
		06/10/2017	Transfer	-120	0	222440	4.53
	At the end of the year	31/03/2018				222440	4.53

HARYANA
LEATHER CHEMICALS LTD.

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2.	**Urmil Mahasukh Gopani**					
	At the beginning of the year 01/04/2017		218657	4.45	218657	4.45
	11/08/2017	Transfer	6032	0.12	224689	4.58
	01/09/2017	Transfer	500	0.01	225189	4.59
	08/09/2017	Transfer	3923	0.08	229112	4.67
	29/09/2017	Transfer	1500	0.03	230612	4.7
	At the end of the year 31/03/2018				230612	4.7
3.	**Avni Sohil Sanghvi**					
	At the beginning of the year 01/04/2017		200254	4.08	200254	4.08
	At the end of the year 31/03/2018				200254	4.08
4.	**Amit Jain**					
	At the beginning of the year 01/04/2017		90000	1.83	90000	1.83
	At the end of the year 31/03/2018				90000	1.83
5.	**Pankaj Kumar Maganlal Babariya**					
	At the beginning of the year 01/04/2017		71033	1.45	71033	1.45
	26/05/2017	Transfer	-9125	-0.19	61908	1.26
	02/06/2017	Transfer	-5875	-0.12	56033	1.14
	At the end of the year 31/03/2018				56033	1.14
6.	**Parul Sanjay Shah**					
	At the beginning of the year 01/04/2017		57055	1.16	57055	1.16
	At the end of the year 31/03/2018				57055	1.16
7.	**Jasmine Pravin Ajmera**					
	At the beginning of the year 01/04/2017		50008	1.02	50008	1.02
	19/05/2017	Transfer	90	0	50098	1.02
	At the end of the year 31/03/2018				50098	1.02
8.	**Rajendra Dhirajlal Gandhi**					
	At the beginning of the year 01/04/2017		49200	1	49200	1
	28/04/2017	Transfer	70	0	49270	1
	28/07/2017	Transfer	-70	0	49200	1
	At the end of the year 31/03/2018				49200	1
9.	**Bhavika Jayendra Mody**					
	At the beginning of the year 01/04/2017		41800	0.85	41800	0.85
	07/04/2017	Transfer	-620	-0.01	41180	0.84
	26/05/2017	Transfer	-2000	-0.04	39180	0.8
	30/06/2017	Transfer	-1000	-0.02	38180	0.78
	07/07/2017	Transfer	-3215	-0.07	34965	0.71
	14/07/2017	Transfer	-3285	-0.07	31680	0.65
	21/07/2017	Transfer	-1000	-0.02	30680	0.63
	15/09/2017	Transfer	-500	-0.01	30180	0.61
	22/09/2017	Transfer	-180	0	30000	0.61
	03/11/2017	Transfer	-2000	-0.04	28000	0.57
	At the end of the year 31/03/2018				28000	0.57

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10.	**Sunil Kumar Gupta**					
	At the beginning of the year 01/04/2017		39500	0.8	39500	0.8
	21/04/2017	Transfer	100	0	39600	0.81
	26/05/2017	Transfer	-1600	-0.03	38000	0.77
	05/01/2018	Transfer	-2000	-0.04	36000	0.73
	16/02/2018	Transfer	-2000	-0.04	34000	0.69
	23/02/2018	Transfer	-2000	-0.04	32000	0.65
	09/03/2018	Transfer	-500	-0.01	31500	0.64
	At the end of the year 31/03/2018				31500	0.64
11.	**Chokkarapu Anitha**					
	At the beginning of the year 01/04/2017		0	0	0	0
	26/05/2017	Transfer	9575	0.2	9575	0.2
	02/06/2017	Transfer	6956	0.14	16531	0.34
	09/06/2017	Transfer	31270	0.64	47801	0.97
	16/06/2017	Transfer	8360	0.17	56161	1.14
	23/06/2017	Transfer	2180	0.04	58341	1.19
	07/07/2017	Transfer	3000	0.06	61341	1.25
	At the end of the year 31/03/2018				61341	1.25
12.	**Manasi Dharmesh Bhanushali**					
	At the beginning of the year 01/04/2017		0	0	0	0
	15/09/2017	Transfer	176	0	176	0
	22/09/2017	Transfer	350	0.01	526	0.01
	13/10/2017	Transfer	74	0	600	0.01
	10/11/2017	Transfer	1400	0.03	2000	0.04
	01/12/2017	Transfer	1780	0.04	3780	0.08
	15/12/2017	Transfer	15625	0.32	19405	0.4
	29/12/2017	Transfer	554	0.01	19959	0.41
	12/01/2018	Transfer	200	0	20159	0.41
	16/02/2018	Transfer	200	0	20359	0.41
	23/02/2018	Transfer	18346	0.37	38705	0.79
	02/03/2018	Transfer	2500	0.05	41205	0.84
	23/03/2018	Transfer	2672	0.05	43877	0.89
	30/03/2018	Transfer	6719	0.14	50596	1.03
	At the end of the year 31/03/2018				50596	1.03
14.	**Investor Education and Protection Fund Authority Ministry of Corporate Affairs**					
	At the beginning of the year 01/04/2017		0	0	0	0
	12/01/2018	Transfer	197670	4.03	197670	4.03
	At the end of the year 31/03/2018				197670	4.03

(iv) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	%change in shareholding during the year
1.	Narendra Kumar Jain	297060	6.05	297060	6.05	0.00
2.	Pankaj Jain	454710	9.26	454710	9.26	0.00
3.	Sippy Jain	153326	3.12	153626	3.13	0.01
4.	Kannadiparambil Sankarankutty Velayudha Menon	-	-	-	-	-
5.	Pradeep Behl	-	-	-	-	-
6.	Vijay Kumar Garg	48645	0.99	48645	0.99	0.00
7.	Massimo Medini	-	-	-	-	-
8.	Harish Chandra Dutta	-	-	-	-	-
9.	Harish Kumar Gupta	-	-	-	-	-
10.	Marco Medini	-	-	-	-	-

(v) Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs. in thousands)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1583.00	-	-	1583.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1583.00	-	-	1583.00
Change in Indebtedness during the financial year				
Addition	Nil	Nil	-	Nil
Reduction	1058.93	Nil	-	1058.93
Net Change	1058.93	Nil	-	1058.93
Indebtedness at the end of the financial year				
i) Principal Amount	524.07	Nil	-	524.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	524.07	Nil	-	524.07

(vi) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, whole-time Directors and/or Managers:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (in Rs.)
		Mr. Pankaj Jain Managing Director In Rs. per month	Mrs. Sippy Jain whole time Director In Rs. per month	Ms. Silu Nanda Company Secretary In Rs. per month	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2736000 - -	- - -	156000 - -	- -
2.	Stock Option	-	-	-	-
3.	Sweat Equity				
4.	Commission - as of profit others, specify ...	-	-	-	
5.	Others, please specify Sitting Fees (p.a.)	204410	-	-	
	Total (A)	2940410	-	156000	
	Ceiling as per the Act (Sec. 197)	Within ceiling limit			

B. Remuneration to Other Directors

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount (Rs.)
		Narendra Kumar Jain	Kannadi Parambil Sankara-nkutty Velayudha Menon	Pradeep Behl	Vijay Kumar Garg	Massimo Medini	Harish Chandra Dutta	Harish Kumar Gupta	Marco Medini	
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	- -	24,000 -	24,000 -	- -	- -	32,000 -	- -	- -	80,000 -
	Total (1)	-	24,000	24,000	-	-	32,000	--		80,000
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	- -	- -	- -	- -	- -	- -	- -		
	Total (2)	-	-	-	-	-	-	-		
	Total (8)=(1+2)	-	24,000	24,000	-	-	32,000	-		80,000
	Total Managerial Remuneration	-								
	Overall Ceiling as per the Act	Within ceiling limit								

C. Remuneration to Key Managerial Personnel other than Managing Director, whole-time Directors and/or Managers:

Sr. No.	Particulars of Remuneration	Name of KMP	Total Amount (Rs. in lacs)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission as of profit others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	-	-

(vii) Penalties/punishment/compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT-I Court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
Other officers in default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

The Board of Directors,
Haryana Leather Chemicals Ltd.
72-77, Industrial Estate, Hansi Road,
Jind - 126102, Haryana.

Place : Gurugram
Date : *9th August, 2018*

CORPORATE GOVERNANCE

Based on clause 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with BSE (Bombay Stock Exchange Limited) and some of the best policies followed on Corporate Governance, the report containing the details of Corporate Governance systems and processes at Haryana Leather Chemicals Limited is as follows:

1. Company's Philosophy on Corporate Governance

Good Governance ensures adoption of best business practices, and accountability of the person's in-charge of the Company's operations. The Directors of Yours Company aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the Company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

Our belief in good corporate citizenship enshrined in the Company's Code of Conduct, its policies, compliance with law and robust internal control systems, which are subjected to regular assessment drives its effectiveness, reinforces integrity of management and fairness in dealing with all the stakeholders. This meets with all statutory and regulatory compliance including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

Company Policies:

At Haryana Leather Chemicals Limited, the Company strive to conduct its business and strengthen its relationship in a manner that is distinctive, dignified and responsible. The Company adheres to the ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in and ethical manner. Some of these codes and policies are as follows:

- Code of Board of Directors and Board Committees.
- Code of conduct for prohibition of insider trading.
- Code of business conduct and Ethics for management personnel.
- Code of business policies.
- Values and commitments.
- Health, safety and Environment policies.
- Code of Financial Reporting, Disclosure & Transparency.

