



**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 20th 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. Registeration starts at 10.30 a.m. at Maharaja Restaurant 122, G.S.T.Road, Chromepet, Chennai- 600 044 on 20th September 2010.
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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 18th ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Monday, the 20th 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 31st 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 5th September 2010 to 20th September.2010 (both days inclusive).
 4. EXPLANATORY STATEMENT PURSUANT TO SEC 217 (2A) Of the Companies Act 1956, is Annexed.
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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
<u>Less:</u>		
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 31st 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:

Held	No. of meetings of the Company		Membership of other Boards	Whether present at the AGM
	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 17th June, 2009, 15th July, 2009, 25th July 2009, 30th October, 2009 and 31st 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 15th July, 2009, 25th July, 2009 30th October, 2009 and 31st 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.

The details of the last 3 Annual General Meetings are:

Date	Time	Venue
26.09.2007	11.00 A.M	Maharaja Restaurant. Chromepet,Chennai
25.09.2008	11.00 A M	Maharaja Restaurant Chromepet,Chennai
30.09.2009	11.00 A M	Maharaja Restaurant Chromepet,Chennai

Disclosures:

1. There have been no significant related party transactions during the year.
2. No penalties have been imposed or strictures have been issued by any stock exchange or SEBI or any other statutory authority on any matter related to Capital markets during the last three years.
3. No personnel have been denied access to the audit committee.
4. The Company has complied with all the mandatory requirements.

5. Means of Communications:

The main source of information for shareholders is the Annual report, which includes, inter-alia the reports of the Directors and the auditors, the audited accounts and the Management's Discussion and Analysis Report on operations and outlook. The quarterly financial results are published in NEWS TODAY in English & MAALAI SUDAR in Tamil.

6.General Shareholder's Information:

- i) Annual General Meeting: 20th September 2010
- ii) Financial year of the Company runs from 1st April to 31st March
- iii) Date of Book Closure: 5th September 2010 to 20th September.2010 (both days Inclusive)
- iv) The Company's equity shares are listed at the stock exchanges at Chennai and Mumbai. The Listing fee for the financial year 2010-2011 has been paid to both the exchanges. The equity shares have directed to be compulsorily traded in the dematerialized form and the company has entered into agreement with NSDL and CSDL
- v) The ISIN No of the Company is INE 940E01011
Bombay Stock Exchange code No 526468.
- vi) The Shares have not been traded regularly on any stock exchange during the year Traded only in BSE.

Market Price data: Highest Rs 6.00
Lowest Rs 3.50

vii) M/s.Cameo Corporate Services Ltd; No.1.Club House Road, Chennai.600 002 are the share transfer agents of the Company, both physical and dematerialized forms.

viii) **Distribution of Holdings as on 31st March 2010**

Category Rs.	No.of Share Holders	%
Upto - 5000	3935	80.72
5001 - 10,000	573	11.75
10,001 - 20,000	228	4.68
20,001 - 30,000	41	0.84
30,001 - 40,000	32	0.66
40,001 - 50,000	17	0.35
50,001 - 1,00,000	21	0.43
1,00,000 and above	28	0.57
TOTAL	4875	100.00

ix) **Plant Location:** The Company's Factory is located at 99,G.S.T.Road Pallavaram, Chennai - 600 043.

x) **Address for Correspondence :**
 No. 99, G.S.T. Road,
 Pallavaram,
 Chennai - 600 043.
 Phone : 044-2264 2923
 044-2264 3437
 Fax : 044-2264 3043

7.Calender of Events:

Publication of quarterly results.

1st Quarter : End July
 2nd Quarter : End October
 3rd Quarter : End January
 Audited Accounts : End May
 Annual General Meeting : September

Shareholding pattern as on 31st March, 2010

S.No	Category	No.of.shares held	% of Share holding
<u>1.Promoter's Holding</u>			
A.	Indian Promoters	1116000	24.95
B	Persons acting in concert	830400	18.57
<u>2.Non-Promoter's Holding</u>			
C	Mutual Funds and UTI	18800	0.42
<u>3.Others</u>			
A	Private Corporate Bodies	43279	0.96
B	Indian Public	2413916	53.96
C	NRIs/ OCBs	51205	1.14
TOTAL		4473600	100.00

The promoter's holdings in the company have not been pledged by any of the holders

Other Disclosures:

The Background of Shri.N. Meenakshi Sundaram and AR.Arunachalam the retiring directors is as follows.

Shri.N.Meenakshi Sundaram (50 years) is a Commerce Graduate and has specialized in Banking Sector .He had a vast experience in this field.

Shri.AR.Arunachalam aged 63 years is an Engineering Graduate from Annmalai University. He has rich experience and knowledge in the areas of Finance, Plantations Busir.ess Administration and Management.

He was senior manager in Bank of Madura Ltd till 1985. Then he was Regional manager (South) for a leasing and Finance Co. of new New_Delhi and responsible for its Branch Expansion in the Southern region. Now Mr.AR.Arunachalam is managing their property of an Oil palm Plantations in Malaysia, and Finance and investment firm in Chennai.

Mr.AR.Arunachalam is an independent Director.

POSTAL BALLOT

Whether Special Resolutions

Where put through postal ballot last year? No

If yes details of voting pattern NA

Person who conducted the postal ballot exercise NA

Procedure for postal ballot NA

There is no item on the agenda of the forthcoming Annual General Meeting that needs approval by postal ballot.

