

FOR THE ATTENTION OF THE MEMBERS

1. Register of Members and Share transfer books of the Company will remain closed from 12th September, 2012 to 27th September, 2012 (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 necessary 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 Mahalaya Residency, No.114, GST Road, (Opp.Areva) Pallavaram Chennai- 600 043 on Thursday the 27th September 2012.

EURO LEDER FASHION LIMITED

Board of Directors.	1.Shri.AR.Ramanathan	- Managing Director.
	2.Shri.RM.Lakshmanan	-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.N.Venkatesan Associates Chartered Accountants, 20(Old No.8) Dr.Natesan Salai, Ashok Nagar. Chennai.-600 083 Tel.044-2489 3635
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Registered Office & Factory	No.99 G.S.T.Road Pallavaram, Chennai.600 043 Tel.044-42943204 044-42943202 044-42943203 Fax.044-2264 3043
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Bankers	Canara Bank, Overseas Branch, Chennai.
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NOTICE OF 20th ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Thursday, the 27th September 2012 at 11.15.A.M. at Mahalaya Residency, No.114, GST Road, (Opp.Areva) Pallavaram Chennai- 600 043 to transact the following business.

Ordinary Business:

1. To, receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2012 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.S.Narayan 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 reappointment.
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.

Special Business:

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution

“RESOLVED THAT pursuant to Sec198,269,and 309 of the Companies Act1956, read with schedule XIII to the Act, Consent be and is hereby accorded to the revision of the terms of remuneration payable to Sri.AR.Ramanathan, Manging Director, from 1st April 2012 to the end of his present term, i.e.31st March.2015 as set out in the explanatory statement.

“RESOLVED FURTHER that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Managing Director he will be paid remuneration not exceeding the limits specified in paragraph 1 (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration”.

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to Sec198,269,and 309 of the Companies Act1956, read with schedule XIII to the Act, Consent be and is hereby accorded to the revision of the terms of remuneration payable to Sri.RM.Lakshmanan, Whole Time Director, from 1st April 2012 to the end of his present term, i.e.31st March 2015 as set out in the explanatory statement.

“RESOLVED FURTHER that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Whole Time Director, he will be paid remuneration not exceeding the limits specified in Paragraph 1 (B) of Section II Part II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration”.

By Order of the Board

Chennai
31.05.2012

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 12th September 2012 to 27th September.2012 (both days inclusive).
4. An Explanatory Statement pursuant to Sec. 217 (2A) Of the Companies Act, 1956, is annexed.

EXPLANATORY STATEMENT PURSUANT TO SEC. 217 (2A) OF THE COMPANIES ACT , 1956

ITEM NO:5

Shri.AR.Ramanathan was reappointed at the 17th Annual General Meeting held on 30th September, 2009 as Managing Director of the Company from 1st July, 2009 to 31st March 2012 on the terms of remuneration then approved.

The Board of Directors at its meeting held on 31st May, 2012 reappointed Shri.A.R.Ramanathan as Managing Director of the Company from 1st April, 2012 to 31st March, 2015, subject to the approval of the shareholders of the Company, on the following terms of remuneration:

a.Salary; Rs.60,000/- per month.

b.Perquisites:

1.Housing

- i) unfurnished residential accommodation will be provided by the Company.
- ii) a) the expenditure incurred by the Company on gas, Electricity and water will be evaluated as per Income tax rules,1962.
b) perquisites in the form of furniture, furnishings and other utilities in accordance with the rules of the Company, the value of which will be evaluated as per Income tax rules, 1962.
- iii) Accommodation is provided by the Company, he shall be entitled to House Rent Allowance equal to 60% of the salary.

2. Reimbursement of medical expenses actually incurred for self and family in accordance with the rules of the Company.

3.Medical insurance for self and family as per the scheme of the Company.

4.Leave Travel concession for self and family in accordance with the rules of the Company.

5.Earned/Privilege Leave. On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service, with right to accumulate/encash leave as per the rules of the Company.

6.Fees of Clubs, subject to a maximum of two clubs excluding admission and life membership fee.

7.Personal accident insurance of an amount, the annual premium which does not exceed Rs.5000/-

8.Provident Fund: Company's contribution to Provident Fund shall be as per the scheme of the Company.

9.Pension/Superannuation Fund:Company's contribution to Pension/ Superannuation fund shall be in accordance with the scheme of the Company.

10.Gratuity: per he rules of the Company, not exceeding half a month's salary for each completed year of service.

11.Free use of telephone at his residence.

12.Free use of car with driver on Company's Business.

13.Reimbursement of Entertainment Expenses: The Managing Director shall be entitled to reimbursement of reasonable entertainment expenditure actually and properly incurred in the course of the legitimate business of the Company.

ITEM NO : 6.

Shri.RM.Lakshmanan was reappointed at the 17th Annual General Meeting held on 30th September, 2009 as Whole Time Director of the Company from July 2009 to 31.03.2012 on the terms of remuneration then approved.

