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**16th  
ANNUAL REPORT  
2008**

**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 17<sup>th</sup> September, 2008 to 25<sup>th</sup> September, 2008.(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 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 25<sup>th</sup> Spetember, 2008

**EURO LEDER FASHION LIMITED**

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

Auditors	- M/s.N.Venkatesan Associates, Chartered Accountants, 20 (Old No 8) Dr. Natesan Salai, Ashok Nagar. Chennai. Tel.24896897
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Registered Office & Factory	- No.99.G.S.T.Road Pallavaram,Chennai. 600 043. Tel.22642923/22643437 Fax:22643043
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Bankers	- 1. Canara Bank Overseas Branch 2. ICICI Bank Ltd. Nungambakkam
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## NOTICE OF 16<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Company will be held on Thursday, 25<sup>th</sup> September, 2008 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 31<sup>st</sup> March 2008 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 appoint a Director in the place of Shri.AR.Arunachalam who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri S. Jambunath 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 reappointment.

Chennai  
30.06.2008

By Order of the Board  
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 17<sup>th</sup> September 2008 to 25<sup>th</sup> September.2008 (both days inclusive).

## DIRECTORS ' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Sixteenth Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2008 and the Profit Loss Account for the year ended on that date.

### FINANCIAL PERFORMANCE

(Rs. in lakhs)

Particulars	2008	2007
Income from Operations	2600.35	2449.83
Profit before Depreciation Taxation	47.48	43.52
<b>Less:</b>		
Depreciation	5.07	4.39
Profit before Tax	42.41	39.13
Provision for Tax	17.30	13.98
Profit after Tax	25.11	25.15
Profit Brought Forward	117.83	92.68
Profit available for appropriation	142.94	117.83
Profit/loss carried to the Balance sheet	142.94	117.83

### DIVIDEND

Your Directors of the Company wish to plough back the profit for the year and hence do not recommend any dividend for the year.

### PERFORMANCE

The Company has achieved a record turnover of Rs.2326.26 lacs in 2007-2008 and earned a profit of Rs.42.41 lacs before tax. The profit after tax has been Rs.25.11.lacs.

### PROSPECTS

The Value of US\$ and Euro against the Rupee having slowly going up in the past few months has resulted in an improved realization from exports. This is likely to benefit the bottom line of the Company in the current year . The order position is healthy and the Company should register a modest improvement in its performance in the current year.

### DIRECTORS' RESPONSIBILITY STATEMENT

As Stipulated in Section 217 (2AA) of the Companies Act1956, 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 explanation 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 and loss of the Company for the year.
4. 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 deducting fraud or other irregularities.
5. The Directors have prepared the annual accounts on going concern basis.

## **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.

## **DIRECTORS**

Shri.S. Jambunath and Shri.N.Meenakshi Sundaram 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.

## **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 Company's (Disclosure of particulars in the report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March 2008 is given below.

**CONSERVATION OF ENERGY**

	2008	2007
Electricity consumed - Units	60735	89125
Total Cost	Rs. 405532/-	Rs. 448154/-
Generator Fuel	Rs. 135969/-	Rs. 72715/-
Average Cost per Unit	Rs. 6.68	Rs. 5.03
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 on R& D: NIL.**

**FOREIGN EXCHANGE EARNINGS AND OUTGO****EARNINGS:**

F O B Value of Exports. : Rs.2143.38 lacs

**OUTGO:**

Selling Expenses in Foreign Countries: NIL  
Foreign Travel Rs. 5.68 lacs

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their thanks to the Government of India, Banks and 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.

Place : Chennai	On behalf of the Board	
Date : 30.6.2008	AR. Ramanathan	RM. Lakshmanan
	Managing Director	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 with emphasis on 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.

All the Directors have complied with the Company's code of conduct for prevention of insider trading in its shares.

### BOARD OF DIRECTORS

#### COMPOSITION

The Board presently consists of 7 Directors, 2 of whom are Executive. The management of the affairs of the company is vested with Sri.AR.Ramanathan, Managing Director and Sri.Rm.Lakshmanan, Whole Time Director, subject to the general supervision, 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 has been entrusted with ensuring that all management functions are carried out professionally and *is accountable to the Board for actions and results. Of the 7 Directors, 5 are independent and 2 represent the promoters.* The independent Directors play an important role in the deliberations of the Board level and bring to the Company the wide experience in the fields of industry, banking and administration and contribute significantly to Board Committees. Their independent role vis-à-vis the Company means that they add a broader perspective, help to ensure that the interests of the Shareholders are kept in acceptable balance and can also provide an objective view in all matters under the consideration of the Board.

### BOARD MEETINGS AND COMMITTEES

Board meetings are held and are usually scheduled reasonably in advance. The Board generally meets at least once a quarter, to inter-alia, 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

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The Board met 4 times during the year. The attendance of the Directors at the meetings of the Board and the Annual General Meeting are as follows:-

	No. of meetings of the Company	Membership of other Boards	Whether present at the AGM
	Hold attended		
		Sournam Plantations (P) Ltd	Yes
Shri. AR. Ramanathan	4	4	Rich Herbal Product (P) Ltd
Shri. RM. Lakshmanan	4	4	Rich Herbal Product (P) Ltd
Shri. AR. Arunachalam	4	2	Gudang Garam Tabak Industries (P) Ltd
		Suryabarath Industries P Ltd	Yes
Shri. N.Meenakshi Sundaram	4	3	No
Shri. P.S. Nathan	4	1	Yes
Shri. S. Jambunath	4	4	Yes
Shri. S. Narayan	4	4	No

During the year there was no pecuniary relationship or business transaction by the Company with any non-executive director (other than the sitting fee for attending Board Committee meetings). Board meetings were held during the year on 26<sup>th</sup> June, 2007, 28<sup>th</sup> July, 2007, 27<sup>th</sup> October, 2007 and 30<sup>th</sup> January, 2008.

## Remuneration paid to the Directors

### Executive Directors:

Name	Designation	Sitting fees	Salary and Perquisites.
Shri.AR.Ramanathan	Managing Director	Nil	RS.422400/-
Shri.RM.Lakshmanan	Wholetime Director	Nil	Rs.384000/-

### Non-Executive Directors

	ARA	NM	SJ	PSN	SN
For attending Board meetings	4000	6000	8000	2000	4000
For attending Committees	4000	6000	34000	Nil	Nil

## AUDIT COMMITTEE

The terms of reference of the Audit Committee, specified by the Board in writing, include a review of the audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The Committee recommends the appointment of statutory auditors and their fees/payments and takes on overview of the financial reporting process to ensure the financial statements are correct, sufficient and credible. The reports of the statutory and internal auditors are reviewed along with the managements' comments and action taken reports. The committee has full authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice, which it needs to do so. The Committee has been mandated to meet at least 4 times in a year, once to assess the audited accounts before they are put up to the Board, besides reviewing the un-audited financial statements for each quarter. It has also been reviewing the compliance by the Company of various laws.

The Committee met 4 times during the year on 26<sup>th</sup> June,2007, 28<sup>th</sup> July,2007,27<sup>th</sup> October, 2007 and 30<sup>th</sup> January, 2008 .

### No.of Meetings attend

Shri. AR. Arunachalam	2
Shri.Meenakshi Sundaram	3
Shri. S. Jambunathan	4