



**17th ANNUAL REPORT
2009**

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 22nd September, 2009 to 30th September, 2009 (both days inclusive)
 2. Members are requested to notify immediately any change in their address to the Company specifying the full address in block capitals with pin code of the Post office etc;
 3. Members are requested to quote their Folio Number in the Correspondence.
 4. Members are requested to quote their queries relating to the accounts at least 10 Days before the date of the Meeting. So that the information can be made available at the meeting.
 5. Members are requested to bring a copy of the Annual Report along with them to the Annual General Meeting, since extra copies will not be supplied.
 6. Members are requested to hand over the attendance slip duly signed at entrance of the meeting Hall.
 7. Registration starts at 10.30 a.m. at Maharaja Restaurant 122, G.S.T.Road, Chromepet, Chennai- 600 044 on 30th September, 2009.
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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.Venkatesan Associates
Chartered Accountants,
20(Old No 8) Dr.Natesan Salai,
Ashok Nagar, Chennai.
Tel.044-2489 6897

Registered Office &
Factory - No.99 G.S. T.Road
Pallavaram, Chennai.600 043
Tel.044-2264 2923
044-2264 3437
Fax.044-2264 3043

Bankers - Canara Bank Overseas Branch

NOTICE OF 17th ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Wednesday, 30th September, 2009 at 11.00.A.M. at Maharaja Restaurant, 122, G.S.T. Road, Chromepet, Chennai - 600 044 to transact the following business.

Ordinary Business:

1. To, receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2009 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 .P S.Nathan 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.

Special Business:

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution "RESOLVED THST 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 July 2009 to the end of his present term, i.e.31st March.2012 as set out in the explanatory statement.
6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution.

"RESOLVED THST 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 July 2009 to the end of his present term, i.e.31st March.2012 as set out in the explanatory statement.

Chennai
25.07.2009

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 22nd September 2009 to 30th September.2009 (both days inclusive).
4. EXPLANATORY STATEMENT PURSUANT TO SEC 217 (2A) Of the Companies Act 1956, is Annexed.

ITEM NO:5

Shri.AR.Ramanathan was reappointed at the 15th Annual General Meeting Held on 26th September, 2007 as Managing Director of the Company for 5 years from 1st April, 2007 to 31.03.2012 on the terms of remuneration then approved.

The Board of Directors at its meeting held on 25.07.2009 decided to revise the remuneration of Shri.A.R.Ramanathan as Managing Director of the Company from 01.07.2009 to 31.03.2012 on the following terms of remuneration.

- a. Salary; Rs.40,000/- 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 months 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: As per the 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.

"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".

Shri.A.R.Ramanathan shall not be entitled to sitting fees for attending meeting of the Board or any committee(s) thereof during his tenure as Managing Director

Shri.AR.Ramanathan shall not be liable to retire by rotation during his tenure as Managing Director.

ITEM NO : 6.

Shri.RM.Lakshmanan was reappointed at the 15th Annual General Meeting held 26th September 2007 as Whole Time Director of the Company for 5 years from 1st April 2007 to 31.03.2012 on the terms of remuneration then approved.

The Board of Directors at its meeting held on 25.07.2009 decided to revise the remuneration of Shri.RM.Lakshmanan as Whole Time Director of the Company for the period from 01.07.2009 to 31.03.2012 on the following terms of remuneration.

- a. Salary; Rs.25,000/- per month
- b. perquisites:

1.Housing

- i) unfurnished residential accommodation will be provided by the Company.
 - III) a) the expenditure incurred by the company on gas, Electricity and water will be evaluated as per income tax Rules, 1962.
 - IV) 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 rules 1962.
 - V) 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 Months leave for every eleven months of service, with right to accumulate/ encash leave As per 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.

"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".

Shri.RM.Lakshmanan shall not be entitled to sitting fees for attending meeting of the Board or any committee(S) there of during his tenure as Whole Time Director.

Shri.RM.Lakshmanan Shall not be liable to retire by rotations during his tenure as Whole Time Director Shri.A.R.Ramanathan Shri.RM. Lakshmanan and Director Shri.S.Naraynan are deemed to be interested in the resolutions in item no 5 and 6 of this Statement may be regarded as an abstract of the terms and memorandum of interest under sec.302 of the Companies Act.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in submitting their Sixteenth Annual Report and that of the Auditors' together with the audited Balance Sheet as at 31st March 2009 and the Profit Loss Account for the year ended on that date.

