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12th
ANNUAL REPORT
2004

EURO LEDER FASHION LIMITED

FOR THE ATTENTION OF THE MEMBERS

1. Register of Members and Share Transfer books of the Company will remain closed from 16th September to 30th September 2004 (both days inclusive)
2. Members are requested to notify immediately any change in their address to the Company specifying the full address in block capitals with Pin Code number of the Post Office etc.
3. Members are requested to quote their Folio number in all correspondence.
4. Members are requested to quote their queries relating to the accounts at least 10 Days before the date of the Meeting, so that the information can be made available at the meeting.
5. Members are requested to bring a copy the Annual Report along with them to the Annual General Meeting, since extra copies will not be supplied.
6. Members are requested to hand over the attendance slip duly signed at entrance of the Meeting hall.
7. Registration starts at 10.30 A.M. at Maharaja Restaurant 122, G.S.T. Road, Chromepet, Chennai-600 044 on 30th September, 2004.

EURO LEDER FASHION LTD

Board of Directors	1. Shri. AR. RAMANATHAN	- Managing Director
	2. Shri. AR. ARUNACHALAM	- Director
	3. Shri. RM. LAKSHMANAN	- Wholetime Director
	4. Shri. P.T.GOPALA RAAJA	- Director
	5. Shri. P.S.NATHAN	- Director
	6. Shri. S.NARAYAN	- Director
	7. Shri. S.JAMBUNATH	- Director
	8. Shri. N.MEENAKSHISUNDARAM	- Director

Auditors	- M/S. VENKATESAN ASSOCIATES, Chartered Accountants, 20 (old No.8), Dr. Natesan Salai, Ashok Nagar, Chennai, Tel: 24896897
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Internal Auditors	- Shri. P. Gurunathan, Chartered Accountant, 14, Padmanabha Nagar, First Street, Adyar, Chennai- 600 020. Tel: 24461396
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Registered Office & Factory	- No. 99, G.S.T. Road, Pallavaram, Chennai- 600 043 Tel : 22381923 and 22418437 Fax: 22382043
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Bankers	- 1. Canara Bank, Overseas Branch 2. ICICI Bank Ltd., Nungambakkam
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EURO LEDER FASHION LTD

Regd. Office: 99, G.S.T. Road
Pallavaram, Chennai – 600 043.

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on 30th September, 2004 at 11.30. A.M. at Maharaja Restaurant, 122, G.S.T. Road, Chromepet, Chennai-600 044 to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the audited Balance sheet of the company as at 31st March 2004 and the Profit and Loss Account for the year ended on that date, together with the notes thereon and the schedules there to and the reports of the Auditors and the Directors.
2. To declare a dividend
3. To appoint a Director in the place of Shri. S. Jambunath who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Shri. S. Narayan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration M/s N. Venkatesan Associates, Chartered Accountants. Chennai, the retiring auditors, are eligible for reappointment.

Special Business:

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary resolution:

“RESOLVED THAT Shri. N. Meenakshisundaram be and is hereby appointed as a Director of the Company liable to retire by rotation”.

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act (including any amendment and/or re-enactment thereof), the terms and conditions of remuneration payable to Shri. AR. Ramanathan, Managing Director of the Company, be and are hereby revised with effect from 1st July 2004 for the remainder of his tenure, as detailed in the Explanatory Statement attached hereto.

“ RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary resolution:

“ RESOLVED THAT pursuant to the provisions of Sections 198,269,309 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act (including any amendment and/or re-enactment thereof), the terms and conditions of remuneration payable to Shri. RM. Lakshmanan, Whole-time Director of the Company, be and are hereby revised with effect from 1st July 2004 for the remainder of his tenure, as detailed in the Explanatory Statement attached hereto.

“ RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

By Order of the Board

Chennai
28-8-2004

AR. Ramanathan
Managing Director

Notes:

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the Company.
2. Proxy Forms duly completed shall be deposited with the Company at its Registered Office not less than 48 Hours before the meeting.
3. An explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books will remain closed from 16th September, 2004 to 30th September, 2004 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Shri N. Meenakshisundaram was on 29.06.2004 coopted by the Board as an Additional Director and he holds office till the ensuing Annual General Meeting. He has served the banking industry for 22 years and has recently retired voluntarily. He has had varied experience in finance and banking. A notice has been received from a member along with the prescribed deposit propos-

ing the name of Shri N. Meenakshisundaram for appointment as a Director at the forthcoming Annual General Meeting. The Board feels that the knowledge, and experience of Shri N. Meenakshisundaram will benefit the Company.

None of the Directors of the Company except Shri N.Meenakshisundaram is interested in this resolution.

Item Nos. 7 and 8

Members of the Company had at the 10th Annual General Meeting of the Company held on 6th September, 2002 appointed Shri. AR. Ramanathan as Managing Director for the period from 8th April 2002 to 31st March 2007 and Shri. RM. Lakshmanan as a Whole-time Director for a period of 5 years from 1st April 2002 to 31st March 2007 and fixed their remuneration as follows:

	Shri. AR. Ramanathan	Shri. RM. Lakshmanan
Salary	Rs. 12,000 p.m.	Rs. 10,000 p.m.

Perquisites:

Housing

Unfurnished housing or allowance at

60% of salary

60% of salary

Expenditure on gas, electricity and water }
Furniture, furnishings and other utilities }

} valued as per Income Tax Act, 1961

Earned/ privilege leave

Not exceeding 1 month's salary for every 11 months of service

Personal Accident Insurance Premium not to exceed Rs. 5,000 p.a.