2. Role of Company Secretary in overall governance process:

The Company Secretary plays a key role in ensuring that the Board and Committee procedures are followed and reviewed regularly. The Company Secretary is primarily responsible for assisting and advising the Board in conducting the affairs of the Company and to ensure the compliances with applicable statutory requirements, to provide guidance to Directors and to facilitate convening of Meetings. The Company Secretary ensures that the management of the Company should get the proper and relevant information and details for the proper functioning of the Company.

3. Board of Directors

The Board of Directors of the Company are constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and in accordance with the best practices of Corporate Governance. 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 four times on 22.05.2017, 08.08.2017, 10.11.2017, 07.02.2018.

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 23.09.2017
Pankaj Jain	Executive	3	-	4	No
Sippy Jain	Executive	-	-	3	No
N.K. Jain	Non - Executive	4	-	-	No
V.K. Garg	Non - Executive	3	-	-	No
H.K. Gupta	Independent	2	3	-	No
K.S.V. Menon	Independent	-	3	3	Yes
H.C. Dutta	Independent	-	3	4	No
Massimo Medini*	Independent	-	-	-	No
Marco Medini*	Independent	-	-	-	No
Pradeep Behl	Independent	-	3	3	No

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

HARYANA
LEATHER CHEMICALS LTD.

The detailed list of Company names in which the Directors hold Directorship, Membership/Chairmanship of Board Committees are as follows:

PANKAJ JAIN (DIN: 00206564)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	04.02.2017	22.04.1985
2.	U85110HR1997PTC033697	N.K. Jain Instruments Pvt. Limited	29.08.1997	29.08.1997
3.	U36999DL1997PTC084940	Labotech Microscopes India Private Limited	30.09.2000	30.09.2000
4.	U74899DL1994PTC056969	N.K. Jain Holdings & Finance Private Limited	16.11.2009	16.11.2009

VIJAY KUMAR GARG (DIN: 00236460)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	U45201CH1979PTC003954	Vijay Kumar Garg Contractor Pvt. Limited	30.03.1979	30.03.1979
2.	U29219CH1983PTC005493	Munak Credit & Investments Pvt. Ltd.	06.07.1983	06.07.1983
3.	U67120CH1986PLC006688	Munak Holdings Limited	06.12.1993	06.12.1993
4.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22.07.2003	22.07.2003

NARENDRA KUMAR JAIN (DIN: 00486730)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22.04.1985	22.04.1985
2.	U74899DL1991PTC045520	Labotron Instruments Pvt. Limited	18.01.1994	18.01.1994
3.	U74899DL1994PTC056969	N.K. Jain Holdings & Finance Pvt. Limited	18.01.1994	18.01.1994
4.	U85110HR1997PTC033697	N.K. Jain Instruments Pvt Ltd.	29.08.1997	29.08.1997
5.	U36999DL1997PTC084940	Labotech Microscopes India Pvt. Limited	30.09.2000	30.09.2000

PRADEEP BEHL (DIN: 00703855)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	23.08.2006	23.08.2006

Apart from the Directorship in the Company Mr. Pradeep Behl is also the Member of the following Board Committees in Haryana Leather Chemicals Limited.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

HARISH CHANDRA DUTTA (DIN: 00920009)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	22.09.1988	22.09.1988

Apart from the Directorship in the Company Mr. H. C. Dutta is also the Member of the following Board Committees in Haryana Leather Chemicals Limited.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

DR. K. S. V. MENON (DIN: 00920088)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	30.10.1988	30.10.1988

Apart from the Directorship in the Company Dr. Menon is also the Chairman of the following Board Committees in Haryana Leather Chemicals Limited:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

MASSIMO MEDINI (DIN: 00926147)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	24.03.1993	24.03.1993

HARISH KUMAR GUPTA (DIN: 01203136)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	31.05.1985	31.05.1985
2.	U14103HR1995PTC032654	Alfa Spinner Pvt. Limited	01.10.2005	01.10.2005
3.	U24233HR2008PTC038480	Liberty Life Sciences Private Limited	03.11.2008	03.11.2008

Apart from the Directorship in the Company Mr. Harish Kumar Gupta is also the Member of the following Board Committees in Haryana Leather Chemicals Limited:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee

SIPPY JAIN (DIN: 03189151)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	17.09.2010	10.08.2010

MARCO MEDINI (DIN: 06709885)

S.No.	CIN/LLPIN	Name of the Company/LLP	Date of appointment at current designation	Original date of appointment
1.	L74999HR1985PLC019905	Haryana Leather Chemicals Limited	08.02.2013	08.02.2013

4. Audit Committee

The Company has an independent Audit Committee. The composition, procedure, Role/Function of the committee complies with the requirements of the Companies Act, 2013 as well as those of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The brief terms of reference of the Audit Committee includes the following:

- Over seeing the Company's financial report process and the disclosure of its financial informations.
- To review quarterly, half yearly and Annual Financial results before submission to the Board.
- To review the statement of significant related party transactions submitted by the management.
- To review the adequacy of internal control systems with the management, external & internal auditors.
- Discussion with external auditors about the nature and scope of audit including their observation.
- To investigate into any matter referred by the Board.

The Audit Committee of the Company has the following members:

1. Dr. KSV Menon - Chairman
2. Lt. Gen. (Retd.) H C Dutta - Member
3. Mr. H.K. Gupta - Member
4. Mr. Pradeep Behl - Member

The composition, Role, Function of the Committee complies with the requirements of the Companies Act, 2013 as well as those of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

The brief terms of reference are as required under Listing Agreement.

During the year the committee met on 27.05.2017, 08.08.2017, 10.11.2017, 07.02.2018.

The attendance of the members of the committee is as follows:

Name of Director	Details of Attendance
Dr. K.S.V. Menon	22.05.2017, 08.08.2017, 07.02.2018
Lt. Gen. (Retd.) H.C. Dutta	22.05.2017, 08.08.2017, 10.11.2017, 07.02.2018
Mr. Harish K. Gupta	Nil
Mr. Pradeep Behl	22.05.2017, 10.11.2017, 07.02.2018

5. Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration committee consisting of four independent Directors, Dr. KSV Menon (Chairman), Lt. Gen. (Retd.) HC Dutta and Harish K. Gupta and Mr. Pradeep Behl. The brief terms of reference of the committee are:

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance the criteria laid down in this policy.
- To carry out evaluation of every Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.

- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment for modification, as may be applicable.

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 2017-18 is given below :

All elements of remuneration	Rs. 29.40 Lacs*
Fixed Portion	Rs. 29.40 Lacs
Performance Incentive	Nil
Criteria of performance incentive	N/A
Period of appointment	Re-appointed on 04.02.2016 for three years
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

The remuneration package of Mrs. Sippy Jain, whole time Director for the year 2017-18 is given below :

All elements of remuneration	Nil
Fixed Portion	Nil
Performance Incentive	Nil
Criteria of performance incentive	N/A
Period of appointment	Re-appointed on 04.08.2016 for three years
Notice Period	Nil
Severance Fees	Nil
Stock Option	Nil

*Other than the fixed portion of remuneration the Managing Director is entitled for contribution to provident fund & leave encashment at the end of the tenure.

6. Stakeholder Relationship Committee

The Board has constituted Stakeholder Relationship Committee in accordance with provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The committee has been looking to the transfer of Equity Shares/transmission of Equity Shares/issuance of duplicate Equity Share certificates, complaints received from the shareholders of the Company and other allied connected matters.

7. The Composition of the Committee is as follows :

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 2017-18	Shareholders : Nil Stock exchange : Nil SEBI : Nil NSDL : Nil CDSL : Nil
Complaints not solved to the satisfaction of shareholders	Nil
Complaints pending on 31.03.2018	Nil

8. General Body Meetings

Location, time and date of last three Annual General Meetings are:

Date	Time	Location
23.09.2017	11.30 a.m.	72 - 77, HSIIDC Industrial Estate, Hansi Road, Jind - 126 102, Haryana.
23.09.2016	11.30 a.m.	- do -
28.09.2015	11.30 a.m.	- do -

9. Disclosures

a. There were no material transactions with Directors or the Management or their relatives having potential conflicts with the interest of the Company at large.

b. There has not been any type of penalties or strictures were imposed on the Company by stock exchange or SEBI or any statutory authority on any matters related to the capital market during the last year.

c. The Company Secretary records minutes of proceedings of each Board and Committee meeting. Drafts minutes are circulated to the Board / Board Committee members for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusions of the meeting.

10. 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 Business Standard (Chandigarh) and are also available in Company's website.

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

11. General Shareholder Information

a. Annual General Meeting (AGM): The Company's AGM will be held on 25.09.2018 at 11.30 am at the Registered Office of the Company at 72-77, HSIIDC Industrial Estate, Hansi Road, Jind-126102 (Haryana).

b. Financial Calendar: April to March.

c. Date of Book Closure: 18.09.2018 to 25.09.2018 (both days inclusive).

d. Dividend Pay-out dates: 29.09.2018.

e. Listing of Stock Exchanges: Mumbai Stock Exchange Limited.

f. Stock Code: BSE 524080.

g. Market Price Data: The shares of the Company quoted at Bombay Stock Exchange between Rs. 38.50 to Rs. 67.65 during the year 2017-18.

h. Registrar and Transfer Agents: RCMC Share Registry (P) Ltd., B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi -110020.