The Board of Directors at its meeting held on 31.05.2012 reappointed Shri.RM.Lakshmanan as Whole Time Director of the Company from 01.04.2012 to 31.03.2015 on the following terms of remuneration.

a. Salary;Rs.30,000/- per month

b.perquisites:

1.Housing

- i) unfurnished residential accommodation will be provided by the Company.
 - a) the expenditure incurred by the company on gas, Electricity and water will be evaluated as per income tax Rules,1962.
 - b) Perquisites in the form furniture, furnishings and other utilities in accordance with the rules of the Company, the value of which will be evaluated as per Income tax rules1962.
 - c) In case no accommodation, is provided by the Company, he shall be entitled to House Rent Allowance equal to 60% of the salary.

2.Reimbursement of medical expenses actually incurred for self and family in accordance with the rules of the Company.

3.Medical Insurance for self and family as per the scheme of the Company.

4.Leave travel concession for self and family in accordance with the rule of the Company.

5.Earned/Privilege Leave. On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service, with right to accumulate/encash leave as per the rules of the Company

6.Fees of Clubs, subject to a maximum of two clubs excluding admission and life membership fee.

7.Personal accident insurance of an amount, the annual premium of which does not exceed Rs.5000/-

8.Provident Fund: Company's contribution to Provident Fund shall be as per the scheme of the Company.

9.Pension/Superannuation Fund: Company's contribution to Pension/Superannuation fund shall be in accordance with the scheme of the Company.

10.Gratuity: As per the rules of the Company, not exceeding half a month's salary for each completed years of service.

11.Free use of telephone at his residence.

12.Free use of car with driver on Company's Business.

13.Reimbursement of Entertainment Expenses:

The whole Time Director shall be entitled to reimbursement of reasonable Entertainment expenditure actually and properly incurred in the course of the legitimate business of the Company.

By Order of the Board

Chennai
31.05.2012

AR.Ramanathan
Managing Director

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Twentieth Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2012 and the Profit Loss Account for the year ended on that date.

FINANCIAL PERFORMANCE	(Rs. in lakhs)	
PARTICULARS	2012	2011
Income from Operations	4584.07	4917.64
Profit before Depreciation and Taxation	59.88	60.64
Less:		
Depreciation	15.75	12.83
Profit before Tax	44.12	47.81
Provision for Tax	16.46	16.06
Profit after Tax	27.67	31.76
Profit brought forward	275.12	243.35
Profit available for appropriation	302.78	275.12
Profit/Loss carried to Balance Sheet	302.78	275.12

DIVIDEND

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

PERFORMANCE

The Company has achieved a turnover of Rs.4584.07 lacs in 2011-2012 and earned a profit of Rs.44.12 lacs before tax. The profit after tax has been Rs.27.67 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 2012-2013.

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

AUDITORS

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

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 2012 is given below.

CONSERVATION OF ENERGY

	2012	2011
Electricity Consumed -Unit	277329	261190
Total Cost	Rs. 1778336	Rs. 15,27,582

Generator Fuel	Rs. 1658428	Rs. 15,65,233
Average Cost per unit		
.	Rs. 5.98	Rs.5.85
Average Consumption per		
Unit of production	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.3852.53 lacs

OutGo:

Selling Expenses in Foreign Currencies: NIL

Foreign Travel Rs.4.73 Lakhs

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
31.05.2012

AR.Ramanathan
Managing Director

S.Jambunath
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 Endeavour's 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		Membership of other Boards	Whether present at the AGM
	Held	Attended		
Shri.AR.Ramanathan	5	5	Sournam Planatation (P) Ltd Euro Prime Properties Pvt Ltd	Yes
Shri.Rm.Lakshmanan	5	3	Euro Prime Properties Pvt Ltd Leder Trendz Private ltd	No No
Shri.AR.Arunachalam	5	5	Gudang Garam Tabak Industries Ltd Suryabarath Indus (P) Ltd	Yes
Sri.N.Meenakshi Sundaram	5	1		No
Shri.P.S.Nathan	5	0		No
Shri.S.Jambunath	5	4		Yes
Shri.S.Narayan	5	4		Yes

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 the Board and Committee meetings). Board meetings were held during the year on 28th May, 2011, 30th July, 2011, 25th August 2011, 29th October, 2011 and 28th January, 2012.

Remuneration paid to the Directors

Executive Directors

Name	Designation	Sitting Fees	Salary&perquisites
Sri.AR.Ramanathan	Managing Director	Nil	Rs.7,68,000/-
Sri.RM.Lakshmanan	Whole Time Director	Nil	Rs.4,80,000/-

Non-Executive Directors	ARA	NM	SJ	PSN	SN
For attending Board meetings	10000	2000	10000	NIL	10000
For attending Committees	Nil	2000	8000	NIL	8000

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 28th May, 2011, 30th July, 2011, 29th October, 2011 and 28th January, 2012.