Reimbursement of medical expenses, medical insurance, leave travel concession, Company's contribution to Provident Fund, Superannuation Fund and payment of gratuity as per the rules of the Company besides free use of car with driver and telephone at residence. They will, however, not be paid sitting fees for attending meetings of the Board and any committee thereof.

In the event of a loss or inadequate profit in any financial year, the above items of remuneration shall constitute the minimum remuneration payable to the above Managing Director and the Whole-time Director.

The Board of Directors of the Company, on the recommendations of the Remuneration Committee, has, at its meeting held on 18th Aug 2004 decided to revise the remuneration of Managing Director and Whole-time Director as follows with effect from 1st July 2004 till the end of their tenure, viz. 31st March 2007, subject to the approval of the members of the Company:

Shri. AR. Ramanathan Shri. Rm. Lakshmanan

Salary Rs. 22,000 p.m. Rs. 20,000 p.m.

All other items of remuneration remain unchanged (as a percentage of the salary or as per the rules of the Company).

In the event of a loss or inadequate profit in any financial year, the above items of remuneration shall constitute the minimum remuneration payable to the above Managing Director and the Whole-time Director.

This revision of the terms of remuneration of Managing Director and Whole-time Director requires the approval of the members of the Company in terms of Sections 198, 269, 309 of the Companies act, 1956 read with Schedule XIII to the Act. The Board recommends the passing of these ordinary resolutions.

Shri. AR. Ramanathan, Shri. RM. Lakshmanan and Shri. S. Narayan are deemed to be interested in these resolutions.

By Order of the Board

Chennai
28-8-2004

AR. Ramanathan
Managing Director

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their 12th Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the Year ended on that date.

Financial Performance

(Rs. in lakhs)

Particulars	2004	2003
Income from Operation	1871.49	1,842.67
Profit before Depreciation and Tax	38.00	36.80
Less:		
Depreciation	2.36	2.12
Profit before Tax	35.64	34.68
Provision for Tax	12.69	Nil
Profit after Tax	22.95	34.68
Profit/(Loss) Brought Forward	52.51	17.83
Profit available for appropriation	75.46	52.51
Proposed Dividend (Including dividend tax)	22.33	Nil
Profit/(Loss) carried to the Balance Sheet	53.13	52.51

Your Directors are pleased to propose a maiden dividend of 6% for the year 2003-2004.

PERFORMANCE

The company has achieved a record turnover of Rs. 1711.79 Lakhs in 2003-2004 and earned a profit before of Rs. 35.64 Lakhs during the year. The profit after tax has been Rs. 22.95 lakhs. This performance has been largely due to measures for cost reduction initiated by the company in the previous year.

PROSPECTS

The Order position is healthy and barring unforeseen circumstances the Company should register a 10% improvement in its turn over in the current year.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217 (2AA) of the Companies Act 1956, your Directors subscribe to the 'Directors' Responsibility Statement and confirm that:

1. The Directors have followed, in the preparation of the annual accounts, the applicable accounting standards along with proper explanations relating to material departures, if any;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing or detecting fraud or other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri. S. Jambunath and Shri. S. Narayan retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Shri. N. Meenakshisundaram was co-opted to the Board on 29.06.2004 as an additional Director and he holds office till the forthcoming Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act 1956, from a shareholder, along with necessary fee, proposing the candidature of Shri. N. Meenakshisundaram for appointment as Director of the Company at the forthcoming Annual General Meeting.

AUDITORS

M/s. N. Venkatesan Associates, Chartered Accountants, Chennai, the retiring auditors, are eligible for reappointment and have given their consent for re-appointment.

PERSONNEL

None of the employees of the Company was in receipt of remuneration which comes under the provisions of the Section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975, as amended.

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT 1956.

Information as per clause (e) of Section 217 (1) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 for the year ended 31st March 2004 is given below.

CONSERVATION OF ENERGY	2004	2003
Electricity consumed – Units	78,910	77,638
Total Cost	Rs.3,69,339/-	Rs.3,52,505/-
Generator Fuel	Rs. 33,248/-	Rs. 49,791/-
Average Cost per Unit	Rs. 4.68	Rs. 4.54
Average Consumption per		
Unit of production	N.A.	N.A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Manufacturing activity is confined to simple cutting and stitching of leather garments and hence absorption, adaptation and innovation of technology do not arise.

RESEARCH AND DEVELOPMENT

Though the company does not have separate R&D establishment, activities are carried out by the design and quality control departments.

Expenditure of R&D : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

EARNINGS:

F O B Value of Exports : Rs.1560.56 Lakhs

OUTGO:

Commission to foreign agents : Rs. 93.73 Lakhs

Foreign Travels : Rs. 1.14 Lakhs

CORPORATE GOVERNANCE

The Report on Corporate Governance and Management Discussion and Analysis as well as Auditors Compliance certificate on Corporate Governance are provided in separate Annexure to this report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their thanks to the Government of India, banks, customers and suppliers for their valuable assistance and support.

Your Directors wish to place on record their appreciation of the sincere efforts put in by the employees of the company at all levels

On behalf of the Board

Place : Chennai

Date : 28/08/2004

AR. Ramanathan
Managing Director

RM. Lakshmanan
Whole time Director