Non-Mandatory Requirements:

The Company has adopted the following non-mandatory requirements.

- a) The remuneration committee has been set up to determine the Company's policy on specific remuneration package for Executive Directors.
- b) The Chairman of the Audit Committee would be present at the Annual General Meetings to answer any questions from the shareholders.
- c) Audit Qualifications: The Company attempts to bring in a regime of unqualified financial statements.
- d) Whistle blower policy: The Company has set up a mechanism for employees to report, to the management concerns about unethical behavior, actual or suspected fraud of Company's code of conduct or ethics policy. Adequate safeguards are in place against victimization of employees who availed themselves of the mechanism and to provide the direct access to the Chairman of the audit committee.
- e) The CEO of the Company certifies the financial reporting and internal controls to the Board in terms of Clause 49.
- f) The Company will mandatory comply with all the accounting standards by ICAI from time to time.

ON BEHALF OF THE BOARD

Place: Chennai
29.05.2010

AR.Ramanathan
Managing Director

RM.Lakshmanan
Whole Time Director

COMPLIANCE CERTIFICATE

To The Members of EURO LEDER FASHION LIMITED

I have examined the registers, records, books and papers of Euro Leder Fashion Limited as required under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure A to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
 2. The Company has duly filed forms and returns as stated in Annexure B to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
 3. The Company being a public limited company, the compliance with prohibition applicable to private companies does not arise.
 4. The Board of Directors duly met 5 times respectively on 17th June 2009, 15th July 2009, 25th July 2009, 30th October, 2009 and 31st January 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
 5. The Company has closed its Register of members from 22nd September 2009 to 30th September 2009 during the year.
 6. The annual general meeting for the financial year ended on 31st March 2009 was held on 30th September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
 7. No extraordinary general meeting was held during the year.
 8. The Company has not advanced any loans to its directors and/or firms or companies referred to in Section 295 of the Act.
 9. The Company has not entered into any contract specified in Section 297 of the Act.
 10. The Company has made entries in the register maintained under Section 301 of the Act in case.
 11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, members or the Central Government.
 12. The Board of Directors has issued 6 duplicate share certificates.
 13. The Company:
 - (i) has delivered all the certificates on transfer / transmission of Shares and duplicate share certificates in accordance with the provisions of the Act;
 - (ii) has not deposited any amount of dividend in a separate bank as no dividend was declared during the year,
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- (iii) was not required to post warrants for dividends to its members as no dividend was declared:
 - (iv) has duly complied with the requirement of Sec. 217 of the Act.
14. The Board of Directors of the Company is duly constituted and no appointment of any directors was made during the year.
 15. The Company has not appointed its Managing/Whole- time Director during the year.
 16. The Company has not appointed any sole selling agent in compliance of the provisions of the Act.
 17. The Company was not required to obtain the approval of the Central Government for the remuneration payable to its whole time directors.
 18. The directors have disclosed their interest in other firms/ companies to the Board pursuant to the provisions of the Act and the rules made hereunder.
 19. The Company has not issued any shares during the year
 20. The Company has not bought back any shares during the year.
 21. The Company has no redeemable preference shares.
 22. The Company has not kept in abeyance rights to dividend, rights shares and bonus shares.
 23. The Company has not accepted deposits during the year.
 24. The amount borrowed by the Company is within the limits of borrowing of the Company as approved by its shareholders.
 25. The Company has not made any loans or advance or given any guarantee or provided securities to other bodies corporate and hence no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of its memorandum of association with respect to situation of its registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of its memorandum of association with respect to its objects during the year.
 28. The Company has not altered the provisions of its memorandum of association with respect to its name of the Company during the year.
 29. The Company has not altered the provisions of the memorandum of association with respect to the share capital of the Company during the year.
 30. The Company has not altered its articles of association during the year.
 31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment imposed on the Company during the year, for offences under the Act.
 32. The Company has not received any money as security from its employees during the year under certification.
 33. The Company has deducted contribution towards Provident Fund during the period.

Annexure A: Registers maintained by the Company:

Register of Members	Index of Members
Register of Directors	Register of Directors' Shareholdings
Register of Allotment	Minutes of Board Meetings
Register of Transfers	Minutes of General Meetings
Register of Contracts	Register of Investments, Loans
Directors Attendance Register	Shareholders Attendance Register

Annexure B: Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the year ending 31st March, 2010:

Sl. No.	Form No. / Return	Filed under Section	For	Date of filing	Whether filed within the prescribed time	If filed with delay whether additional fee paid
1	DIN-3			25/07/2009	Yes	No
2	DIN-3			28/07/2009	Yes	No
3	20B-2008	159	Annual Return	29/07/2009	No	Yes
4	23AC/23ACA	220	Balance Sheet & Profit & Loss A/c	22/10/2009	Yes	No
5	66	Proviso to 383A(1)	Compliance Certificate	22/10/2009	Yes	No
6	20B-2009	159	Annual Return	10/11/2009	Yes	No

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

We herewith submit Management Discussion and Analysis Report on the business of the Company for the year ended 31st March, 2010. In this We have attempted to include discussion on all the specified matters to the extent relevant or within limits that in our opinion are imposed by the Company's own competitive position.

