



**18th ANNUAL REPORT  
2010**

**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 5th September, 2010 to 20<sup>th</sup> September, 2010 (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 20<sup>th</sup> September 2010.
-

**EURO LEDER FASHION LIMITED**

Board of Directors. 1.Shri.AR.Ramanathan - Managing Director.  
2.Shri.RM.Lakshman - Whole Time 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.Venkatesan Associates  
Chartered Accountants,  
20(Old No 8) Dr.Natesan Salai,  
Ashok Nagar. Chennai.  
Tel.044-2489 3635

Registered Office &  
Factory - No.99 G.S.T.Road  
Pallavaram, Chennai.600 043  
Tel.044-42943204  
044-2264 3437  
Fax.044-2264 3043

Bankers - Canara Bank, Overseas Branch

---

## NOTICE OF 18<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Company will be held on Monday, the 20<sup>th</sup> September 2010 at 11.00.A.M. at Maharaja Restaurant, 122, G.S.T. 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 2010 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 N. Meenakshi Sundaram who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri. AR.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 reappointment.

Chennai  
Date:29.05.2010

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 5<sup>th</sup> September 2010 to 20<sup>th</sup> September.2010 (both days inclusive).
  4. EXPLANATORY STATEMENT PURSUANT TO SEC 217 (2A) Of the Companies Act 1956,is Annexed.
-

## DIRECTORS REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Eighteenth Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2010 and the Profit Loss Account for the year ended on that date.

### FINANCIAL PERFORMANCE

(Rs. in lakhs)

PARTICULARS	2010	2009
Income from Operations	5254.16	4475.35
Profit before Depreciation and Taxation	94.95	71.33
<b><u>Less:</u></b>		
Depreciation	9.19	6.11
Profit before Tax	85.75	65.22
Provision for Tax	27.29	23.27
Profit after Tax	58.46	41.95
Profit brought forward	184.89	142.94
Profit available for appropriation	243.35	184.89
Profit/Loss carried to Balance Sheet	243.35	184.89

### 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.5254.16 lacs in 2009-2010 and earned a profit of Rs.85.75 lacs before tax. The profit after tax has been Rs.58.46 lacs.

### PROSPECTS

The Value of US\$ and Euro against the Rupee has gone 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 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 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.
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 deducting fraud or other irregularities.
4. 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 certificate on Compliance with the code of Corporate Governance are provided in separate Annexure to this report.

**DIRECTORS**

Shri. N.Meenakshi Sundaram and Shri.AR.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.

**PERSONNEL**

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

**COMPLIANCE CERTIFICATE**

A Secretarial compliance certificate from a company secretary in practise is attached.

---

**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 Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March 2010 is given below.

**CONSERVATION OF ENERGY**

	2010	2009
Electricity Consumed -Unit	279420	96430
Total Cost	Rs. 14,66,063	Rs.778891.00
Generator Fuel	Rs. 9,20,660	Rs.334860.00
Average Cost per unit	Rs.5.25	Rs.8.08
Average Consumption per Unit of production	N.A	NA

**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.4397.67 Lacs

**OutGo:**

Selling Expenses in Foreign Currencies: NIL  
Foreign Travel : Rs.6.07 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.

On behalf of the Board.

Chennai  
Date:29.05.2010

AR.Ramanathan  
Managing Director

RM.Lakshmanan  
Whole Time Director

## **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.

---



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:

	No. of meetings of the Company		Membership of other Boards	Whether present at the AGM
Held	Hold	Attended		
Shri. AR. Ramanathan	5	5	Sournam Plantations (P) Ltd Euro Prime Properties Pvt Ltd	Yes
Shri. RM. Lakshmanan	5	5	Euro Prime Properties Pvt Ltd	No
Shri. AR. Arunachalam	5	4	Gudang Garam Tabak Industries (P) Ltd Suryabarath Industries P Ltd	No
Shri. N.Meenakshi Sundaram	5	0		No
Shri. P.S. Nathan	5	0		Yes
Shri. S. Jambunath	5	5		Yes
Shri. S. Narayan	5	3		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 and Committee meetings). Board meetings were held during the year on 17<sup>th</sup> June, 2009, 15<sup>th</sup> July, 2009, 25<sup>th</sup> July 2009, 30<sup>th</sup> October, 2009 and 31<sup>st</sup> January, 2010.

### Remuneration paid to the Directors

#### Executive Directors

Name	Designation	Sitting Fees	Salary&perquisites
Sri.AR.Ramanathan	Managing Director	Nil	Rs.681600/-
Sri.RM.Lakshmanan	Whole Time Director	Nil	Rs.456000/-

Non-Executive Directors	ARA	NM	SJ	PSN	SN
For attending Board meetings	8000	NIL	8000	NIL	6000
For attending Committees	8000	NIL	16000	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 15<sup>th</sup> July, 2009, 25<sup>th</sup> July, 2009 30<sup>th</sup> October, 2009 and 31<sup>st</sup> January, 2010.

**No.Meetings attended**

Sri.AR.Arunachalam	4
Sri.N.Meenakshi Sundaram	0
Sri.S.Jambunath	4

**Remuneration Committee:**

It met on 25.07.2009 during the year to consider the increase in remuneration of Managing Director and Whole Time Director.

**Shareholders Grievance Committee:**

Sri.S.Jambunath and Sri.AR.Ramanathan constitute this committee which meets as often as necessary to minimize any delay in the share transfer process.Any shareholder's grievance is referred to this committee for speedy resolution.

Sri.SP.Arunachalam is the Compliance Officer.

No grievance/complaint was received during the year. The committee met 4 times during the year

**CODE OF CONDUCT**

The Board of Directors has adopted a Code of Ethics and Business Conduct for the Directors and Senior Personnel. The Code is a comprehensive one applicable to all Directors, Executive and Non-Executive, and members of senior management .The Code has been circulated to all the members of the Board and senior personnel and they have affirmed compliance of the same. A declaration signed by the Managing Director and CEO in this regard is reproduced below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Personnel of the Company, affirmation that they have complied with the Code of Ethics and Business Conduct framed for Directors and Senior Personnel in respect of the financial year 2009-2010".

All the Directors of the Company have affirmed their compliances with the Company's Code of Conduct for prevention of insider trading in its shares.

AR.RAMANATHAN  
Managing Director & CEO.