The share Transfer System: Company's Registrar & Share Transfer Agents is handling the both physical and electronic share transfer related job.

i. Depository Participants; National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Distribution of Shareholdings:

Distribution of Shareholdings as on 31.03.2018

Shareholding of Value of Rs.	No. of Share Holders	% of Share holders to Total	No. of shares held	Amount Rs.	% to Total
0 - 5000	2561	85.25	476971	4769710	9.72
5001 - 10000	199	6.62	161462	1614620	3.29
10001 - 20000	95	3.16	140813	1408130	2.87
20001 - 30000	42	1.40	106567	1065670	2.17
30001 - 40000	19	0.63	65780	657800	1.34
40001 - 50000	25	0.83	116828	1168280	2.38
50001 - 100000	23	0.77	181265	1812650	3.69
100001 & above	40	1.33	3658784	36587840	74.54
Total	**3004**	**100**	**4908470**	**49084700**	**100**

Shareholding Pattern as on 31.03.2018

Category	No. of shareholders	No. of shares	Percentage
Promoters (including Foreign Collaborator)	12	20,40,516	41.57
Public	2990	28,67,954	58.43
Total		**49,08,470**	**100.00**

Shareholding Pattern of the Promoters and Promoters Group as on 31.03.2018

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Share holding at the end of the year 31.03.2018			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	% change in share-holding during the year
1.	ICAP SIRA Chemicals & Polymers SpA	768470	15.66	0	768470	15.66	0	0
2.	Munak Holdings Limited	113382	2.31	0	113382	2.31	0	0
3.	Manik Jain	7300	0.15	0	7300	0.15	0	0
4.	Munak Credit & Investment	16335	0.33	0	16335	0.33	0	0
5.	Munak Engineers (P) Ltd.	64743	1.32	0	64743	1.32	0	0
6.	NK Jain Holding & Fin. Private Limited	13900	0.28	0	13900	0.28	0	0
7.	Narendra Kumar Jain	297060	6.05	0	297060	6.05	0	0
8.	Pankaj Jain	454710	9.26	0	454710	9.26	0	0
9.	Ratnam Jain	5300	0.11	0	5300	0.11	0	0
10.	Savita Aggarwal	138190	2.82	0	138190	2.82	0	0
11.	Sippy Jain	153326	3.12	0	153626	3.13	0	0.01
12.	Vijay Kumar Garg	48645	0.99	0	00	00	0	(0.99)
13.	Vijay Kumar Garg Contractor Private Limited	7500	0.15	0	7500	0.15	0	0
	Total	**2088861**	**42.55**	**0**	**2040516**	**41.57**	**(0.98)**	

Shareholding Pattern as on 31.03.2018

Category	No. of shareholders	No. of shares	Percentage
Mutual Funds	2	5200	0.11
Financial Institutions/Banks	2	3600	0.07
Central/State Government	1	2900	0.06
Body Corporates	42	85742	1.75
Clearing Members	13	18076	0.37
Non Residents	18	44712	0.91
Individuals holding shares upto Rs. 2 Lakh	2892	1239056	25.24
Individuals holding shares above Rs. 2 Lakh	18	1239651	25.26
NBFCs registered with RBI	1	31347	0.64
IEPF Account	1	197670	4.03
Total	**2990**	**2867954**	**58.43**

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, HSIIDC Industrial Estate, Hansi Road, Jind, Haryana - 126102. Corp. Office: 1405-B, Signature Towers, South City-I, Gurugram - 122001.

CODE OF CONDUCT

The Company has adopted code of conduct for members of the Board and Senior Management personnel of the Company. The Code lays down, in details, the standard of business conduct, ethics and governance. The Compliance of the same has been affirmed and a declaration by the Management to this effect is given below.

DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management personnel have affirmed compliance the Company's Code of conduct for the year ended 31st March, 2018.

HARYANA
LEATHER CHEMICALS LTD.

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

9th August, 2018

Re: CEO Certification

As stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2018 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 on 31st March, 2018 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.

The Board after finalizing the Code of Conduct and after approval shall arrange to get it posted on the website of the Company.

All Board Members and Senior Management Executives shall affirm the compliance of the Code of Conduct on an annual basis. Annual Report of the Company shall contain this fact signed by the CEO.

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 senior's 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

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **Haryana Leather Chemicals Limited**

1. We have examined the compliance of conditions of Corporate Governance by **M/s. Haryana Leather Chemicals Limited** ("the Company"), for the year ended on 31st March, 2018, as stipulated in:
   - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s).
   - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s).
   - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).
   - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations, during the year ended March 31st, 2018.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Panchkula
Date : May 21st, 2018

For **AKR & Associates**
Chartered Accountants
ICAI FRN: 021179N

CA Kailash Kumar
(Partner)
Mem. No.: 505972

INDEPENDENT AUDITOR'S REPORT

To the Members of **Haryana Leather Chemicals Limited**

Report on the Audit of Financial Statements

1. We have audited the accompanying financial statements of **HARYANA LEATHER CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at **31st March, 2018,** the Statement of Profit and Loss, the Statement of Cash Flow for the year then ended, and notes to the financial statement, including a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness ofsuch controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31st March, 2018,** and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section143(3) of the Act, we report that:
    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. the financial statements dealt with by this report are in agreement with the books of account;
    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
    e. on the basis of the written representations received from the directors as on **31st March, 2018** and taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2018** from being appointed as a director in terms of Section164(2) of the Act;
    f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**;
    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. the Company does not have any pending litigations which would impact its financial position;
        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

Place : Panchkula
Date : May 21st, 2018

For **AKR & Associates**
Chartered Accountants
ICAI FRN: 021179N

CA Kailash Kumar
(Partner)
Mem. No.: 505972

Annexure A to the Independent Auditor's Report of even date to the members of M/s. HARYANA LEATHER CHEMICALS LIMITED, on the financial statements for the year ended 31st March, 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the said Order are not applicable to the company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government or debenture holders.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer /debt instruments and term loans. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud/ material fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii)of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Place : Panchkula
Date : May 21st, 2018

For **AKR & Associates**
Chartered Accountants
ICAI FRN: 021179N

CA Kailash Kumar
(Partner)
Mem. No.: 505972

Annexure B to the Independent Auditor's Report of even date on the financial statements of HARYANA LEATHER CHEMICALS LIMITED, for the year ended 31st March, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of **HARYANA LEATHER CHEMICALS LIMITED**

We have audited the internal financial controls over financial reporting of **HARYANA LEATHER CHEMICALS LIMITED** ("the Company") as of March 31st, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India,as specified under Section 143(10) of the Act, the financial statements of HARYANA LEATHER CHEMICALS LIMITED, which comprise the Balance Sheet as at March 31st, 2018, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated 21nd May 2018 expressed an unqualified opinion.

Place : Panchkula
Date : May 21st, 2018

For **AKR & Associates**
Chartered Accountants
ICAI FRN: 021179N

CA Kailash Kumar
(Partner)
Mem. No.: 505972

HARYANA
LEATHER CHEMICALS LTD.

STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

₹ in Thousands

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
A. Non-Current Assets				
(a) Property, plant and equipment	4 (i)(a)	145,309.68	144,809.40	148,727.30
(b) Capital work-in-progress	4 (i)(b)	132.09	2,204.06	936.75
(c) Financial assets		-	-	-
(d) Deferred tax assets (Net)		-	-	-
(e) Other non-current assets	4 (ii)	12,167.88	12,302.88	12,403.52
Total Non-Current Assets (A)		**157,609.65**	**159,316.34**	**162,067.57**
B. Current Assets				
(a) Inventories	4 (iii)	42,577.80	35,362.71	37,453.30
(b) Financial assets				
(i) Trade receivables	4 (iv)	95,312.35	87,661.92	79,088.60
(ii) Cash and cash equivalents	4 (v)	81,703.36	82,524.52	53,744.59
(iii) Other financial assets	4 (vi)	5,582.75	633.91	617.39
(c) Other current assets	4 (ii)	4,753.95	6,814.25	6,905.72
Total Current Assets (B)		**229,930.20**	**212,997.31**	**177,809.60**
Total Assets (A+B)		**387,539.85**	**372,313.65**	**339,877.17**
EQUITY AND LIABILITIES				
A. Equity				
(a) Equity share capital	4 (vii)	49,084.70	49,084.70	49,084.70
(b) Other equity	4 (viii)	245,647.91	233,095.33	218,201.67
Total Equity (A)		**294,732.61**	**282,180.03**	**267,286.37**
B. Liabilities				
I. Non-Current Liabilities				
(a) Financial Liabilities		-	-	-
(b) Deferred Tax Liabilities (Net)	4 (ix)	8,663.18	8,870.81	7,997.94
(c) Provisions	4 (x)	419.23	485.99	479.48
Total Non-Current Liabilities (I)		**9,082.41**	**9,356.80**	**8,477.42**
II. Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	4 (xi)	524.07	1,583.00	2,296.69
(ii) Trade payables	4 (xii)	72,727.97	64,047.64	46,249.73
(b) Provisions	4 (x)	963.69	3,830.04	4,209.67
(d) Other current liabilities	4 (xiii)	9,509.10	11,316.14	11,357.29
Total Current Liabilities (II)		**83,724.83**	**80,776.82**	**64,113.38**
Total Liabilities (I+II)		**92,807.24**	**90,133.62**	**72,590.80**
Total Equity & Liabilities (A+B)		**387,539.85**	**372,313.65**	**339,877.17**
See accompanying notes forming part of the standalone financial statements	1-15			

In terms of our report attached.