COMPANY AND INDUSTRY STRUCTURE

The Company manufactures leather garments exclusively for export and has its factory at Pallavaram, Chennai. This unit is self sufficient to perform its duties and functions. The commitment of the Company towards quality and customer orientation reflects in its well-established clientele.

The industry continued to suffer this year due to a demand supply imbalance and rising input costs. However despite these factors, the Company has vigorously channellised its efforts at increasing its productivity and turnover and this strategy has paid off by way of a modest increase in the turnover during the year.

REVIEW OF OPERATIONS

A summary of major performance indicators is given below, while the detailed and physical performance may be viewed from the Balance Sheet and Profit & Loss account and the annexure thereto

	2009-2010	2008-2009
SALES	RS.4697.37 lacs	Rs.4002.33 lacs
EXPORTS	RS.4584.43 lacs	Rs.3954.55 lacs

The Company has adopted a time-bound policy in the short term, to balance production to level which could avoid built up inventory and has taken special measures to bring down stocks to optimum levels. However, in spite of the operating losses the margins have been under strain for the following reasons:

1. Increase in major input costs particularly the cost of leather.
2. Globally leather garments have registered a decline in realization in this affected India also.
3. Average price realization per garment fell to Rs.3178 /=During the year. Buyer's domination was pronounced and our buyers abroad bargained hard in view of the raising Indian Rupee against the Euro and U.S.Dollars.
4. Freight rates and selling expenses rose appreciably, further pushing the costs. These factors constitute the threats faced by the company.

OUTLOOK

The outlook of the industry appears to be challenging due to strong competition in price and quality and a large rise in input cost and the rising Indian rupees against the USD & Euro.

There are signs of a modest improvement in which may go up depending on the resurgence of the economy, besides cyclical improvement. The Company has orders in hand worth Rs.10.00 Crores. The Company's strength lies in the quality of its products and the promising looks continued patronage of its buyers. However the realization per garment is likely to be low. The peak season is due to start shortly.

ENVIRONMENT AND SAFETY

The Company is conscious of the need for environmentally clean and safe operations are conducted in such a way to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources.

OTHER MATTERS

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems had been found to be adequate and are continuously reviewed for further improvement. Our team is committed to the Board's dictates on standards of conduct as well as good governance and exercise of due diligence including compliance of all relevant laws and regulations. Our appreciation is due to all employees, gratefulness to our board, shareholders and Banks.

CAUTIONARY STATEMENT.

Statements in this "Management Discussions and Analysis report" which seek to describe the Company's objectives, projections estimates expectations or predictions may be considered to be "forwarded looking statements" within meaning of applicable securities law or regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global demand and supply conditions, prices of finished goods, stock availability and prices, cyclical demand and pricing in the Company's markets, Exchange fluctuations changes in the Government regulations, tax regimes, economic development within India and countries with which the Company conducts business besides other factors, such as litigation and labour negotiations.

Place: Chennai
29.05.2010

For and on behalf of the Management
AR.Ramanathan.
Team Head.

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF M/S EURO LEDER FASHION LIMITED**

We have audited the attached Balance Sheet of M/s. EURO LEDER FASHION LIMITED. At 31st March 2010 and the relative Profit and Loss Account and Cash Flow statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 4. In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, 1956.
 5. On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2010;
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 - iii. in the case of the Cash Flow statement of the cash flow for the year ended on that date.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 2 of our report of even date to the members of)
M/S.EURO LEDER FASHION LIMITED)

- (i) (a) The Company has maintained proper records show full particulars including quantitative details and situation of fixed assets.
 - (b) The Fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) No substantial part of fixed assets of the company has been disposed of during the year.
 - (ii) (a) The inventories of the company at all its location have been physically verified by the management during the year.
 - (b) in our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and the books records which have been properly dealt with in the books of account were not material.
 - (iii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - (iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods.
 - (v) (a) In our opinion, the transactions that need to be entered in the register maintained under section 301 of the act have been so entered.
 - (b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices.
 - (vi) The company has not accepted any deposit from the public.
 - (vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
 - (viii) The provision of the order made by the Central Government of the maintenance of cost records under section 209(1) (d) of the companies Act, 1956 do not apply to the Company..
 - (ix) The company has been regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other statutory dues with the appropriate authorities in India.
-

- (x) The company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records produced the company has not defaulted in repayments of its dues to any financial institutions or banks during the year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of share, and other securities.
- (xiii) The company has not given guarantee for loans taken by others, from banks or financial institutions.
- (xiv) On the basis of review of utilization of funds on an overall basis, in our opinion, the terms loans taken by the company were applied for the purposes for which the loans were obtained.
- (xv) On the basis of review of utilization of funds on an overall basis in our opinion the funds raised on short term basis have not been used for long term investment or vice versa during the year.
- (xvi) The company has not issued any shares during the year and hence the question of any Preferential allotment of shares to parties in the register maintained under section 301 of the Companies Act, 1956 does not arise.
- (xvii) During the course of our examination the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we being informed by the management of any such instants being noticed or reported during the year.
- (xviii) The Company has not issued any debentures during the year
- (xix) The Company has not raised any money by issue of shares during the year.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Clauses (xiii) (xiv) of the aforesaid Order are not applicable to the Company.