	No.Meetings attended
Sri.N.Meenakshi Sundaram	1
Sri.S.Jambunath	4
Sri.S.Narayan	4

Remuneration Committee:

It did not meet during the year

Shareholders Grievance Committee:

Shri.S.Jambunath and Shri.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.

Shri.M.Nagendra is the Compliance Officer.

The committee met 7 times during the year. No grievance/complaint was received 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 2011-2012”.

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
30.09.2009	11.00A M	Maharaja Restaurant Chromepet,Chennai
20.09.2010	11.00A M	Maharaja Restaurant Chromepet,Chennai
28.09.2011	11.00A M	Mahalaya Residency Pallavaram,Chennai

Disclosures:

1. There have been no significant related party transactions during the year.
2. No penalties have been imposed of 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: 27th September 2012
- ii) Financial year of the Company runs from 1st April to 31st March
- iii) Date of Book Closure: 12th September 2012 to 27th September.2012 (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 2012-2013 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 5.00
Lowest Rs 3.68
- vii) M/s. Cameo Corporate Services Ltd; No.1.Club House Road,
Chennai.600 002 are the share transfer agents of the Company for both physical and dematerialized forms.

vii) Distribution of Share Holdings as on 31st March 2012

Category (Rs.)	No of Share Holders	%
Up to 5000	3875	81.3562
5001-10000	537	11.2744
10001-20000	220	4.6189
20001-30000	39	0.8188
30001-40000	30	0.6298
40001-50000	12	0.2519
50001-100000	19	0.3989
100000 and above	31	0.6508
TOTAL	4763	100

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:044-42943204
044-42943203
044-42943202

FAX :044-2264 3043

7. Calender of Events:

Publication of quarterly results.

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

Shareholding pattern as on 31st March, 2012

S.No	Category	No.of.shares held	% of Share holding
<u>1.Promoter's Holding</u>			
A.	Indian Promoters	1100400	24.5976
B	Persons acting in concert	640600	14.3195
<u>2.Non-Promoter's Holding</u>			
C	Mutual Funds and UTI	17800	0.3978
<u>3.Others</u>			
A	Private Corporate Bodies	48031	1.0736
B	Indian Public	2617679	58.5137
C	NRIs/ OCBs	49090	1.0973
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.S.Narayan and A.R.Arunachalam the retiring directors are as follows.

Shri S.Narayan aged 49 years is a B.Com graduate and he has been associated with photographer's trade body for a number of years. He owns his own unit which has 3 branches. He has widely travelled abroad.

Shri.S.Narayan is an independent Director.

Shri.AR.Arunachalam aged 65 years is an Engineering Graduate from Annmalai University. He has rich experience and knowledge in the areas of Finance, Plantations Business 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 Delhi and responsible for its Branch Expansion in the Southern region. Now Shri. AR.Arunachalam is managing the family's property of an oil palm plantations in Malaysia, and a Finance and investment firm in Chennai.

Shri.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

Chennai
31.05.2012

AR.Ramanathan
Managing Director

S.Jambunath
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, 2012. 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 28th May 2011, 30th July 2011, 25th August 2011, 29th October 2011 and 28th January 2012 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 13th September 2011 to 28th September 2011 during the year.
6. The annual general meeting for the financial year ended on 31st March 2011 was held on 28th September 2011 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 one 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 not issued any duplicate share certificates.
13. The Company:
 - (i) has delivered all the certificates on transfer / transmission of Shares 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 ,
 - (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.

Chennai
30th May, 2012

S. ANANTHANARAYAN
C.P. No. 1828

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, 2012:

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	66	Proviso-383A(1)	Compliance Certificate	14/10/2011	Yes	No
2	23AC/23ACA	220	Balance Sheet & Profit & Loss A/c	28/11/2011	Yes	No
3	20B	159	Annual Return	23/11/2011	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, 2012 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 channelized 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

	2011-12	2010-2011
SALES	Rs. 4286.26 Lacs	RS.4540.48lacs
EXPORTS	Rs.4074.62 Lacs	RS.4459.58lacs

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 gains 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 and this affected India also.
3. Average price realization per garment fell to Rs.4,374/ 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 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
31.05.2012

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 as at 31st March 2012 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. These 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, and as amended, we enclose in the annexure a statement on the matters specified in paragraphs (4) and (5) of the said Order, to the extent applicable to the Company.
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, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 4. In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 5. On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;
 - 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 flows for the year ended on that date.

Place: Chennai
Date : 31.05.2012

For N.VENKATESASN ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No.004632S

(K.S.RAMESH BABU)
Partner.
Membership No.27855

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 showing 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 and 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 does 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) Based on our audit procedures and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to banks or financial institutions.
- (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 any guarantee for loans taken by others, from banks or financial institutions.
- (xiv) To the best of our knowledge and belief and according to the information and the explanations given to us, term loans availed by Company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- (xv) According to the cash flow statement and other records examined by us and the information and the explanations given to us, on an overall basis, funds raised on

short term basis have, prima facie, not been used during the year for long term investment.