For **AKR & ASSOCIATES**
Chartered Accountants
ICAI FRN: 021179N

CA. KAILASH KUMAR
Partner
ICAI MRN: 505972

Place : Panchkula
Date : May 21st, 2018

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman
DIN: 00206464

N.K. JAIN
Chairman

SILU NANDA
Company Secretary
Membership No.: 12872

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Thousands

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
I.	Revenue from operations	4 (xiv)	363,942.79	424,385.12
II.	Other income	4 (xv)	10,813.77	10,421.71
III.	**TOTAL INCOME (I+II)**		**374,756.56**	**434,806.83**
IV.	**EXPENSES**			
	(i) Cost of materials consumed	4 (xvi)	246,465.35	255,213.69
	(ii) Changes in inventories of finished goods, stock in process and stock in trade	4 (xvii)	(2,129.65)	(2,489.46)
	(iii) Excise duty on sale of goods		8,242.39	33,843.20
	(iv) Employee benefits expense	4 (xviii)	34,016.28	33,236.37
	(v) Finance costs	4 (xix)	1,176.17	834.51
	(vi) Depreciation and amortisation expense	4 (i)(a)	8,719.74	10,480.20
	(vii) Other expenses	4 (xx)	56,174.80	73,897.36
	TOTAL EXPENSES (IV)		**352,665.07**	**405,015.87**
V.	**PROFIT BEFORE TAX (III-IV)**		**22,091.49**	**29,790.97**
VI.	**TAX EXPENSE**			
	(i) Current tax provision	4 (xxi)	4,862.70	9,186.21
	(ii) Tax for earlier year		157.66	112.05
	(iii) Deferred tax charge / (credit)	4 (xxi)	(207.63)	872.87
			4,812.73	**10,171.13**
VII.	**PROFIT FOR THE YEAR (VII-VIII)**		**17,278.76**	**19,619.84**
	OTHER COMPREHENSIVE INCOME			
	(i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
VIII.	**TOTAL OTHER COMPREHENSIVE INCOME**		**-**	**-**
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)**		**17,278.76**	**19,619.84**
	Earnings per equity share:			
	(i) Basic (in Rs.)	4(xxii)	3.52	4.00
	(ii) Diluted (in Rs.)	4(xxii)	3.52	4.00
See accompanying notes forming part of the financial statements		1-15		

In terms of our report attached.

For **AKR & ASSOCIATES**
Chartered Accountants
ICAI FRN: 021179N

CA. KAILASH KUMAR
Partner
ICAI MRN: 505972

Place : Panchkula
Date : May 21st, 2018

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman
DIN: 00206464

N.K. JAIN
Chairman

SILU NANDA
Company Secretary
Membership No.: 12872

HARYANA
LEATHER CHEMICALS LTD.

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Thousands

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities			
Profit Before Tax		**22,091.49**	**29,790.97**
Adjustments for:			
Finance costs recognised in profit or loss		474.77	287.77
Dividend paid during the year		(4,726.18)	(4,726.18)
Profit on disposal of property, plant and equipment		139.21	-
Depreciation of property, plant and equipment		8,719.74	10,480.20
		26,699.02	**35,832.76**
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(7,650.43)	(8,573.32)
(Increase)/decrease in inventories		(7,215.09)	2,090.59
(Increase)/decrease in other assets		(2,753.54)	175.59
Increase/ (Decrease) in trade payables		8,680.33	17,797.91
Increase/ (Decrease) in provisions		(2,933.10)	(373.12)
Increase/ (Decrease) in other liabilities		(1,807.04)	(41.15)
Cash (used in)/generated from operations		**13,020.16**	**46,909.26**
Income taxes paid		(5,020.36)	(9,298.26)
Net cash (used in)/generated by operating activities		**7,999.79**	**37,610.99**
Cash flows from investing activities			
Proceeds from sale of fixed assets		268.00	-
Payments for property, plant and equipment		(7,416.05)	(7,829.61)
Profit on disposal of property, plant and equipment		(139.21)	-
Net cash (used in)/generated by investing activities		**(7,287.26)**	**(7,829.61)**
Cash flows from financing activities			
Repayment of borrowings		(1,058.93)	(713.69)
Interest paid		(474.77)	(287.77)
Net cash (used in)/generated financing activities		**(1,533.70)**	**(1,001.46)**
Net increase in cash and cash equivalents		**(821.16)**	**28,779.93**
Cash and cash equivalents at the beginning of the year	4 (v)	82,524.52	53,744.59
Cash and cash equivalents at the end of the year	4 (v)	81,703.36	82,524.52

In terms of our report attached.

For **AKR & ASSOCIATES**
Chartered Accountants
ICAI FRN: 021179N

CA. KAILASH KUMAR
Partner
ICAI MRN: 505972

Place : Panchkula
Date : May 21st, 2018

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman
DIN: 00206464

N.K. JAIN
Chairman

SILU NANDA
Company Secretary
Membership No.: 12872

STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

₹ in Thousands

	Amount
A. Equity share capital	
(a) **Balance at 01 April, 2016**	**49,084.70**
(b) Changes in equity share capital during the year	-
(c) **Balance at 31 March, 2017**	**49,084.70**
(d) Changes in equity share capital during the year	-
(e) **Balance at 31 March, 2018**	**49,084.70**

B. Other equity

PARTICULARS	Reserve and Surplus		
	General Reserve	Retained earnings	Total
(a) Balance at 01 April, 2016	**41,367.72**	**176,833.95**	**218,201.67**
(i) Profit / (Loss) for the year	-	19,619.84	19,619.84
(ii) Intra Head Transfers	3,200.00	(3,200.00)	-
(iii) Dividend Paid	-	(3,926.78)	(3,926.78)
(iv) Dividend Distribution Tax		(799.40)	(799.40)
(v) Other comprehensive income for the year, net of income tax	-	-	-
(b) Total comprehensive income for the year ended 31 March, 2017	**44,567.72**	**188,527.61**	**233,095.33**
(vi) Profit / (Loss) for the year	-	17,278.76	17,278.76
(vii) Intra Head Transfers	2,600.00	(2,600.00)	-
(viii) Dividend Paid	-	(3,926.78)	(3,926.78)
(ix) Dividend Distribution Tax	-	(799.40)	(799.40)
(x) Other comprehensive income for the year, net of income tax	-	-	-
(c) Total comprehensive income for the year ended 31 March, 2018	**47,167.72**	**198,480.19**	**245,647.91**

See accompanying notes forming part of the financial statements 1-15

In terms of our report attached.

For **AKR & ASSOCIATES**
Chartered Accountants
ICAI FRN: 021179N

CA. KAILASH KUMAR
Partner
ICAI MRN: 505972

Place : Panchkula
Date : May 21st, 2018

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman
DIN: 00206464

N.K. JAIN
Chairman

SILU NANDA
Company Secretary
Membership No.: 12872

Notes Forming Part of the Standalone Financial Statements

4(i)(a) Property, Plant and Equipment ₹ in Thousands

Particulars	Land	Building	Plant & Machinery	Furniture, Fixture & Equipments	Vehicles	Total
Gross Block						
As at 01 April, 2016	13,392.12	86,150.32	157,830.72	21,652.62	13,436.11	**292,461.89**
Additions	-	234.30	5,100.43	1,227.57	-	**6,562.30**
Disposals	-	-	-	-	-	**-**
As at 31 March, 2017	**13,392.12**	**86,384.62**	**162,931.15**	**22,880.19**	**13,436.11**	**299,024.19**
Additions	220.94	-	8,057.36	1,070.52	-	**9,348.83**
Disposals	-	-	-	-	1,056.48	**1,056.48**
As at 31 March, 2018	**13,613.06**	**86,384.62**	**170,988.51**	**23,950.71**	**12,379.63**	**307,316.53**
Depreciation						
At 01 April, 2016	-	19,372.81	97,730.91	16,006.88	10,623.99	**143,734.59**
Charge for the year	-	2,600.22	6,038.22	1,145.02	696.74	**10,480.20**
Disposals	-	-	-	-	-	**-**
As at 31 March, 2017	**-**	**21,973.03**	**103,769.13**	**17,151.90**	**11,320.73**	**154,214.79**
Charge for the year	-	2,587.93	4,383.58	1,144.56	603.67	**8,719.74**
Disposals	-	-	-	-	927.69	**927.69**
As at 31 March, 2018	**-**	**24,560.96**	**108,152.71**	**18,296.46**	**10,996.72**	**162,006.85**
Net Block						
As at 1 April, 2016	**13,392.12**	**66,777.51**	**60,099.81**	**5,645.74**	**2,812.12**	**148,727.30**
As at 31 March, 2017	**13,392.12**	**64,411.59**	**59,162.02**	**5,728.29**	**2,115.38**	**144,809.40**
As at 31 March, 2018	**13,613.06**	**61,823.66**	**62,835.80**	**5,654.25**	**1,382.91**	**145,309.68**

Notes:

1) The company has used deemed cost exemption under Ind AS 101 as on the date of transition to Ind AS.

4(i)(b) Capital work-in-progress

Capital work in progress as at 31 March, 2018 is Rupees 132.09 thousands (as at 31 March, 2017 Rupees 2,204.06 thousands and as at 01 April, 2016 Rupees 936.75 thousands).

Notes Forming Part of the Standalone Financial Statements

₹ in Thousands

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4 (ii)	**Other Assets**			
	Non-Current			
	Unsecured, considered good			
	(a) Security Deposits	443.35	448.34	448.34
	(b) Deposit for Flat	11,511.92	11,511.92	11,511.92
	(c) Other Deposits	212.62	342.62	443.26
		12,167.88	**12,302.88**	**12,403.52**
	Current			
	Unsecured, considered good			
	(a) Balances with GST / excise authorities	2,024.35	4,227.74	3,896.05
	(b) Advance Income Tax (net of provision for tax)	637.75	-	-
	(c) Income Tax Refundable	710.31	710.31	-
	(d) VAT / CST / CENVAT Recoverable	-	444.46	767.10
	(e) Claims Receivable	-	10.44	-
	(f) Advances to Vendors	646.18	815.91	1,126.56
	(g) Prepaid Expenses	735.36	605.39	816.01
	(h) Other Deposits	-	-	300.00
		4,753.95	**6,814.25**	**6,905.72**
4 (iii)	**Inventories (valued at lower of cost and net realisable value)**			
	(a) Raw Material	19,061.16	14,210.15	18,204.50
	(b) Stores & Spares	500.00	498.68	408.60
	(c) Packing Material	2,515.27	2,282.16	2,957.94
	(d) Work in Progress	2,668.92	1,298.45	1,703.35
	(e) Finished Goods	17,832.46	17,073.27	14,178.91
		42,577.80	**35,362.71**	**37,453.30**

(a) Raw materials have been valued at cost on FIFO Method.
(b) Stores & Spares and Packing Material have been valued at cost on FIFO Method.
(c) Work in process have been valued at Raw material cost plus proportionate of conversion cost.
(d) Finished goods lying at factory have been valued at Raw material cost plus conversion cost.