Place: Chennai

Date: 29.05.2010

**CERTIFICATE OF CORPORATE GOVERNANCE
TO THE MEMBERS OF EURO LEDER FASHION LIMITED**

We have examined the compliance of conditions of Corporate Governance by M/s Euro Leder Fashion Limited, for the year ended 31st March 2010, with the relevant records and documents maintained by the Company and furnished to us for our examination and the reports on Corporate Governance as approved by the Board of Directors:

The Compliance with conditions of Corporate Governance is the responsibility of the management.

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on the aforesaid examination and according to information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance, as stipulated in clause 49 of the listing agreement with the stock exchanges.

We state that no investor grievance(s) are pending for a period exceeding one month against the Company, as per the records maintained by the Shareholder/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the Management has conducted the affairs of the Company.

Place: Chennai
Date : 29.05.2010

For **N.VENKATESASN ASSOCIATES**
CHARTERED ACCOUNTANTS

(K.S.RAMESH BABU)
Partner.

Euro Leder Fashion Limited
Depreciation as Per Companies Act-F.Y-2009-10

Schedule : - 4

		Gross Block			
Sl. No	Particulars	As at 01.04.2009	Additions	Deletions	As at 31.03.2010
1	Land	5,244,423.00			5,244,423.00
2	Land Development	827,614.00			827,614.00
3.	Plant & Machinery	6,781,237.67	3,291,619.00	226,000.00	9,846,856.67
4	Furniture & Fixtures	1,032,173.75	3,310,031.00		4,342,204.75
5	Computer	302,610.00	401,167.00		703,777.00
6.	Motor Car	2,867,440.28	683,423.00		3,550,863.28
7	Work In Progress	264,724.00	1,115,216.00		1,379,940.00
	(Factory Building)				-
TOTAL		17,320,222.70	8,801,456.00	226,000.00	25,895,678.70

Depreciation			Net Block		
Up to	For the	Adjustment	As at	As at	As at
01.04.2009	Year		31.03.2010	31.03.2010	31.03.2009
-			-	5,244,423.00	5,244,423.00
-			-	827,614.00	827,614.00
2,333,809.20	415,883.00	149,395.00	2,600,297.20	7,246,559.47	4,447,428.47
372,893.85	96,115.00		469,008.85	3,873,195.90	659,279.90
53,168.34	72,728.00		125,896.34	577,880.66	249,441.666
909,296.77	334,493.00		1,243,789.77	2,307,073.51	1,958,143.51
-			-	1,379,940.00	264,724.00
			-		
3,669,168.16	919,219.00	149,395.00	4,438,992.16	21,456,686.54	13,651,054.54

M/s. Euro Leder Fashion Limited
Balance Sheet as at 31st March 2010

	Sch.	as on 31.3.2010 Rs. P.	as on 31.3.2009 Rs. P.
<u>Sources of Funds:</u>			
<u>Share Holder's Funds:</u>			
Share Capital	1	33,990,332.40	33,990,332.40
Reserves and Surplus	2	<u>24,335,852.71</u>	<u>18,489,295.58</u>
		<u>58,326,185.11</u>	<u>52,479,627.98</u>
<u>Loan Funds</u>			
Secured Loans	3	<u>29,959,971.02</u>	<u>14,962,225.00</u>
Totals Funds employed	*	<u>88,286,156.13</u>	<u>67,441,852.98</u>
<u>Application of Funds:</u>			
Fixed Assets (At cost less Depreciation)	4	21,456,686.54	13,651,054.54
Investments	5	8,751.00	8,751.00
<u>Current Assets, Loans & Advances</u>			
Inventories	6	52,245,096.00	29,271,967.00
Sundry Debtors	7	5,840,886.00	19,487,176.00
Cash and Bank Balances	8	6,066,989.10	5,524,227.28
Loans and Advances	9	<u>50,555,901.11</u>	<u>30,979,650.67</u>
		<u>114,708,872.21</u>	<u>85,263,020.95</u>
<u>Less: Current Liabilities & Provisions:</u> 10		<u>47,888,153.62</u>	<u>31,480,973.51</u>
		<u>66,820,718.59</u>	<u>53,782,047.44</u>
Total Funds Applied		<u>88,286,156.13</u>	<u>67,441,852.98</u>

NOTES ON ACCOUNTS

Schedule 1 to 11 and 17 (Notes) form part of this Balance Sheet
Vide our Report of even date attached

For N.Venkatesan Associates
Chartered Accountants

For and on behalf of the Board of Directors

K.S.Ramesh Babu
Partner

AR.Ramanathan
Managing Director

RM.Lakshmanan
Director

Place : Chennai

Date : 29.05.2010

Notes Forming part of Balancesheet

Note 1 Secured loans :-

- (1) Secured by deposit of title Deeds of Vacant land at pallavaram belongs to the company & deposit of title deeds of Land & Building At Adayar belongs to the one of the directors relative of the company.
- (2) First charge on Hypothication of Raw materials, Work in progress, Finished goods, consumable stores and spares meant for Exports and all other movable goods and properties of every description, Book Debts Present and Future, Plant and Machinery.
- (3) Personal guarantee of Two directors of the company