- (xvi) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xvii) The Company has not issued any debentures during the year
- (xviii) The Company has not raised any money by issue of shares during the year.
- (xix) Based upon the audit procedures performed and information and explanations given by the management, we report that 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 : 31.05.2012

For N.VENKATESASN ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No.004632S

(K.S.RAMESH BABU)
Partner.
Membership No.27855

Auditor's Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement(s)

To the members of Euro Leder Fashion Limited

We have examined the compliance of the conditions of Corporate Governance by M/s Euro Leder Fashion Limited, for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 the opinion on the financial statements of the Company.

In Our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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 : 31.05.2012

For N.VENKATESASN ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No.004632S

(K.S.RAMESH BABU)
Partner.
Membership No.27855

Notes forming part of the Financial statements for the year ended 31st March 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL

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

1.2 FIXED ASSETS

Fixed assets are stated at cost

1.3 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.

1.4 INVENTORIES

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

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 SEGMENT REPORTING

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

1.10. 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.

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

1.12. Export Sales have been taken as Net Realisation Value for the year.

1.13 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.

(D) OTHER NOTES

	<u>31.3.2012</u>	<u>31.3.2011</u>
1. Contingent liability not provided for in respect of:		
(a) Income tax demand disputed pending on appeal (which includes income tax demand for the A.Y-2004-05 for Rs.704531/- has been paid in full and disputed pending on appeal)	41,08,129	28,73,476
(b) Bills discounted with banks	3,05,18,813	11,80,53,920
(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.		
(d).A.Y 2003-04 pending with CIT appeal III		

2. MANAGERIAL REMUNERATION:

Directors sitting Fees	50,000	44,000
------------------------	--------	--------

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

3. REMUNERATION TO MANAGING DIRECTOR AND WHOLE TIME DIRECTOR :

Salary	12,48,000	11,37,600
Other Perquisites	8,500	8,500
Total	<u>12,56,500</u>	<u>11,46,100</u>

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 (Paid to Smt.L Meenal wife of a Director)	15,00,000
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)

	31.3.2012	31.03.2011
Profit as per Profit & Loss account (Rs.In lacs).	44.12	47.81

Weighted Average number of equity shares (in lacs)	33.99	33.99
Basic and Diluted Earning Per Share (Rs. P).	1.30	1.41
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.

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

Licensed and Installed Capacity		UNITS	<u>31.3.2012.</u>	<u>31.3.2011</u>
Leather Garments	Nos		1,50,000	75,000
Leather Goods	Nos		2,00,000	2,00,000
Actual production				
Leather Garments	Nos		96,180	1,35,591
Leather Goods	Nil	Nos	Nil	Nil

(b) Turnover	UNITS	Qty.	Rs.	UNITS	Qty.	Rs.
Leather Garments	Nos	95564	39,95,10,847	Nos	131534	43,49,04,257
Leather	Sq.ft	200040.90	2,91,16,092	Sq.ft	267712.30	1,91,43,382

(C) Opening and Closing Stock of Goods

Opening Stock	UNITS	Qty.	Rs.	UNITS	Qty.	Rs.
Leather Garments	Nos	4057	1,00,75,700	Nos	6187	1,33,24,200
Leather Goods	Nos	Nil	Nil	Nil	Nil	Nil
		4057	1,00,75,700			1,33,24,200
Closing Stock:						
Leather Garments		616	15,94,800	4057		1,00,75,700
Leather Goods			Nil			Nil
			15,94,800			1,00,75,700

(d) Material Consumed	Sq. Ft	Rs.	Sq. Ft	Rs.
Leather	4785857.10	25,94,85,999	7451742	28,40,49,825
Other Accessories	Nil	4,25,23,569		5,29,36,420
		30,20,09,568		33,69,86,245

(E) Value of imported / indigenous material consumed

Imports-Landed Cos	16.69%	20391649	6.41%	2,16,30,069
Indigenous	83.31%	251617919	93.59%	31,53,56,176
	100%	302009568	100%	33,69,86,245

(f) Value of Imports on C.I.F basis	Nil	Nil
(g) Expenditure in Foreign Currency		
Selling Expenses	Nil	Nil
(h) Foreign Travel	4.73	1.60 Lakhs
(i) Earning in Foreign Currency		
Exports of goods on F.O.B. value	Rs. 3852.53	4286.66 Lakhs

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

M/S EURO LEDER FASHION LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rs `)