4 (iv)	**Trade Receivables**			
	Current			
	(a) Unsecured, considered good (realisable with in 6 months)	95,312.35	87,661.92	79,088.60
	(b) Doubtful	-	117.41	2,405.99
	(c) Allowance for doubtful debts (expected credit loss allowance)	-	(117.41)	(2,405.99)
		95,312.35	**87,661.92**	**79,088.60**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

Trade receivables are unsecured and are derived from revenue earned from sale of chemicals, coatings and dispersions. No interest is charged on the outstanding balance, regardless of the age of the balance. Export debtors are covered under the scheme of Export Credit Guarantee Corporation.

Notes Forming Part of the Standalone Financial Statements

₹ in Thousands

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4 (v) Cash and Cash Equivalents			
For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the standalone statement of cash flows can be reconciled to the related items in the standalone balance sheet as follows:			
(a) Balances with Banks			
(i) on current accounts	549.25	2,230.80	15,515.62
(ii) on dividend accounts	2,539.07	2,414.07	2,260.01
(iii) Fixed Deposit / Margin Money Account	78,591.58	77,869.62	35,809.59
(b) Cheques on hand	-	-	80.39
(c) Cash in hand	23.46	10.03	78.98
Cash and cash equivalents as per balance sheet	**81,703.36**	**82,524.52**	**53,744.59**
4 (vi) Other Financial Assets			
Current measured at amortised cost			
Unsecured, considered good			
(a) Interest accrued but not due on loans and deposits	5,145.70	38.45	-
(b) Staff Advances	327.80	539.76	487.09
(c) Advances recoverable in cash or in kind	109.24	55.70	130.30
	5,582.75	**633.91**	**617.39**
4 (vii) Share capital			
Authorised Shares Capital:			
6,000,000 Equity shares of Rs. 10 each (6,000,000 as at 31 March, 2017 and 6,000,000 as at 01 April, 2016)	60,000.00	60,000.00	60,000.00
Total authorised share capital	**60,000.00**	**60,000.00**	**60,000.00**
Issued, subscribed and fully paid up shares:			
4,908,470 Equity shares of Rs. 10 each (4,908,470 as at 31 March, 2017 and 4,908,470 as at 01 April, 2016)	49,084.70	49,084.70	49,084.70
Total issued, subscribed and fully paid up share capital	**49,084.70**	**49,084.70**	**49,084.70**

Notes :

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Ordinary Shares

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017		Year ended 01 April, 2016	
	Number	Rupees in Thousands	Number	Rupees in Thousands	Number	Rupees in Thousands
At the beginning of the year	4,908,470	49,084.70	4,908,470	49,084.70	4,908,470	49,084.70
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**4,908,470**	**49,084.70**	**4,908,470**	**49,084.70**	**4,908,470**	**49,084.70**

Notes Forming Part of the Standalone Financial Statements

4 (vii) (Contd.)

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Equity Shares

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Number	Rupees in Thousands	Number	Rupees in Thousands	Number	Rupees in Thousands
Narendra Kumar Jain	297,060	6.05	297,060	6.05	297,060	6.05
Pankaj Jain	454,710	9.26	453,910	9.25	453,910	9.25
ICAP SIRA Chemicals & Polymers SpA	768,470	15.66	768,470	15.66	768,470	15.66

As per records of the Company, including its register of share holders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Agreegate number of shares issued for consideration other than cash during the period of 5 years immediately proceeding the reporting date.

No shares issued during the period of 5 years immediately proceeding the reporting date.

	As at March 31, 2018	As at March 31, 2017
4 (viii) Other equity		
i) Reserve and Surplus		
(a) General Reserve		
Opening balance	44,567.72	41,367.72
Add : Transfer from Statement of Profit & Loss	2,600.00	3,200.00
Closing balance	**47,167.72**	**44,567.72**
(b) (Deficit)/Surplus in the statement of profit and loss		
Opening balance	188,527.61	176,833.95
Profit for the year ended	17,278.76	19,619.84
Transfer to General Reserve	(2,600.00)	(3,200.00)
Dividend Paid	(3,926.78)	(3,926.78)
Dividend Distribution Tax	(799.40)	(799.40)
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	-	-
Net surplus in the statement of profit and loss	**198,480.19**	**188,527.61**
Total (A+B)	**245,647.91**	**233,095.33**

The Board of Directors distributes dividend with the approval of shareholders for the financial year 2016-17 of Rs. 0.80 per fully paid up equity shares of Rs. 10/- each, aggregating to Rs. 4726.18 Thousands including dividend distribution tax.

Notes Forming Part of the Standalone Financial Statements

₹ in Thousands

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4 (ix)	**Deferred tax balances (Net)**			
	(a) Deferred tax assets	-	-	-
	(b) Deferred tax liabilities	8,663.18	8,870.81	7,997.94
		(8,663.18)	**(8,870.81)**	**(7,997.94)**

The following is the analysis of deferred tax assets/(liabilities)
Recognised in profit and loss account and other comprehensive income

Deferred tax assets/(liabilities) in relation to:	As at 31 March, 2017	Credit / (Charge) to Profit or loss	Credit / (Charge) to Other Comprehensive Income	As at 31 March, 2018
Property, plant and equipment	(9,080.46)	252.66	-	(8,827.80)
Employee benefits	209.65	(45.03)	-	164.62
	(8,870.81)	**207.63**	**-**	**(8,663.18)**

	As at 1st April, 2016	Credit / (Charge) to Profit or loss	Credit / (Charge) to Other Comprehensive Income	As at 31 March, 2017
Property, plant and equipment	(8,196.18)	(884.28)	-	(9,080.46)
Employee benefits	198.23	11.41	-	209.65
	(7,997.94)	**(872.87)**	**-**	**(8,870.81)**

4 (x)	**Provisions**			
	Non-Current			
	(a) Provision for Leave Encashment	419.23	485.99	479.48
		419.23	**485.99**	**479.48**
	Current			
	(a) Provision for Leave Encashment	178.23	148.09	131.50
	(b) Accrued Liability - Royalty	-	-	1,300.00
	(c) Provision for Excise on Finished Goods	-	1,897.03	1,575.44
	(d) Provision for Income Tax	-	-	533.38
	(e) Accrued Liability - Others	785.46	1,784.92	669.35
		963.69	**3,830.04**	**4,209.67**
4 (xi)	**Current Borrowings**			
	Secured measured at amortised cost			
	Working Capital Loans from Banks			
	- CC (Stock) State Bank of India, New Delhi	524.07	1,583.00	-
		524.07	**1,583.00**	**-**
	Unsecured measured at amortised cost			
	From NBFC			
	- 'Magma Fincorp Limited	-	-	2,296.69
		-	**-**	**2,296.69**
		524.07	**1,583.00**	**2,296.69**
4 (xii)	**Trade Payable**			
	Current measured at amortised cost			
	(a) Total outstanding dues of micro enterprises and small enterprises (refer note 18)	9,176.71	14,270.82	9,259.02
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	63,551.26	49,776.82	36,990.71
		72,727.97	**64,047.64**	**46,249.73**

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

Notes Forming Part of the Standalone Financial Statements

₹ in Thousands

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4 (xiii) Other Current Liabilities			
(a) Duties and Taxes	80.36	810.34	874.16
(b) Unclaimed Dividend	2,539.07	2,414.07	2,260.01
(c) Security from Customers	753.30	736.29	720.42
(d) Advance from Customers	1,274.85	1,944.37	2,280.19
(e) Other Payables (including Salary, Bonus, PF, ESI, payables)	4,861.53	5,411.07	5,222.51
	9,509.10	**11,316.14**	**11,357.29**

		As at March 31, 2018	As at March 31, 2017
4 (xiv) Revenue From Operations			
Sale of Manufactured Products			
Domestic Sales		253,339.69	292,901.20
Export Sales		110,603.10	131,483.91
		363,942.79	**424,385.12**
Earnings in Foreign Exchange			
Sale of Manufactured Products		110,603.10	131,483.91
4 (xv) Other Income			
(a) Interest income on deposits with Bank		5,833.14	4,003.59
(b) Balances written bank / off (Net)		409.46	1,636.15
(c) Profit on sale of assets		139.21	-
(d) Foreign Exchange Fluctuations (Gains)		480.94	934.53
(e) Scrap Sales		1,548.26	1,604.73
(f) Miscellaneous income		2,402.76	2,242.71
		10,813.77	**10,421.71**
4 (xvi) Cost of Material Consumed			
(a) Imported		13,386.88	15,291.95
(b) Indigenous		233,078.47	239,921.74
		246,465.35	**255,213.69**
Value of Imports on CIF Basis in respect of :			
Raw Material		10,474.13	11,568.52
Components & Spare Parts		259.14	210.40
Capital Goods		747.47	661.71
		11,480.73	12,440.63
4 (xvii) Increase / Decrease In Inventories			
(a) Inventory at the beginning of the year			
Finished Goods		17,073.27	14,178.92
Stock in Process		1,298.45	1,703.34
	Total A	**18,371.72**	**15,882.26**
(b) Inventory at the end of the year			
Finished Goods		17,832.46	17,073.27
Stock in Process		2,668.92	1,298.45
	Total B	20,501.37	18,371.72
Net Change in Inventories (A-B)		**(2,129.65)**	**(2,489.46)**
4(xviii) Employee Benefits Expense			
(a) Salaries, wages, bonus & incentives etc. (Net)		30,030.31	29,781.74
(b) Contribution to provident and other funds		1,626.20	1,430.10
(c) Workmen and Staff Welfare Expenses		1,620.67	1,459.69
(d) Gratuity		728.70	553.77
(e) Recruitment & Training Expenses		10.39	11.07
		34,016.28	**33,236.37**

