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**13th
ANNUAL REPORT
2005**

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 2005 (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 the 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 of 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 28th September, 2005.

EURO LEDER FASHION LIMITED

Board of Directors	1. Shri. AR. Ramanathan	- Managing Director
	2. Shri. AR. Arunachalam	- Director
	3. Shri. RM. Lakshmanan	- Wholetime Director
	4. Shri. P.S. Nathan	- Director
	5. Shri. S. Narayan	- Director
	6. Shri. S. Jambunath	- Director
	7. Shri. N. Meenakshisundaram	- Director

Auditors - M/s. N. Venkatesan Associates,
Chartered Accountants,
20 (Old No. 8), Dr. Natesan Salai,
Ashok Nagar, Chennai.
Tel : 24896897.

Registered Office &
Factory - No. 99, G.S.T. Road,
Pallavaram, Chennai - 600 043.
Tel : 22381923 / 22418437
Fax : 22382043

Bankers - 1. Canara Bank, Overseas Branch
2. ICICI Bank Ltd., Nungambakkam.

EURO LEDER FASHION LTD

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

Notice is hereby given that the 13th Annual General Meeting of the Company will be Held on 28th Wednesday, September, 2005 at 11.00. 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 2005 and the Profit and Loss Account for the year ended on that date, together with the notes thereon and the schedules thereto and the reports of the Auditors and The Directors.
2. To appoint a Director in the place of Shri. P S. Nathan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. A.R. Arunachalam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration M/s N. Venkatesan Associates, Chartered Accountants. Chennai, the retiring auditors, are eligible for re-appointment.

By Order of the Board

Chennai
28.06.2005

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. The Register of Members and Share Transfer Books will remain closed from 16th September, 2005 28th September, 2005 (both days inclusive)

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their 13th Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the Year ended on that date.

Financial Performance

Particulars	2005	2004
Income from Operation	1872.52	1871.49
Profit before Depreciation and tax	28.36	38.00
Less		
Depreciation	3.27	236
Profit before Tax	31.38	35.64
Provision for Tax	11.86	12.69
Profit after Tax	19.52	22.95
Profit / (Loss) Brought forward	53.13	52.51
Profit available for appropriation	72.65	75.46
Proposed Dividend(Including dividend tax)	—	22.33
Profit / (Loss) carried to the		
Balance Sheet	72.65	53.13

Investment : The Directors of the Company have proposed to buy a land adjacent to the present factory so as to utilize the profit available at present. Hence the directors of the Company unable to propose any dividend for the year

PERFORMANCE

The Company has achieved a record turnover of Rs 1 716.19 lakhs in 2004-2005 and earned a profit before Tax of Rs. 31.38 lakhs during the year. The profit after tax has been Rs 19.52 lakhs.

PROSPECTS

The Order position is healthy and barring unforeseen circumstances the Company should register an 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 '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 judgements 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. P.T. Gopala Raaja resigned from the board on 13th January, 2005. The Directors placed on record their appreciation of the valuable advice given by Shri P.T. Gopala Raaja as a member of the Board.

Shri. P S Nathan and Shri. A.R. Arunachalam retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

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

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(I)(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 31' March 2005 is given below.

CONSERVATION OF ENERGY

	2005	2004
Electricity consumed Units	72902	78910
Total Cost	Rs.3.32,782/-	Rs.3.69,339/-
Generator Fuel	Rs. 8,468/-	Rs. 33,248/-
Average Cost per Unit	Rs. 4.56	Rs. 4.68
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:**

FOB Value of Exports : 1644.83 Lakhs

OUTGO :

Selling Expenses in foreign Countries : 101.86 Lakhs

Foreign Travels : 1.59 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

ACKNOWLEDGEMENT

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.

For and on behalf of the Board

Place: Chennai
Date: 28.06.05

AR.Ramanathan
Managing Director

RM.Lakshmanan
Whole time Director

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ANNEXURE TO DIRECTORS' REPORT**REPORT ON CORPORATE GOVERNANCE**

The Board has adopted the principles of good corporate governance and emphasis transparency, integrity and accountability. The Board believes that good governance is voluntary and reflects self-discipline with the strongest impetus coming from the Directors and the Management. The Organization of the company endeavours to be progressive, competent and trustworthy, creating value for customers and shareholders while reflecting the best of Indian values in its conduct

BOARD OF DIRECTORS**A. COMPOSITION**

The Board presently consists of 7 Directors, 2 of whom are Executive. The management of the affairs of the company is vested in Shri. AR. Ramanathan, Managing Director and Shri RM. Lakshmanan, Whole-time Director, subject to the general superintendence, control and direction of the Board. Shri AR. Ramanathan heads the management team holds operational responsibility for the day-to-day activities of the company and is accountable to the Board for actions and results. Of the 7 Directors, 4 are independent and 3 represent the promoters. The independent Directors play an important role in the deliberations of the Board and bring to the company their wide experience in important role in the deliberations of the Board and bring to the company their wide experience in the fields of industry, banking and administration and contribute significantly to Board Committees. Their independent role vis-a-vis the company means that they add a broader perspective, help ensure that the interests of the shareholders are kept in acceptable balance and also provide an objective view in all matters under the consideration of the Board.

B. BOARD MEETINGS AND COMMITTEES

Board meetings are held regularly and are usually scheduled reasonably in advance. The Board generally meets at least once a quarter, inter alia, to review the quarterly financial results. In order to ensure greater attention of the Directors to the affairs of the company, the Board delegates specified matters to its committees which also prepare the groundwork for decision making and report to the Board.

The Board met 5 times during the year. The attendance of the Directors at the meetings of the Board and the Annual General Meeting are as follows :

Name	Status	No. of Board Meetings of the company		No. Membership in Board / Committees Board / Committee	Whether attended the last AGM
		Held	attended		
AR. Ramanathan	Executive	5	5	Sournam Plantations (P) Ltd.,	Yes
RM. Lakshmanan	Executive	5	5	-	Yes
AR. Arunachalam	Independent Non-Executive	5	4	Gudang Garam Tabak Industries Pvt. Ltd. Suryabarath Industries Pvt. Ltd.,	Yes
S. Narayanan	Non-Executive	5	4	-	Yes
P.T. Gopala Raaja	Independent Non-Executive	4	4	-	Yes
P.S. Nathan	Independent Non-Executive	5	3	--	Yes
S. Jambunath	Independent Non-Executive	5	3	--	Yes
N. Meenakshi Sundaram	Independent Non-Executive	4	2	--	Yes

Shri. P.T. Gopala Raaja resigned from the Board on 13th January, 2005 and Shri N. Meenakshmi Sundaram was appointed Director of the Company on June 2004.

During the year there was no pecuniary relationship or business transaction by the Company with any non-executive director (Other than sitting fee for attending Board - Committee meetings)

5 Board meetings were held during the year on 29th June '2004, 30th July '2004, 28th August, 2004, 30th October, 2004 and 25th January, 2005.