Particulars	Note	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share capital	2	33,990,332.40	33,990,332.40
b) Reserves and surplus	3	30,278,028.34	27,511,508.96
		64,268,360.74	61,501,841.36
Share application money pending allotment			
Non-current liabilities			
a) Deferred tax liabilities (Net)	4	1,209,417.00	1,069,127.00
b) Other long term liabilities	5	143,559.00	-
c) Long term provisions	6	272,134.00	272,134.00
		1,625,110.00	1,341,261.00
Current liabilities			
a) Short-term borrowings	7	54,218,735.19	23,477,861.19
b) Trade payables	8	24,531,059.47	34,207,136.69
c) Other current liabilities	9	766,600.20	1,783,914.53
d) Short-term provisions	10	7,533,845.80	10,681,190.80
		87,050,240.66	70,150,103.21
Total		152,943,711.40	132,993,205.57
ASSETS			
NON CURRENT ASSETS			
<i>(a) FIXED ASSETS</i>			
I) Tangible Assets	11	23,188,886.54	21,752,264.54
II) Intangible assets	11	-	-
III) Capital work-in-progress	11	1,729,158.00	1,681,463.00
<i>(b) Non Current Investments</i>	12	8,751.00	8,751.00
<i>(c) Long Term Loans and advances</i>	13	13,337,977.00	20,573,804.00
		38,264,772.54	44,016,282.54
CURRENT ASSETS			
a) Inventories	14	42,916,069.00	48,548,941.00
b) Trade receivables	15	42,116,651.00	5,556,420.00
c) Cash and cash equivalents	16	2,952,875.15	4,309,907.48
d) Short-term loans and advances	17	24,107,768.71	20,322,903.55
e) Other current assets	18	2,585,575.00	10,238,751.00
		114,678,938.86	88,976,923.03
Total		152,943,711.40	132,993,205.57

See Companying notes forming part of the financial statements

As per our separate report of even date attached

For N.Venkatesan Associates

For and on behalf of the Board of Directors

Chartered Accountants

Firm Regn No:004632S

K.S.Ramesh Babu

Partner

Membership No.27855

Place:Chennai

DATED:31.05.2012

S.Rathnavel

Manager

S.Jambunath

Director

AR.Ramanathan

Managing Director

M/S EURO LEDER FASHION LIMITED

STATEMENT OF PROFIT AND & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rs.)

Particulars	Note	Year ended March 31, 2012	Year ended March 31, 2011
Incomes			
Revenue from operations	20	467,800,387.65	495,954,543.00
Other income	21	184,481.00	106,467.00
Total Revenue		467,984,868.65	496,061,010.00
Expenses			
Cost of materials consumed	22	302,009,568.88	336,986,245.01
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	9,577,400.00	4,297,000.00
Employee benefits expense	24	31,130,702.50	35,747,070.00
Finance costs	25	10,607,365.09	9,485,190.27
Depreciation and amortization expense	26	1,575,141.00	1,282,812.00
Other expenses	27	108,672,277.80	103,481,532.47
Total Expenses		463,572,455.27	491,279,849.75
Profit before tax		4,412,413.38	4,781,160.25
Tax expense:			
Current tax		1,450,000.00	1,400,000.00
Deferred tax		149,190.00	205,504.00
Profit and loss appropriation account		55,604.00	1,605,504.00
Profit and loss for the year		2,757,619.38	1,570,152.25
Earnings per equity share:			
Basic		1.30	1.41
Diluted		1.30	1.41

See Companying notes forming part of the financial statements

As per our separate report of even date attached

For N.Venkatesan Associates
Chartered Accountants
Firm Regn No:004632S

For and on behalf of the Board of Directors

K.S.Ramesh Babu
Partner
Membership No.27855
Place:Chennai
DATED:31.05.2012

S.Rathnavel
Manager

S.Jambunath
Director

AR.Ramanathan
Managing Director

Notes forming part of the Financial Statements for the year ended 31st March 2012

Particulars		As at 31.03.2012	As at 31.03.2011
		Amount in Rs.	Amount in Rs.
	Shareholders funds		
2	Share Capital		
	Authorized Capital 50,00,000 Equity Shares of Rs. 10/- each	500,000,000.00	500,000,000.00
	Issued, Subscribed and Paid up: 4473600 Equity Shares of Rs. 10/- each fully paid up Less:calls in arrears	44,736,000.00 10,745,667.60	44,736,000.00 10,745,667.60
	Total Rs.	33,990,332.40	33,990,332.40
2.1	Shares in the Company held by each shareholder holding more than 5 per cent shares	-	
	Name of the Shareholders	No of shares held	No of shares held
	Shri.RM.Lakshmanan	718,548.00	715,048.00
	% of holding	16.0618	15.9835
3	Reserves and Surplus		
	Surplus		
	Opening balance	27,511,508.96	24,335,852.71
	Net Profit For the current year	2,766,519.38	3,175,656.25
		-	
	Closing Balance	30,278,028.34	27,511,508.96
	NON CURRENT LIABILITIES		
4	Deferred tax liabilities (Net)		
	Related to Fixed assets	1,209,417.00	1,069,127.00
5	Other Long term Liabilities	143,559.00	-
6	Long term provisions		
	Provision for employee benefits	272,134.00	272,134.00
	TOTAL RS.	1,625,110.00	1,341,261.00
	CURRENT LIABILITIES		
7	a) Short Term Borrowings-Secured-Ref Note No.7.1&7.2		
	a) Packing Credits	500,000.19	921,373.19
	b) Bills negotiaon with bank	30,518,813.00	-
	c) Packing Credits in Foreign Currency (In Rs.) (Temporary credits against L / C or order)	23,199,922.00	22,556,488.00
	TOTAL RS.	54,218,735.19	23,477,861.19
7.1	Secured by deposit of title deeds of vacant land at Pallavaram belong to the company & deposit of title deeds of land at adyar belong to the one of the directors relative of the Company		
7.2	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 . &		
7.3	Personal guarantee of Two directors of the company		
8	b) 'Trade payables		
	Related party	24,531,059.47	34,207,136.69
9	C) Other current liabilities		
	Statutory Dues	372,013.00	818,423.00
	Others(Ref Note No.9.1)	394,587.20	965,491.53
	TOTAL RS	766,600.20	1,783,914.53
9.1	Amount Due to directors		
10	D) 'Short-term provisions	7,533,845.80	10,681,190.80
	TOTAL CURRENT LIABILITIES	152,943,711.40	132,993,205.57