Notes Forming Part of the Standalone Financial Statements

₹ in Thousands

		As at March 31, 2018	As at March 31, 2017
4 (xix)	**Finance Costs**		
	(a) Interest expense : - on working capital loan	444.02	46.39
	- on others	30.75	241.38
	(b) Finance charges	701.41	546.74
		1,176.17	**834.51**
4 (xx)	**Other Expenses**		
	(a) Power, fuel and water expenses	12,868.03	14,014.91
	(b) Auditors' remuneration (See note (i) below)	417.73	381.40
	(c) Damaged Material Written off	-	20.99
	(d) Bad debts W/off	-	117.41
	(e) Other debit balances W/off	628.96	587.19
	(f) Director Sitting Fees.	88.00	88.00
	(g) Insurance Expenses	923.61	932.11
	(h) Postage & Telephone Expenses	1,494.35	1,722.78
	(i) Printing Stationary Expenses	1,277.75	1,351.02
	(j) Professional Charges	1,551.09	2,093.70
	(k) Property Tax Expenses	273.11	62.91
	(l) Research & Development Expenses	6,137.54	8,769.46
	(m) Rent - Building / Other	1,134.11	1,125.75
	(n) Repair & Maintanence Expenses	7,094.57	14,336.27
	(o) Royalty Expenses	16.20	27.99
	(p) Technical Services	814.51	845.00
	(q) Marketing Expenses	15,395.65	20,596.48
	(r) Miscellaneous Expenses	523.49*	508.78
	(s) Travelling Expenses	3,896.86	4,741.11
	(t) Vehicle Expenses	580.71	682.19
	(u) Gardening Expenses	250.65	196.20
	(v) Office Upkeep Expenses	549.36	474.86
	(w) Water Treatment Expenses	258.54	220.85
		56,174.80	**73,897.36**
	* Includes Donation Rs. 140.20 thousands		
Note:	**(i) Auditors' remuneration comprises (GST and Service Tax being Cenvatable, hence not included)**		
	(a) Statutory audit fee	330.00	300.00
	(b) Certification and other services	5.00	7.50
	(c) Expenses reimbursement	82.73	73.90
		417.73	**381.40**
	(ii) Expenditure in Foreign Currency		
	Travel, boarding and lodging : - Directors	1,347.35	1,978.19
	- Employees	500.24	1,131.47
		1,847.59	**3,109.66**
4 (xxi)	**Income Tax Recognised in Profit & Loss**		
	Deferred tax charge / (credit)		
	(a) In respect of the current year	(207.63)	872.87
		(207.63)	**872.87**
4 (xxii)	**Earnings per share (EPS)**		
	Basic		
	Net Profit as per profit and loss account	17,278.76	19,619.84
	Weighted average number of equity shares outstanding during the year	4,908.47	4,908.47
	Earning per Share- Basic	**3.52**	**4.00**
	Diluted		
	Net Profit as per profit and loss account	17,278.76	19,619.84
	Weighted average number of equity shares outstanding during the year	4,908.47	4,908.47
	Earning per Share- Diluted	**3.52**	**4.00**
	Nominal Value of Equity Share	**10**	**10**

Effect of Ind AS Adoption on the Standalone Balance Sheet as at 01 April, 2016 and 31 March, 2017

₹ in Thousands

Particulars	Note No.	IGAAP as on 01 April, 2016	Opening Ind AS adjustment	Ind AS as on 01 April, 2016	IGAAP as on 31 March 2017	Opening Ind AS Adjustment	Ind AS as on 31 March, 2017
ASSETS							
A. Non-Current Assets							
(a) Property, plant and equipment		148,727.30	-	148,727.30	144,809.40	-	144,809.40
(b) Capital work-in-progress		936.75	-	936.75	2,204.06	-	2,204.06
(c) Goodwill		-	-	-	-	-	-
(d) Other intangible assets		-	-	-	-	-	-
(e) Intangible assets under development		-	-	-	-	-	-
(f) Financial assets		-	-				
(i) Investments		-	-				
(ii) Trade receivables		-	-	-	-	-	-
(iii) Loans		-	-	-	-	-	-
(iv) Other financial assets		-	-	-	-	-	-
(h) Deferred tax assets (Net)	(a)	-	-	-	-	-	-
(i) Non-current tax assets (Net)		-	-	-	-	-	-
(j) Other non-current assets		12,403.52	-	12,403.52	12,302.88	-	12,302.88
Total Non-Current Assets (A)		**162,067.57**	**-**	**162,067.57**	**159,316.34**	-	**159,316.34**
B. Current Assets							
(a) Inventories		37,453.30	-	37,453.30	35,362.71	-	35,362.71
(b) Financial assets		-					
(i) Trade receivables		79,088.60	-	79,088.60	87,661.92	-	87,661.92
(ii) Cash and cash equivalents		53,744.59	-	53,744.59	82,524.52	-	82,524.52
(iii) Other financial assets		617.39	-	617.39	633.91	-	633.91
(c) Other current assets		6,905.72	-	6,905.72	6,814.25	-	6,814.25
		177,809.60	**-**	**177,809.60**	**212,997.31**	**-**	**212,997.31**
Total Current Assets (B)		**177,809.60**	**-**	**177,809.60**	**212,997.31**	**-**	**212,997.31**
Total Assets (A+B)		**339,877.17**	**-**	**339,877.17**	**372,313.65**	**-**	**372,313.65**
EQUITY AND LIABILITIES							
A. Equity							
(a) Equity share capital		49,084.70	-	49,084.70	49,084.70	-	49,084.70
(b) Other equity		210,914.19	7,287.48	218,201.67	226,216.57	6,878.76	233,095.33
Total Equity (A)		**259,998.89**	**7,287.48**	**267,286.37**	**275,301.27**	**6,878.76**	**282,180.03**
B. Liabilities							
I. Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		-	-	-	-	-	-
(b) Deferred Tax Liabilities (Net)	(a)	15,285.42	(7,287.48)	7,997.94	15,749.57	(6,878.76)	8,870.81
(c) Provisions		479.48	-	479.48	485.99	-	485.99
Total Non-Current Liabilities (I)		**15,764.90**	**(7,287.48)**	**8,477.42**	**16,235.56**	**(6,878.76)**	**9,356.80**
II. Current Liabilities							
(a) Financial liabilities							
(i) Borrowings		2,296.69	-	2,296.69	1,583.00	-	1,583.00
(ii) Trade payables		46,249.73	-	46,249.73	64,047.64	-	64,047.64
(b) Provisions		4,209.67	-	4,209.67	3,830.04	-	3,830.04
(c) Current tax liabilities		-	-	-	-	-	-
(d) Other current liabilities		11,357.29	-	11,357.29	11,316.14	-	11,316.14
		64,113.38	**-**	**64,113.38**	**80,776.82**	**-**	**80,776.82**
Total Current Liabilities (II)		**64,113.38**	**-**	**64,113.38**	**80,776.82**	**-**	**80,776.82**
Total Liabilities (I+II)		**79,878.28**	**(7,287.48)**	**72,590.80**	**97,012.38**	**(6,878.76)**	**90,133.62**
Total Equity And Liabilities (A+B)		**339,877.17**	**-**	**339,877.17**	**372,313.65**	**-**	**372,313.65**

HARYANA LEATHER CHEMICALS LTD.

HARYANA
LEATHER CHEMICALS LTD.

Effect of Ind AS Adoption on the Standalone Profit and Loss for the year ended 31 March, 2017

₹ in Thousands

		Note No.	IGAAP year ended 31 March, 2017	Opening Ind AS Adjustment	Ind AS year ended 31 March, 2017
I.	Revenue from operations		424,385.12	-	424,385.12
II.	Other income		10,421.71	-	10,421.71
III.	**Total Income (I+II)**		**434,806.83**	**-**	**434,806.83**
IV.	**Expenses**				
	(i) Cost of materials consumed		255,213.69	-	255,213.69
	(ii) Changes in inventories of finished goods, stock in process and stock in trade		(2,489.46)	-	(2,489.46)
	(iii) Excise duty on sale of goods		33,843.20	-	33,843.20
	(iv) Employee benefits expense		33,236.37	-	33,236.37
	(v) Finance costs		834.51	-	834.51
	(vi) Depreciation and amortisation expense		10,480.20	-	10,480.20
	(vii) Other expenses		73,897.36	-	73,897.36
	Total Expenses IV		**405,015.87**	**-**	**405,015.87**
V.	**Profit Before Tax (III-IV)**		**29,790.96**	**-**	**29,790.96**
VI.	**Tax Expense**				
	(i) Current tax provision		9,186.21	-	9,186.21
	(ii) Tax for earlier year		112.05	-	112.05
	(ii) Deferred tax charge / (credit)	(a)	464.15	408.72	872.87
			9,762.41	**408.72**	**10,171.13**
VII.	**Profit for the year (VII-VIII)**		**20,028.55**	**(408.72)**	**19,619.83**
	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss		-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
VIII.	**Total Other Comprehensive Income**		**-**	**-**	**-**
IX.	**Total Comprehensive Income for the year (IX+X)**		**20,028.55**	**(408.72)**	**19,619.83**

Reconciliation of Total Equity as at 31 March, 2017 and 01 April, 2016

	As at 31 March, 2017 (Rupees in Lacs)	As at 01 April, 2016 (Rupees in Lacs)
Total equity (shareholder's funds) under previous GAAP	**275,301.27**	**259,998.89**
Adjustment made :		
(a) Deferred Tax	6,878.76	7,287.48
Total adjustment	6,878.76	7,287.48
Total equity (shareholder's funds) under per IND AS	**282,180.03**	**267,286.37**

(a) Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through profit and loss account or other comprehensive income.