Profit and Loss Account for the year ended 31st March 2010

Income	Sch	as on 31.3.2010 Rs. P.	as on 31.3.2009 Rs. P.
Export Sales		458,443,409.00	395,454,669.00
Local Sales		11,293,381.50	4,778,066.28
Duty Drawback		46,180,512.00	36,735,507.00
Import Licence - Sold		2,995,149.00	3,714,531.00
Import Licence-Entitlement		-	-
Other Income	11	67,494.00	224,460.00
Increase/(Decrease) in stock	12	6,436,700.00	6,627,650.00
		525,416,645.50	447,534,883.28
Expenditure			
Materials Consumed		362,040,148.40	318,152,742.63
Power and Fuel		2,386,722.65	1,113,751.00
Commission Paid		9,727,963.04	8,414,800.00
Labour Charges		49,937,600.25	44,711,503.00
Other Manufacturing Expenses		1,656,796.45	4,215,385.47
Employees Cost	13	29,251,372.00	9,607,711.00
Interest and Finance Charges	14	10,441,973.18	4,934,257.38
Other Expenses	15	50,479,466.40	49,251,361.08
Depreciation	4	919,219.00	611,436.31
		516,841,261.37	441,012,947.87
Profit before Tax		8,575,384.13	6,521,935.29
Less: Provision for Tax		2,500,000.00	2,000,000.00
Defferred Tax		228,827.00	230,044.00
Fringe Benefit Tax	-	97,345.00	
		2,728,827.00	2,327,389.00
Profit after tax		5,846,557.13	4,194,546.29
Profit/(Loss) Brought Forward		18,489,295.58	14,294,749.41
Profit available for appropriation		24,335,852.71	18,489,295.58
Appropriation			
Proposed Dividend	A	Nil	Nil
Tax on distribution of dividend	B	Nil	Nil
Profit/Loss Carried to balance Sheet	C	Nil	Nil
Total A+B+C		24,335,852.71	18,489,295.58
Earning per share		2.52	1.92

NOTES ON ACCOUNTS

Schedule 12 to 16 and 17 (Notes) form part of this Balance Sheet

Vide our Report of even date attached

For N.Venkatesan Associates
Chartered Accountants

For and on behalf of the Board of Directors

K.S.Ramesh Babu
Partner

AR.Ramanathan
Managing Director

RM.Lakshmanan
Whole Time Director

Place:Chennai
Date :29.05.2010

M/s. Euro Leder Fashion Limited

<u>Schedules to Balance Sheet Items</u>	as on 31.3.2010	as on 31.3.2009
	Rs. P.	Rs. P.
<u>Schedule: 1</u>		
<u>Share Capital:</u>		
<u>Authorised</u>		
5000000 Equity Shares of Rs. 10/-each	50,000,000	50,000,000
Issued, Subscribed and Paid Up:-		
4473600 equity Shares of Rs. 10/-each	44,736,000.00	44,736,000.00
Less: Calls in Arrears	10,745,667.60	10,745,667.60
	33,988,582.40	33,988,582.40
<u>Schedule :-2</u>		
Surplus in Profit and Loss Account	24,335,852.71	18,489,295.58
Less: Proposed Dividend	Nil	Nil
Tax on distribution of Dividend	Nil	Nil
	24,335,852.71	18,489,295.58
<u>Schedule :-3</u>		
<u>Secured Loans:-</u> (Note No 1)		
<u>From Banks:</u>		
a) Packing Credits	29,959,971.02	14,962,225.00
b) Packing credit in Foreign Currency (Temporary credits against L/C or order)		
	29,959,971.02	14,962,225.00
<u>Schedule: 5</u>		
<u>Investments:</u>		
Long Term and Non-Trade Quoted:		
In Companies:		
Equity Shares		
Fully Paid-up (not under the same management)		
154 Shares in Lakshmi Vilas Bank Ltd	8,751.00	8,751.00
900 Shares of Saizar Electronics Ltd - (Un Quoted)	8,751.00	8,751.00

	Cost Price	Market Value	Cost Price	Market Value
Aggregate Value of Quoted Investment	8,751.00		-	
Un Quoted Investments				
	8,751.00		-	

Schedule 6:-**Inventories**

(As Certified by the Managing Director)

Raw Materials Including Scraps	33,889,779.00	16,364,551.00
Consumables	2,886,117.00	3,874,916.00
Work in Progress	2,145,000.00	1,569,000.00
Finished Goods	13,324,200.00	7,463,500.00
	52,245,096.00	29,271,967.00

Schedule : 7**Sundry Debtors****Unsecured Considered Goods**

a. Exceeding Six months	Nil	Nil
b. Other debts	5,840,886.00	19,487,176.00
	5,840,886.00	19,487,176.00

Schedule : 8**Cash and Bank Balances:**

Cash on Hand	3246.95	6,802.80
<u>Balances with Scheduled Banks</u>		
In Current Accounts	5,643,996.60	3,067,782.93
In Deposit Accounts (Rs.9030.55 FDR pledged with CTO Tambaram)	419,745.55	2,449,641.55
	6,066,989.10	5,524,227.28

Schedule : 9**Loans and Advances:****Advances Recoverable in cash or in kind
or for value to be received:**