Notes forming part of the Financial Statements as on 31.03.2012

ASSETS			
		31.03.2012	31.03.2011
11	NON CURRENT ASSETS		
	FIXED ASSETS		
	I) Tangible Assets	23,188,886.54	21,752,264.54
	II) Intangible assets	-	-
	III) Capital work-in-progress	1,729,158.00	1,681,463.00
	IV) Intangible assets under development	-	-
	V) Fixed assets held for sale	-	-
	Total Rs	24,918,044.54	23,433,727.54
	(b) Non Current Investments		
12	Trade Investments		
	Equity Shares - Fully Paid up		
	154 Shares in Lakshmi Vilas Bank Ltd	8,751.00	8,751.00
	(Aggregate Value of quoted investment)		
	Total Rs	8,751.00	8,751.00
13	(d) Long Term Loans and advances		
	Unsecured Considered Good		
	Capital Advances	10,000.00	10,000.00
	Security Deposits	5,406,040.00	8,268,645.00
	Total Rs	5,416,040.00	8,278,645.00
	Other Loans and advances		
	Advance Income Tax	7,921,937.00	12,295,159.00
	Total Rs	7,921,937.00	12,295,159.00
	Grand Total Rs	13,337,977.00	20,573,804.00
	CURRENT ASSETS		
14	Inventories		
	(As Certified by the Managing Director)	-	-
	Raw Materials including Scraps	36,167,246.00	30,719,757.00
	Consumables	5,154,023.00	6,656,984.00
	Work in Progress	-	1,096,500.00
	Finished Goods	1,594,800.00	10,075,700.00
	Total Rs	42,916,069.00	48,548,941.00
15	Trade Receivables		
	Unsecured		
	Debts overdue for a period exceeding six months		
	- Considered Good (exceeds one year)	59,785.00	59,785.00
	- Doubtful		
	Other debts		
	- Considered Good (Current Year receivables)	42,056,866.00	5,496,635.00
	- Doubtful		
	Total Rs	42,116,651.00	5,556,420.00
	Less: Provision for doubtful debts	-	-
	Total Rs	42,116,651.00	5,556,420.00
16	Cash and cash equivalents		
	Balances with banks*		
	In Current Accounts	2,266,506.65	3,132,890.48
	In Deposit	682,688.55	1,170,790.55
	Cash on hand	3,679.95	6,226.45
	Total Rs	2,952,875.15	4,309,907.48
17	Short term Loans and advances		
	Unsecured - Considered Good		
	Loans and advances to related parties*		
	Loans and advances to employees	2,145,017.00	981,159.00
	Rent Deposits	1,957,500.00	-
	Value added Tax Input	11,143,710.40	7,459,136.41
	Other advances	8,861,541.31	11,882,608.14
	Total Rs	24,107,768.71	20,322,903.55
	Less: Provision for doubtful debts	-	-
	Total Rs	24,107,768.71	20,322,903.55
18	F) Other Current assets		
	Duty Drawback Receivable	2,585,575.00	10,238,751.00
	Total Rs	2,585,575.00	10,238,751.00
	TOTAL CURRENT ASSETS	128,025,666.86	109,559,478.03
19	CONTINGENT LIABILITIES & COMMITMENTS		
	Contingent Liabilities		
	Liability on bills discounted with banks	30,518,813.00	118,053,920.00
	Total Rs	30,518,813.00	118,053,920.00