Notes Forming Part of the Standalone Financial Statements

1) Nature of operations

Haryana Leather Chemicals Limited (the 'Company') was incorporated on 22nd January, 1985 as aIndo-Italian Joint Venture with ICAP-SIRA, Italy focusing on bringing leading product technology from technical alliances in Italy and Spain, resulting in an extensive range of chemicals, coatings and dispersions.

The registered office of the Company is located in HSIIDC Industrial Estate, Hansi Road, Jind-126102, Haryana and the corporate office of the Company is located at Signature Towers, South City-I,Gurugram-122001, Haryana.

2) Application of new and revised Ind AS

On 16 February, 2015, the Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015. The rules specify the Indian Accounting Standards (Ind AS) applicable to certain class of companies and set out dates of applicability. Haryana Leather Chemicals Limited, to whom Ind AS is applicable from 01 April, 2017 as defined in the said notification, is required to apply the standards as specified in Companies (Indian Accounting Standards) Rules 2015 and accordingly the Company has adopted Ind AS from 01 April, 2017 with transition dates as on 01 April, 2016.

As at the date of authorisation of the financial statements, the Company has not applied the following revisions to the Ind AS that have been issued by MCA but are not yet effective:

Ind AS 102 (Amendment)	Measurement of cash settled awards, modification of cash settled awards and equity settled awards that includes a 'net settlement' feature
Ind AS 7 (Amendment)	Disclosure of changes in liabilities on account of financing activities.

The directors of the Company do not expect that the adoption of the amendments to the standards will have an impact on the financial statements of the Company.

3) Significant accounting policies

3.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all the periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). These are the Company first Ind AS financial statements and the date of transition to Ind AS is 01 April, 2016.

The Standalone financial statements have been prepared under the historical convention, on the accrual basis of accounting, as stated in the accounting policies below. The accounting policies have been applied consistently over all the periods presented in the in Standalone financial statements.

3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis.

Historical Cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, goods & service tax and amounts collected on behalf of third parties.

Operating Income

Revenue from sale of manufactured products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes, value added taxes (VAT) and other taxes on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

However, the revenue upto Q1 of the F.Y. 2017-18 includes the excise duty amounts that have been collected from customers, which is shown separately in the expenditure head of the statement of profit & loss as per the disclosure requirements.

Thereafter, with the introduction of Goods & Service Tax as on 01 June 2017, the tax amounts are excluded from the revenue for the period from Q2 to Q4 of F.Y. 2017-18.

Notes Forming Part of the Standalone Financial Statements

Interest income

Interest income is recognized on accrual basis.

3.4 Foreign currencies

Foreign Currency transactions are recorded at the exchange rate prevailing at the date of transaction and monetary items denominated in foreign currency are restated at rates prevailing on the date of balance sheet. The exchange fluctuation arising is shown as "Foreign Exchange Fluctuation Gain / (Loss)" in the statement of profit and loss as per the requirement of Ind AS 21 "The Effects of Changes in Foreign Exchange Rates."

3.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

3.6 Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.7 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans like provident fund and Employee State Insurance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognizes any related restructuring costs.

ii) Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Notes Forming Part of the Standalone Financial Statements

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iii) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined benefit scheme the contribution of which is being deposited with “Employees Provident Fund Organisation”; such contribution to the organisation additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the companyreassess unrecognized deferred tax assets and, the company recognizes a previously unrecognized Deferred Tax Asset to the extent that it has become probable that future taxable profit will allow the Deferred Tax Asset to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable company and the same taxation authority.

iii) Current and deferred tax for the year

Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3.9 Property, plant and equipment(PPE)

For transition to Ind AS, The Company has elected to continue with the carrying value of all of its PPE recognized as of 01 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land and Building held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold Land is not depreciated

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Components of costs

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period during which such expenditure is incurred.

The carrying amount of a PPE is de-recognized upon disposal of PPE or when no future economic benefits are expected from its use.Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

Depreciation commences when the assets are ready for their intended use. Pursuant to the applicability of Schedule II of the Companies Act, 2013, depreciation on all PPE except land are provided on a straight line method based on the estimated useful life of PPE.

Residual values of assets have been considered at 5% of the original cost of the assets.

The depreciation calculation is based on the balance useful lives of assets and shift working. Depreciation on assets used on double shift basis have been increase by 50% for that period and Depreciation on assets used in triple shift basis have be calculated on the basis of 100% for that period, except for assets in respect of which no extra shift depreciation is permitted (indicated by NESD in Part C of the schedule).

The useful life of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

3.10 Inventories

Raw materials have been valued at cost on FIFO method.

Stores & Spares and Packing material have been valued at cost on FIFO method.

Work in Process has been valued at Raw material cost plus proportionate conversion cost.

Finished Goods lying at factory have been valued at Raw material cost plus conversion cost.

In previous years, the excise duty was included while valuing the finished goods inventory, while after the implementation of Goods & Service Tax, the excise duty is excluded from the previous year's inventory in the comparative figures.

3.11 Provision

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes Forming Part of the Standalone Financial Statements

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.13 Segment Reporting

The Company is in the business of manufacturing of leather chemicals which is the only reportable business segment as per Ind AS 108 'Operating Segments'.

3.14 Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares. For the purposes of calculating basic EPS, shares allotted to ESOP trust pursuant to employee share based payment plan are not included in the shares outstanding till the employees have exercised their rights to obtain shares after fulfilling the requisite vesting conditions. Till such time, the shares are allotted are considered as dilutive potential equity shares for the purposes of calculating diluted EPS.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

3.15 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.16 Financial Instrument

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Foreign Exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Cash and cash equivalents (for the purpose of Cash Flow Statement)

Cash and cash equivalents in Cash Flow Statement comprise cash at bank and in hand and fixed deposits with banks, which are subject to an insignificant risk of changes in value.

3.17 First time adoption – mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening standalone balance sheet as per Ind AS as of 01 April, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Optional Exemptions: -

(1) Deemed cost for property, plant and equipment

The Company has elected to continue with the carrying value of all of its property, plant and equipmentrecognized as of 01 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

5) Related party disclosures

Names of related parties and related party relationship

Key Managerial Personnel ('KMP')	(a) Mr. Pankaj Jain
	(b) Mrs. Sippy Jain
	Additional related parties as per Companies Act, 2013
	(a) Mr. N.K. Jain
Enterprises owned or significantly influenced by key management personnel ('KMP') or their relatives (with whom transactions have been taken place)	(a) N.K. Jain Instruments Private Limited
	(b) Labotron Instruments Ltd.
	(c) Labotech Microscopes India Pvt. Ltd.
	(d) N.K. Jain Holding Pvt. Limited

The schedule of Related Party Transactions is as follows:

		₹ in thousands
Particulars	**Year Ended 31 March, 2018**	**Year Ended 31 March, 2017**
Transactions during the year		
Operating income		
Labotron Instruments Ltd.	372.38	246.33
Labotech Microscopes India Pvt. Ltd.	602.13	228.60
N.K. Jain Instruments Private Limited	529.10	0.00
Rent Paid		
N.K. Jain Holding Pvt. Limited	246.00	0.00
Professional Expenses		
Mrs. Sippy Jain	1,100.00	0.00

Notes Forming Part of the Standalone Financial Statements

			₹ in thousands
Balance outstanding at the year end	**As at 31 March, 2018**	**As at 31 March, 2017**	**As at 01 April, 2016**
Balance payable			
Mrs. Sippy Jain	490.00	0.00	0.00
N.K. Jain Holding Pvt. Limited	23.40	0.00	0.00
Trade Receivables			
Labotech Microscopes India Pvt. Ltd.	178.42	92.62	92.62

Related Parties have been identified by the management.

Notes:

The above outstanding are unsecured and will be settled in cash. No expenses has been recognized in the current or prior years for bad or doubtful debt in respect of the amounts owned by related party.

5) Borrowings

(i) Secured Loans

Short term borrowings: **₹ in thousands**

Particulars	**Note**	**31 March, 2018**	**31 March, 2017**	**01 April, 2016**
Working Capital Loan from SBI	(a)	524.07	1,583.00	0.00
Total		**524.07**	**1,583.00**	**0.00**

a) Working Capital sanction limits Rs 34000 thousand increase from 26000 thousand in current year from Banks are secured by First charge on stocks of Raw Materials, Semi-finished goods, Finished gppds, Consumable stores, hypothecation of book debts. The Limits are further secured by Equitable Mortgage of Factory Land of the company. All secured & unsecured loans are further secured by personal guarantee of Managing Director of the Company.

(ii) Unsecured Loans

Short term borrowings: **₹ in thousands**

Particulars	**31 March, 2018**	**31 March, 2017**	**01 April, 2016**
Magma Fincorp Limited	0.00	0.00	2,296.69
Total	**0.00**	**0.00**	**2,296.69**

6) Commitments:

₹ in thousands

Particulars	**31 March, 2018**	**31 March, 2017**	**01 April, 2016**
(a) Estimated amount of contracts remaining to be executed on capital account [net of advances]	Nil	1,845.00	Nil

7) Contingent liabilities (not provided for) in respect of:

₹ in thousands

Description	**As at 31 March, 2018**	**As at 31 March, 2017**	**As at 01 April, 2016**
Letter of Credit Outstanding for Import/Purchase of Raw Material, Spares, and Plant & Machinery	14.45	315.22	1711.31

8) Employee Benefits Plan:

The Company has various schemes of retirement benefits such as provident fund, gratuity and leave encashment, which is dealt as under:-

i) The Company has taken Group gratuity Policy from LIC and the fund value as on 31.03.2018 was Rs. 8,365.82 thousands.

ii) The provision for Leave Encashment has been taken on the basis of actuarial valuation. As per the actuarial valuation report the provision for leave encashment has been determined as Rs. 597.46 thousands As on 31.03.2018.

iii) Contribution to provident fund are made in accordance with the provisions of Employee Provident Fund & Misc. Provisions Act, 1952 and charges to revenue every year and this is in conformity as per the requirements of Ind AS.