Unsecured considered good		
Deposits	126,669.00	126,813.00
Tax Payments pending adjustments	19,773.00	19,773.00
Other Advances	27,003,478.30	18,399,774.82
Advance Tax Paid	10,548,423.00	5,738,367.00
Value Added Tax (VAT)	12,857,557.81	6,918,592.90
	50,555,901.11	31,203,320.72
Less: doubtful debts more than 6months		223,670.05
	50,555,901.11	30,979,650.67

Schedule :10**Current Liabilities & Provisions:****Sundry Creditors**

Small Scale Industrial undertakings	Nil	Nil
Others	45,391,926.61	23,153,048.96
Due to Directors	514,201.93	974,922.71
(Maximum amount outstanding at any time during the year Rs.)		
Overdrawing in Current Account	1,982,025.08	7,353,001.84
	47,888,153.62	31,480,973.51

Schedule:11**Other Income**

Job Work	3,040.00	200,000.00
Interest from Bank	8,085.00	23,020.00
Dividend (Tds Deducted Rs Nil P.Y Rs Nil)	-	1,440.00
Rent Received	18,000.00	
Insurance Claim-Vehicles	20,974.00	Nil
Profit On Sale Of Asset	17,395.00	Nil
	67,494.00	224,460.00

Schedule:12**Increase/(Decrease) in Stock:****Opening Stock**

Finished Goods	7,463,500.00	2,404,850.00
Working in Progress	1,569,000.00	2,404,850.00
	9,032,500.00	2,404,850.00

Closing Stock

Finished Goods	13,324,200.00	7,463,500.00
Working in Progress	2,145,000.00	1,569,000.00
Increase/(Decrease)in Stock	6,436,700.00	6,627,650.00

Schedule:13**Employees Cost**

Salaries, Wages & Allowances	27,387,884.00	9,186,562.00
Contribution to Provident Fund & Other Funds	205,960.00	65,386.00
Administrative charges	15,246.00	3,824.00
Contribution to ESIC	86,106.00	34,205.00
Welfare Expenses	1,556,176.00	317,734.00
	29,251,372.00	9,607,711.00

Schedule:14**Interest and Finance Charges**

Interest and Finance Charges	6715344.43	3,819,534.58
Bank Charges	3726628.75	1,114,722.80
	10,441,973.18	4,934,257.38

Schedule :- 15**Other Expenses:-**

Rent, Rate & Taxes	4,117,838.34	2,242,516.00
Insurance	342,387.00	286,629.49
Packing Materials Consumed	1,345,135.40	1,013,690.75
Packing Charges	9,143.54	-
Air Freight & Transport Charges	34,615,746.08	39,433,865.40
Postage, Telegram and Telephone	972,989.02	692,931.00
Printing & Stationery	734,022.50	298,598.05
Travelling & Conveyance	2,181,128.25	1,057,912.25
Repairs & Maintenance Building	2,367,428.00	830,436.49
Repairs & Maintenance Machinery	205,149.00	553,624.33
Repairs & Maintenance Computers	22,560.00	-
Repairs & Maintenance Others	773,003.08	-
Directors Sitting Fees	46,000.00	42,000.00
Auditors Remuneration		
For Audit	75,000.00	100,000.00
For Tax Audit	25,000.00	-
For Certification fees	11,500.00	-
Other Administrative Expenses	2,635,436.19	10,795,943.27
	50,479,466.40	57,348,147.03
Loss on Investments		94,344.00
Doubtful debts Written Off	-	223,670.05
	50,479,466.40	57,666,161.08

Euro Leder Fashion Limited, Chennai – 600 043.**Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2010**

SCHEDULE 17

NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

The accompanying financial statements have been prepared on historical cost conventions and in accordance with the generally accepted accounting principles.

2. FIXED ASSETS

Fixed assets are stated at cost

3. DEPRECIATION

Depreciation is charged under Straight Line basis at the rates prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added/ disposed off during the year is provided on pro-rata basis.

4. INVENTORIES

Stock of raw material, work in progress, finished goods and consumables are valued at cost or market price whichever is lower.

5. REVENUE RECOGNITION

- i) Duty Drawback claims are accounted on accrual basis.
- (ii) The Company is entitled for import licence in respect of export made under DFIA (Duty Free Import Authorisation) basis. The import licence sold is accounted on net of Sales Tax.

6. BORROWING COST

Borrowing costs are recognized as an expense in the period in which they are incurred. No borrowing has been made for the acquisition of fixed asset. Borrowing cost, in respect of borrowing made for the purpose of acquisition of fixed asset if any will be capitalized until all the substantial activities necessary to prepare such assets for their intended use are complete.

7. RETIREMENT BENEFITS

- (A) Leave Salary: The Company's policy is to settle the claim of the employee's in respect of encashment of leave benefit at the time of retirement by the respective employees.
 - (B) Gratuity: Provision for accrued liability of gratuity is made on the basis of going concern (not actuarially) determined and in terms of the payment of Gratuity Act, 1972.
 - (C) Pension/ Superannuating fund: Employers Contribution to pension / superannuating fund shall be in accordance with the scheme of the company.
-

8. FOREIGN CURRENCY TRANSACTION

Transactions in foreign currency are recorded at the rate of exchange at the time of relevant transaction. Exchange differences are accounted on actual realization/settlement.

9. SEGMENT REPORTING

The company is engaged in the manufacturing and exporting of leather garments. Hence there is no secondary segment to be reported.