FINANCIAL PERFORMANCE

(Rs.in lakhs)

Particulars	2009	2008
Income from Operations	4475.35	2600.35
Profit before Depreciation and Taxation	71.33	47.48
LESS:		
Depreciation	6.11	5.07
Profit before Tax	65.22	42.41
Provision for Tax	23.27	17.30
Profit after Tax	41.95	25.11
Profit Brought Forward	142.94	117.83
Profit available for appropriation	184.89	142.94
Profit/Loss carried to the Balance Sheet	184.89	142.94

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.4002.33 lacs in 2008-2009 and earned a profit of Rs.65.22 lacs before tax. The profit after tax has been Rs.41.95.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 Annexures to this report.

DIRECTORS

Shri.S Narayan and Sri.P S Nathan 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.

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 2009 is given below.

CONSERVATION OF ENERGY

	2009	2008
Electricity Consumed -Unit	96430	60735
Total Cost	Rs.778891.00	Rs.405532.00
Generator Fuel	Rs.334860.00	Rs.135969.00
Average Cost per unit	Rs.8.08	Rs.6.68
Average Consumption per Unit of production	NA	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.3739.75lacs

OutGo:

Selling Expenses in Foreign Countries: NIL

Foreign Travel NIL

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:25.07.2009

AR.Ramanathan
Managing Director

RM.Lakhsmanan
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 4 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	4	4	Sournam Planatations(P) Ltd Rich Herbal Product (P) Ltd	Yes
Shri.Rm.Lakshmanan	4	4	Rich Herbal Product (P) Ltd	Yes
Shri.AR.Arunachalam	4	3	Gudang Garam Tabak Industries Ltd Suryabarath Indus (P) Ltd	Yes
Sri.N.Meenakshi Sundaram	4	1		No
Shri.P.S.Nathan	4	0		No
Shri.S.Jambunath	4	4		Yes
Shri.S.Narayan	4	1		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 Board Committee meetings). Board meetings were held during the year on 30th June, 2008, 26th July, 2008, 30th October, 2008 and 27th January, 2009..

Remuneration paid to the Directors

Executive Directors

Name	Designation	Sitting Fees	Salary&perquisites
Sri.AR.Ramanathan	Managing Director	Nil	Rs.422400/-
Sri.RM.Lakshmanan	Whole Time Director	Nil	Rs.384000/-

Non-Executive Directors	ARA	NM	SJ	PSN	SN
For attending Board meetings	6000	2000	8000	NIL	2000
For attending Committees	6000	2000	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 30th June, 2008, 26th July, 2008, 30th October, 2008 and 27th January, 2009.

No.Meetings attended

Sri.AR.Arunachalam	3
Sri.N.Meenakshi Sundaram	1
Sri.S.Jambunath	4

Remuneration Committee:

It did not meet during the year

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 8 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 2008-2009".

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
28.09.2006	11.30 a.m	Maharaja Restaurant, Chromepet, Chennai
26.09.2007	11.00 a.m	Maharaja Restaurant, Chromepet, Chennai
25.09.2008	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 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 has 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 : 30th September 2009
- ii) Financial year of the Company runs from 1st April to 31st March
- iii) Date of Book Closure: 22nd September 2009 to 30th September. 2009 (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 2009-2010 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 4.75

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 Share Holdings as on 31st March 2009**

Category Rs.	No of Share Holders	%
Upto -5000	3976	80.57
5001 - 10,000	598	12.12
10.001 -20000	226	4.58
20.001 - 30.000	41	0.83
30.001 - 40.000	33	0.67
40.001 - 50.000	15	0.30
50.001 - 1.000.000	17	0.34
100000 and above	29	0.59
TOTAL	4935	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.

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

Shareholding pattern as on 31st March, 2009

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	830500	18.57
<u>2.Non-Promoter's Holding</u>			
C	Mutual Funds and UTI	18900	0.42
<u>3.Others</u>			
A	Private Corporate Bodies	39628	0.88
B	Indian Public	2412324	53.92
C	NRIs/ OCBs	56248	1.26
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 Sri.P S Nathan and Shri.S Narayan the retiring directors is as follows.