9) Financial Instruments

i) Capital Management

The Company manages its capital to ensure that the company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net cash & bank balances (borrowings as detailed in notes 4(v) and 4(xi) offset by cash and bank balances) and total equity of the company. The company is not subject to any externally imposed capital requirements.

ii) Categories of financial instruments

₹ in thousands

Financial assets	**As at 31 March, 2018**	**As at 31 March, 2017**	**As at 01 April, 2016**
Measured at amortised cost			
(a) Cash and bank balances	81703.36	82524.52	53744.59
(b) Trade Receivables	95312.35	87661.92	79088.60
(c) Other Financial assets	5582.75	633.91	617.39
Total	**182598.46**	**170820.35**	**133450.58**

Financial liabilities	**As at 31 March, 2018**	**As at 31 March, 2017**	**As at 01 April, 2016**
Measured at amortised cost			
(a) Borrowings	524.07	1583.00	2296.69
(b) Trade payables	72727.97	64047.64	46249.73
Total	**73252.04**	**65630.64**	**48546.42**

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

iii) Financial Risk Management Objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial marketsincludingmarket risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Audit & Risk Committee manages the financial risk of the company through internal risk reports which analyse exposure by magnitude of risk.

Market Risk

The company's activities majorly do not expose to the financial risks of changes in interest rates and foreign currency exchange rates.

a) Interest Rate Risk Management

The company is not exposed to interest rate risk because company borrow funds only at fixed interest rates and company also does not have any borrowings except working capital loan.

b) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company takes due care while extending any credit as per the approval matrix approved by ECRM.

c) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note given below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

Notes Forming Part of the Standalone Financial Statements

10) Earnings Per Share

	As at 31 March, 2018	As at 31 March, 2017
Basic/ Diluted Earnings Per Share	**3.52**	**4.00**
Profit as per statement of profit and loss	17,278.76	19,619.84
Earning used in calculation of basic Earnings Per Share	**17,278.76**	**19,619.84**
Weighted average number of equity shares in calculating Basic EPS	4,908,470	4,908,470

11) Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:			
- Principal amount due to micro and small enterprises	9,176.71	14,270.82	9,259.02
- Interest due on above	-	-	-

The above information regarding dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements. This has been relied upon by the auditors.

12) First Time Ind AS Adoption Reconciliations

For all periods up to and including the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the following :

a) Effect of Ind AS adoption on the standalone balance sheet as at March 31, 2017 and April 01, 2016.

b) Reconciliation of total equity as at March 31, 2017 and April 01, 2016.

Effect of Ind AS adoption on the standalone profit and loss for the year ended March 31, 2017.

13) Previous Year Figures

Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

14) The comparative financial information of the Company for the transition date opening balance sheet as at 1 April, 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31 March, 2016 have been restated to comply with Ind AS and in accordance with the format prescribed in MCA Circular Notification No. GSR 404(E) [F.NO.17/62/2015CLV], dated 6 April, 2016.

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

PANKAJ JAIN
Managing Director-cum-Vice Chairman
DIN: 00206564

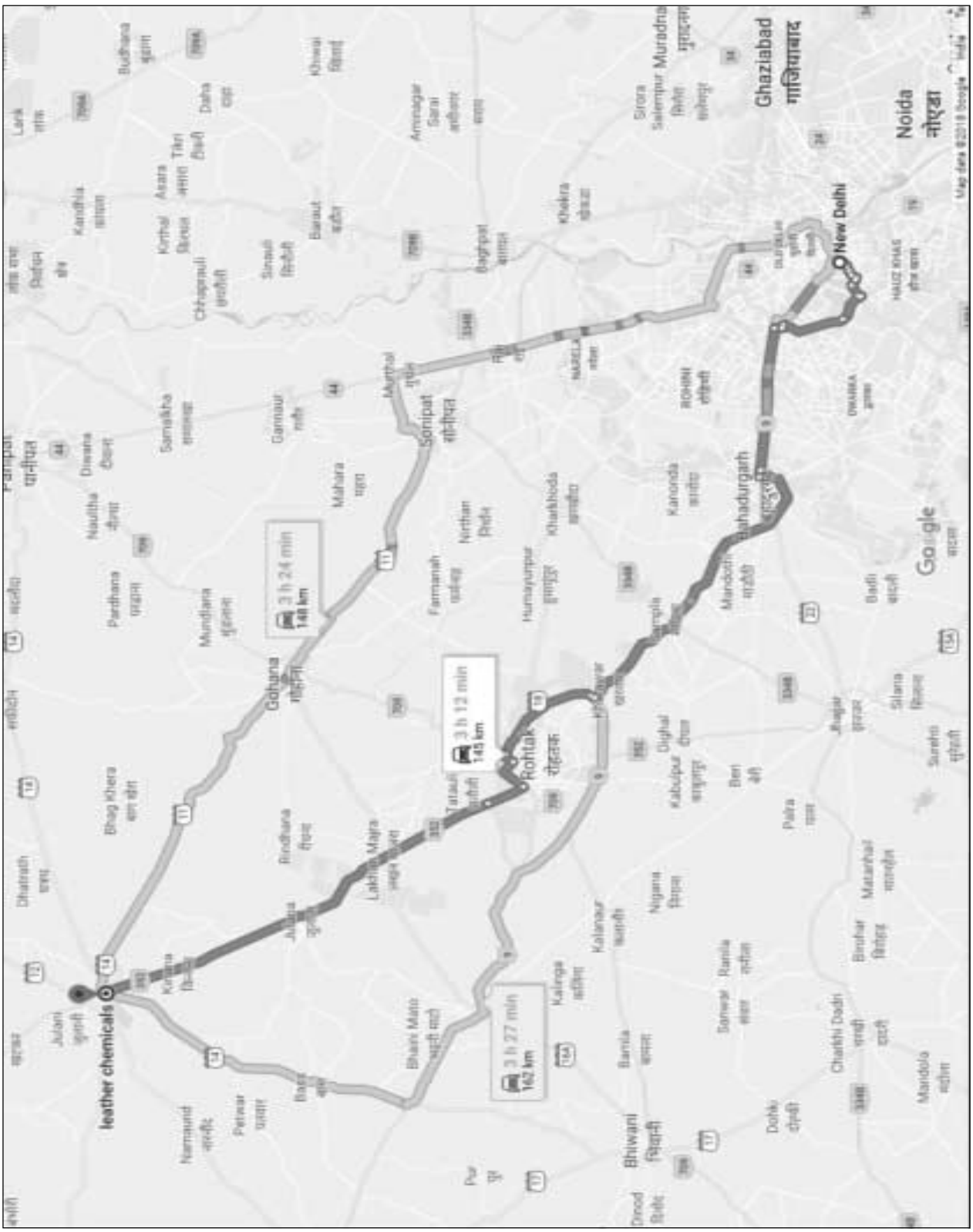
N.K. JAIN
Chairman

SILU NANDA
Company Secretary
Membership No.: 12872

Place : GURUGRAM
Date : *May 21st, 2018*

HARYANA
LEATHER CHEMICALS LTD.

ROUTE MAP



HARYANA LEATHER CHEMICALS LIMITED

Corporate Identity Number (CIN): L74999HR1985PLC019905
Registered Office: 72-77, HSIIDC Industrial Estate, Hansi Road, Jind - 126 102 (Hr.)
Telephone No.: +91-01681-226645; Fax No.: +91-01681-225101
Website: www.leatherchem.com, Email ID: info@leatherchem.com

33rd Annual General Meeting on Tuesday, 25th September, 2018

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013, and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L74999HR1985PLC019905
Name of the Company : Haryana Leather Chemicals Limited
Registered office : 72-77, HSIIDC Industrial Estate, Hansi Road, Jind - 126 102 (HR.)

Name of Member(s): .....
Registered address: .....
Email ID: .....
Folio No./Client ID: .....
DP ID: .....

I/We, being the Member(s) holding ..... shares of the above named Company, hereby appoint

1. Name: .....
   Address: .....
   Email ID: .....
   Signature:…….....……., or failing him/ her
2. Name:
   Address: .....
   Email ID: .....
   Signature:…….....……., or failing him/ her
3. Name:
   Address: .....
   Email ID: .....
   Signature:…….....…….

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on 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, and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions

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

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.
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.

SPECIAL BUSINESS:

7. To increase the remuneration of Mr. Pankaj Jain (DIN: 00206564) Managing Director of the Company:
8. To authorise Mrs. Sippy Jain (DIN: 03189151) as Designing Consultants of the Company.

Signed this..... day of....., 2018

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 32nd Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

HARYANA LEATHER CHEMICALS LIMITED

Corporate Identity Number (CIN): L74999HR1985PLC019905
Registered Office: 72-77, HSIIDC Industrial Estate, Hansi Road, Jind - 126 102 (Hr.)
Telephone No.: +91-01681-226645; Fax No.: +91-01681-225101
Website: www.leatherchem.com, Email ID: info@leatherchem.com

ATTENDANCE SLIP

Regd. Folio/DP ID & Client ID	
Number of shares	
Name and Address of the Member	

I hereby record my presence at the Thirty Third Annual General Meeting of the Company 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, Haryana.

....

Name of the Member/Proxy (in block letters)

Member's/Proxy's Signature

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report to the meeting.