10. TAXES ON INCOME

Provision for Income Tax is made for both current and deferred taxes. Provision for current Income Tax is made on the assessable income at the tax rates applicable to the relevant assessment years. Deferred Tax is accounted for by computing the tax effect of the timing difference, which arise during the year and reversed out in the subsequent periods. Deferred Tax is calculated at currently applicable tax rates. Deferred Tax assets are recognized only if there is virtual certainty that they will be realized.

11. Income Tax demand amounting to Rs.4,04,363/- for the Assessment Year 2001-02 has been paid in full and appeal pending before the Commissioner of Income Tax (Appeals) III, Chennai.

12. Export Sales have been taken as Net Realisation Value for part of the year.

13. a) No dues to MSME undertakings to whom the Company owes any sum outstanding for more than 30 days.

b) No dues either principal or interest remaining unpaid to any supplier under the Micro Small and Medium Enterprise Development Act, 2006. Similarly no payments have been made to the suppliers beyond the appointed day without adding interest. No interest accrued and remaining unpaid during the year.

c) No amount is paid/payable by the Company under Sec.44A of the Companies Act, 1956 (cess on Turnover). Since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Govt.

(11) OTHER NOTES	31.3.2010	31.3.2009
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1. Contingent liability not provided for in respect of:

(a) Income tax demand disputed pending on appeal	28,73,476	28,73,476
--	-----------	-----------

(b) Bills discounted with banks	5,73,21,467	4,33,37,569
---------------------------------	-------------	-------------

(C) Income tax demand for the A.Y.2003-04 and 2004-05 fully paid and pending before the High Court in connection with Sec.80HHC.

2. MANAGERIAL REMUNERATION:

Directors sitting Fees	46,000	42,000
------------------------	--------	--------

(No sitting fees is paid to Managing Director and Whole time Director)

3. REMUNERATION TO MANAGING DIRECTOR AND WHOLE TIME DIRECTOR (included in Schedule 14):

Salary	11,37,600	8,06,400
Other Perquisites	8,500	8,500
	-----	-----
Total	11,46,100	8,14,900
	-----	-----

Note: The remuneration paid to the Managing Director and Whole Time Director is within the limits specified under Schedule XIII to the Companies Act, 1956.

4. RELATED PARTIES TRANSACTIONS:

The Company has entered into the following transactions with related parties as defined in Accounting Standard 18 issued by the institute of Chartered Accountants of India.

NATURE OF TRANSACTION

Factory Rent

Rental Deposit 15,00,000

(Paid to Smt.L Meenal wife of a Director)

Rent Paid during the year 9,00,000

(B) RELATED PARTY DISCLOSURE

Nature of Relationship

(Wife of Whole time Director)

5. EARNING PER SHARE (EPS)

	31.3.2010	31.03.2009
Profit as per Profit & Loss account (Rs.In lacs)	85.75	65.22
Weighted Average number of equity shares (in lacs)	33.99	33.99
Basic and Diluted Earning Per Share (Rs. P)	2.52	1.92
Nominal Value of Shares (Rs.)	10/-	10/-

6. The balances in sundry debtors, sundry creditors, loans, certain bank balances and advances including advances to capital contracts are subject to confirmation, reconciliation and consequential adjustments, if any, to be made.

7. Information required by Paragraph 3, 4C and Schedule VI of the Companies Act, 1956.

(a) Capacities and Production (As certified by the Managing Director)

Licensed and Installed Capacity	UNITS	31.3.2010	31.3.2009
Leather Garments	Nos	75,000	75,000
Leather Goods	Nos	2,00,000	2,00,000
Actual production			
Leather Garments	Nos	1,50,430	1,32,393
Leather Goods	Nos	Nil	Nil

(b) Turnover	UNITS	Qty.	Rs	UNITS	Qty.	Rs.
Leather Garments	Nos	144243	45,92,50,096	Nos	1,29,127	39,30,40,672
Leather	Sq.ft	173955.36	1,04,86,694	Sq.ft	1,78,282.23	71,92,063

(C) Opening and Closing Stock of Goods

Opening Stock	UNITS	Qty.	Rs.	UNITS	Qty.	Rs.
Leather Garments	Nos	3266	74,53,500	Nos	1134	24,04,850
Leather Goods	Nos	Nil	Nil	Nil	Nil	Nil
		<u>3266</u>	<u>74,53,550</u>			<u>24,04,850</u>
Closing Stock:						
Leather Garments		6187	1,33,24,200		3266	74,53,500
Leather Goods		Nil	Nil			
			<u>1,33,24,200</u>			<u>74,53,500</u>

(d) Material Consumed	Sq. Ft	Rs.	Sq. Ft	Rs.
Leather	8096340	30,72,39,721	7125565.12	28,26,00,232
Other Accessories	Nil	5,48,00,427		3,55,52,511
		<u>36,20,40,148</u>		<u>31,81,52,743</u>

(e) Value of imported / indigenous material consumed

Imports-Landed Cos	5.17%	1,87,33,488	2.94%	90,95,729
Indigenous	94.83%	34,33,06,660	97.06%	30,90,57,014
	100%	<u>36,20,40,148</u>	100%	<u>31,81,52,743</u>