20	Revenue from operations	Year ended 31 March 2012	Year ended 31 March 2011
	SALE OF PRODUCTS		
	Export Sales	407,462,746.00	445,957,626.00
	Local Sales	14,552,002.65	7,705,770.00
	CST Sales	-	109,769.00
	Second Sales	1,280.00	111,874.00
	Form H Sales	6,610,911.00	162,600.00
	OTHER OPERATING REVENUES		
	Duty Draw Back received	29,625,304.00	36,264,616.00
	Import License Sold	9,548,144.00	5,642,288.00
	TOTAL	467,800,387.65	495,954,543.00
21	Other Income		
	INTEREST INCOME		
	Interest received	20,588.00	-
	Interest from ICICI Bank	26,493.00	5,454.00
	Rental Income	126,000.00	81,000.00
	Profit on sale of assets	-	20,013.00
	Other non-operating income (Job Work)	11,400.00	-
	TOTAL	184,481.00	106,467.00
22	Cost of materials consumed		
	(Ref Note No.27.2,27.3)		
	Materials Consumed- Leathers		
	Opening Stock	30,719,757.00	33,889,779.00
	Add : Purchases	264,933,488.57	280,879,803.31
		295,653,245.57	314,769,582.31
	Less : Closing Stock	36,167,246.00	30,719,757.00
	TOTAL	259,485,999.57	284,049,825.31
	Materials Consumed- Consumables		
	Opening Stock	6,656,984.00	2,886,117.00
	Add : Purchases	34,696,370.92	47,654,383.83
		41,353,354.92	50,540,500.83
	Less : Closing Stock	5,154,023.00	6,656,984.00
		36,199,331.92	43,883,516.83
	Add : Chemical Purchase	6,324,237.39	9,052,902.87
		42,523,569.31	52,936,419.70
	TOTAL	302,009,568.88	336,986,245.01
23	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		
	Increase/ (Decrease) In stock :-		
	Opening Stock		
	Finished Goods	10,075,700.00	13,324,200.00
	Work In Progress	1,096,500.00	2,145,000.00
		11,172,200.00	15,469,200.00
	Closing Stock		
	Finished Goods	1,594,800.00	10,075,700.00
	Work In Progress	-	1,096,500.00
	Increase / (Decrease In Stock)	9,577,400.00	4,297,000.00
24	Employee Benefits Expense		
	Salaries and incentives		
	Directors Remuneration		
	Sri. A.R.Ramanathan M.D	480,000.00	480,000.00
	Sri. R.M.Lakshmanan W.T D	300,000.00	300,000.00
	HRA To Directors :-		
	Sri. A.R.Ramanathan M.D	288,000.00	288,000.00
	Sri. R.M.Lakshmanan W.T D	180,000.00	180,000.00
	Salaries & Wages	26,875,506.00	31,753,319.00
	Security Charges	411,354.00	468,718.00
	TOTAL	28,534,860.00	33,470,037.00
	Contributions to		
	Contribution to Provident fund	532,922.00	498,885.00
	Contribution to ESIC	213,345.00	123,426.00
	Staff welfare expenses	1,849,575.50	1,654,722.00
	TOTAL	2,595,842.50	2,277,033.00
	GRAND TOTAL	31,130,702.50	35,747,070.00
25	Finance costs		

	Interest Paid to Banks	6,580,280.95	5,672,556.08
	Bank Charges	4,027,084.14	3,812,634.19
	TOTAL	10,607,365.09	9,485,190.27
26	Depreciation and amortization expense		
	Depreciation	1,575,141.00	1,282,812.00
		1,575,141.00	1,282,812.00
27	Other expenses		
	Lease Rent	222,673.00	1,002,402.00
	Rent Paid	5,026,852.00	2,272,000.00
	Fees & Taxes	161,548.00	620,418.00
	Insurance	315,138.00	505,626.00
	Packing Material Consumed	1,527,530.29	1,256,959.10
	Air Freight & Transport Charges	21,894,947.80	19,533,643.52
	Export Agency Commission	20,109,784.00	10,845,346.00
	Postage,Telegram & Telephone	912,107.53	929,717.97
	Printing & Stationery	593,430.46	286,702.82
	Travelling & Conveyance	1,216,477.00	998,516.00
	Repairs & Maintenance :-		
	a. Building	4,175.00	436,025.00
	b. Computers	549,073.00	261,897.00
	c. Others	1,344,445.00	514,495.50
	d. Plant & Machinery	953,324.00	2,016,963.00
	Sitting Fees	50,000.00	44,000.00
	Advertisement Charges	24,159.50	18,449.50
	Professional Charges	204,193.00	284,000.00
	Boarding and lodging expenses	8,906.00	-
	Donations	17,200.00	-
	Professional Tax	1,876.00	-
	General Expenses	1,000.00	103,116.36
	Service Tax paid	118,706.00	-
	ECGC Premium	605,132.00	520,607.00
	Vehicle Maintenance	1,070,878.00	987,365.00
	Customs Duty	283,028.00	110,527.70
	Export Promotion Expenses	345,798.42	67,047.00
	Pooja Expenses	52,265.00	60,485.00
	Interest paid on tds contractor	23,136.00	-
	Input Vat Not availed written off	-	79,645.00
	Office Maintenance	36,663.00	40,856.00
	Books & Periodicals	2,385.00	8,335.00
	Loss on sale of assets	175,670.00	152,623.00
	Exchange Difference	182,666.29	2,492,880.00
	Rounded off	-86.93	-58.07
	Membership & Subscription	9,000.00	16,500.00
	Power & Fuel	1,778,336.73	1,565,233.20
	Electricity Charges	1,658,428.00	1,527,582.00
	Labour Charges	36,172,294.98	42,258,916.50
	Leather Processing Charges	1,641,886.20	390,034.72
	Commission Paid	9,272,251.53	11,156,675.65
	Audit Fees (Ref Note No.27.1)	105,000.00	116,000.00
	TOTAL	108,672,277.80	103,481,532.47
	27.1 Amount Paid / Payable to Auditors		
	Audit Fees	75,000.00	75,000.00
	Taxation	25,000.00	25,000.00
	Certification fees	5,000.00	16,000.00
	TOTAL	105,000.00	116,000.00
	27.2 Raw material Consumed		
	Leather -4785857.10 Sq.Ft & 7451742 Sq.Ft	259,485,999.00	284,049,825.00
	Other Accessoories	42,523,569.00	52,936,420.00
		302,009,568.00	336,986,245.00
	27.3 Value of imported/indigeneous material consumed		
	Import-Landed Cos-16.69% & 6.41%	50,391,649.00	21,630,069.00
	Indigeneous-83.31% & 93.59%	251,617,919.00	315,356,176.00
	Total -100%	302,009,568.00	336,986,245.00