(f) Value of Imports on C.I.F basis Nil Nil

(g) Expenditure in Foreign Currency
Selling Expenses Nil Nil

(h) Foreign Travel 6.07 Lacs Nil

(i) Earning in Foreign Currency
Exports of goods on F.O.B. value Rs. 4,397.67 Lacs Rs. 3,739.75 Lacs

8. Previous year figures have been regrouped wherever considered necessary to conform to current year's classification.

**ADDITIONAL INFORMATION REQUIRED BY PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956**

Balance Sheet Abstract and Company's General Business Profile:

1	Registration Details	
	Registration No:	22134 of 1992
	State Code	18
	Balance Sheet Date	31.03.2010
2	Capital raised during the year(Amt.in 000's)	
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
3	Position of mobilisation and deployment of funds(Amt.in 000's)	
	Total liabilities	88286
	Total Assests	88286
	Sources of Funds:-	
	Paid up Capital	33990
	Reserves & Surplus	24336
	Secured Loans	29960
	Unsecured Loans	NIL
	Application of Funds:-	
	Net Fixed Assets	21457
	Investments	9
	Net Current Assets	114709
	Miscellaneous Expenditure	NIL
	Accumulated Losses	NIL
4	Performance of the Company(Amt.in 000's)	
	Turnover (including other Income)	525416
	Total Expenditure	516841
	Profit/(Loss) before tax	85.75
	Earnings per share	2.52
	Dividend Rate(%)	
5	Generic Names of these principal products/services of company (as per monetary items)	
	Item code No:(ITC Code)	420310
	Product Description	Leather Jackets
	Item Code No:(ITC Code)	420310
	Product Description	Wallets

EURO LEDER FASHION LIMITED, CHENNAI 600 043
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

Particulars	YEAR ENDED	YEAR ENDED
A. Cash flow from operating Activities:	31.03.2010	31.03.2009
Net Profit before tax and extraordinary items	8,575,384.00	6,521,935.00
Add: Depreciation	919,219.00	611,436.00
Interest on other Loans	6,715,344.00	3,819,535.00
Miscellaneous expenses written off	NIL	NIL
Loss on sale of assets	NIL	NIL
Operating Profit before working capital changes	16,209,947.00	10,952,906.00
LESS; Profit on sale of assets	17,395.00	-
Operating profit before working capital	16,192,552.00	10,952,906.00
(Increase)or Decrease in working capital		
(Increase)or Decrease in Inventories	22,973,129.00	9,322,748.00
(Increase)or Decrease in Sundry Debtors	(13,646,290.00)	5,633,603.00
(Increase)or Decrease in Loans and Advances	19,576,250.00	(11,594,599.00)
(Increase)or Decrease in Current Liabilities	16,407,180.00	97,526.00
Net cash from Operating Activities (A)	45,310,269.00	3,459,278.00
B.Cash flow from Investing Activities:		
Purchase of Fixed Assets & other Capital Expenditure	7,805,632.00	1,645,439.00
Sales of Fixed Assets	76,605.00	NIL
Sales of Investments	-	94,344.00
Net cash from Investing Activities (B)	7,882,237.00	1,739,783.00
C.Cash flow from Financing Activities:		
Call Money Received	-	1,750.00
Availment of Loans from Bank	14,997,746.00	4,122,034.00
Repayment of Loans	-	-
Interest paid to Bank	(6,715,344.00)	(3,819,535.00)
Net cash from Financing Activities(C)	8,282,402.00	304,249.00
Net Increase in cash and cash equivalents (A+B+C)	77,667,460.00	16,456,216.00
Cash and cash equivalents as at 31.03.2009	87,492,720.00	71,036,504.00
Cash and cash equivalents as at 31.03.2010	165,160,180.00	87,492,720.00

For and on behalf of the Board of Directors

AR. Ramanathan
Managing Director

RM. Lakshmanan
Whole Time Director

AUDITOR'S CERTIFICATE

The Statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement and is based on and is in agreement with the corresponding profit and loss account and balance sheet of the company, covered by our report dated 29.05.2010 to the member of the company.

Place: Chennai
Date : 29.05.2010

* For N.VENKATESASN ASSOCIATES
CHARTERED ACCOUNTANTS

(K.S.RAMESH BABU)
Partner.

PROXY FORM

EURO LEDER FASHION LIMITED

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

I / We of

in the district of being a member / members of the above named

company, hereby appoint

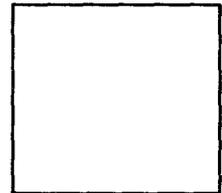
of

the district of of failing him/her,

..... in the district of as my/our Proxy to vote to me

us on my/our behalf at the Annual General Meeting of the Company to be held on the day

of and at any adjourment thereof.



Signed this day of 2010

ATTENDANCE SLIP

EURO LEDER FASHION LIMITED - ATTENDANCE SLIP

Name and Address of the Shareholder

.....

REGISTERED FOLIO NO.

NO. OF SHARES HELD

Name and Address of the Proxy, if any

I hereby record my presence at the Eighteenth Annual General Meeting of the Company held at, Maharaja Restaurant, 122, G.S.T. Road, Pallavaram, Chennai - 600 044 at 11.00 a.m. on Monday the 20th September, 2010

Signature

Book-Post

To

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If undelivered please return to:
EURO LEDER FASHION LIMITED
99, G.S.T. Road,
Pallavaram,
Chennai - 600 043.