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012		Amount in Rs.	
		Year ended 31.03.2012	Year ended 31.03.2011
A. Net Profit / (Loss) before extraordinary items and tax	4,412,413.38	4,781,160.00	
<i>Adjustments for:</i>			
Depreciation and amortisation	1,575,141.00	1,282,812.00	
(Profit) / loss on sale / write off of assets	175,670.00	132,610.00	
Finance costs	6,580,280.95	5,672,556.00	
Operating profit / (loss) before working capital changes	12,743,505.33	11,869,138.00	
<i>Changes in working capital:</i>			
<i>Adjustments for (increase) / decrease in operating assets:</i>			
Inventories	5,632,872.00	-3,696,155.00	
Trade receivables	-36,560,231.00	-284,466.00	
Loans and advances	4,749,871.82	579,557.00	
Other current assets	-	-388,718.00	
	-26,177,487.18	-3,789,782.00	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Other current liabilities & Provisions	-13,556,888.00	125,350.00	
	-13,556,888.00	-3,664,432.00	
Cash flow from extraordinary items			
Cash generated from operations	-26,990,869.85	8,204,706.00	
Net income tax (paid) / refunds	-559,290.00	-254,000.00	
Net cash flow from / (used in) operating activities (A)	-27,550,159.85	7,950,706.00	
B. Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances	1,484,317.00	1,977,041.00	
Proceeds from sale of fixed assets	548,219.00	469,837.00	
Net cash flow from / (used in) investing activities (B)	2,032,536.00	2,446,878.00	
C. Cash flow from financing activities			
Net increase / (decrease) in working capital borrowings	30,740,873.00	-6,482,110.00	
Finance cost	-6,580,281.00	-5,672,556.00	
Net cash flow from / (used in) financing activities (C)	24,160,592.00	-12,154,666.00	
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	-1,357,031.85	-1,757,082.00	
Opening Cash and cash equivalents as at 01.04.2011	4,309,907.00	6,066,989.00	
Closing Cash and cash equivalents as at 31.03.2012	2,952,875.15	4,309,907.00	

Notes forming part of financial statements for the year ended 31st March 2012

NON CURRENT ASSETS

FIXED ASSETS											
SI.No	Particulars	Gross Block			Depreciation				Net Block		
		As at 01.04.2011	Additions	Deletions	As at 31.03.2012	Up to 01.04.2011	For the Year	Adjustment	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Land	5,244,423.00	-	-	5,244,423.00	-	-	-	-	5,244,423.00	5,244,423.00
2	Land Development	827,614.00	-	-	827,614.00	-	-	-	-	827,614.00	827,614.00
3	Plant & Machinery	10,805,900.67	2,479,631.00	522,500.00	12,763,031.67	3,083,279.20	618,261.00	161,322.00	3,540,218.20	9,222,813.47	7,722,621.47
4	Furniture & Fixtures	4,747,307.75	19,995.00	-	4,767,302.75	755,183.85	301,551.00	-	1,056,734.85	3,710,567.90	3,992,123.90
5	Motor Car	5,130,751.28	842,625.00	25,719.00	5,947,657.28	1,641,516.77	533,742.00	2,851.00	2,172,407.77	3,775,249.51	3,489,234.51
6	Computer	718,072.00	53,558.00	-	771,630.00	241,824.34	121,587.00	-	363,411.34	408,218.66	476,247.66
7	Work In Progress	1,681,463.00	47,695.00	-	1,729,158.00	-	-	-	-	1,729,158.00	1,681,463.00
	GRAND TOTAL	29,155,531.70	3,443,504.00	548,219.00	32,050,816.70	5,721,804.16	1,575,141.00	164,173.00	7,132,772.16	24,918,044.54	23,433,727.54