Shri.P.S.Nathan (48 years) is a postgraduate in Management from the Madras University and has specialized in trading .He had 28 years experience in Trading Business. He travels abroad regularly.

Shri.S.Narayan aged 46 years is a B.Com graduate and he has associated with the Photographer's trade body for a number of years. He runs his own unit, which has three branches. He has widely traveled abroad.

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 share holders.
- 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 behaviour, 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 Comapany certifies the financial reporting and internal controls to the Board in terms of Clause 49.
- f) The Company will mandatorily comply with all the accounting standards by ICAI from time to time.

ON BEHALF OF THE BOARD

Place: Chennai
25.07.2009

AR.Ramanathan
Managing Director

Rm.Lakshmanan
Whole Time Director

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, 2009. 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

	2008-2009	2007-2008
SALES	RS.4002.33lacs	Rs.2326.26lacs
EXPORTS	RS.3954.55lacs	Rs.2278.62lacs

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.3063 /-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.

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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on 31st March, 2009. 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 thereunder 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 thereunder.
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 4 times respectively on 30th June 2008, 26th July 2008, 30th October 2008, and 27th January, 2009 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 17th September 2008 to 25th September 2008 during the year.
6. The annual general meeting for the financial year ended on 31st March 2008 was held on 25th September 2008 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 was not required to make any entries in the register maintained under Section 301 of the Act.
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.

The Company:
has delivered all the certificates on transfer / transmission of Shares in accordance with the provisions of the Act;
has not deposited any amount of dividend in a separate bank as no dividend was declared during the year,
was not required to post warrants for dividends to its members as no dividend was declared;
has duly complied with the requirement of Sec. 217 of the Act.

The Board of Directors of the Company is duly constituted and no appointment of any directors was made during the year.

The Company has not appointed its Managing/Whole-time Director during the year.

The Company has not appointed any sole selling agent in compliance of the provisions of the

The Company was not required to obtain the approval of the Central Government for the remuneration payable to its whole-time directors.

The directors have disclosed their interest in other firms/ companies to the Board pursuant to the provisions of the Act and the rules made thereunder.

The Company has not issued any shares during the year

The Company has not bought back any shares during the year.

The Company has no redeemable preference shares.

The Company has not kept in abeyance rights to dividend, rights shares and bonus shares.

The Company has not accepted deposits during the year.

The amount borrowed by the Company is within the limits of borrowing of the Company as approved by its shareholders.

The Company has not made any loans or advance or given any guarantee or provided facilities to other bodies corporate and hence no entries have been made in the register kept for the purpose.

The Company has not altered the provisions of its memorandum of association with respect to the location of its registered office from one state to another during the year under scrutiny.

The Company has not altered the provisions of its memorandum of association with respect to the objects during the year.

The Company has not altered the provisions of its memorandum of association with respect to the name of the Company during the year.

The Company has not altered the provisions of the memorandum of association with respect to the share capital of the Company during the year.

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
24th July, 2009



S. Anantha Narayan
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, 2009:

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	23AC/23 ACA	220	Balance sheet	02/11/2008	No	yes

NOTE: The Company is advised to arrange filing of Form No.20B .



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.8.50 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
25.07.2009

For and on behalf of the Management

AR.RAMANATHAN

Team Head.

**AUDITOR'S 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 2009 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 generally accepted in India. Those Standards require that we plan 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 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009

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 3 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 a 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 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.
the company has not accepted any deposit from the public.
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, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- xi. 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.
- 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 instances 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 as been noticed or reported during the year.

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

Place : Chennai

Date : 15.7.2009

**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 2009, 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 : 15.07.2009

For N.VENKATESASN ASSOCIATES
CHARTERED ACCOUNTANTS

(K.S.RAMESH BABU)
Partner.

Schedule : - 4

Sl.No	Particulars	Gross Block			
		As at 01.04.2008	Additions	Deletions	As at 31.03.2009
1	Land	5,244,423.00			5,244,423.00
2	Land Development	827,614.00			827,614.00
3	Plant & Machinery	5,851,904.67	929,333.00		6,781,237.67
4	Furniture & Fixtures	542,498.75	489,675.00		1,032,173.75
5	Computer	130,926.00	171,684.00		302,610.00
6	Motor Car	2,465,980.28	401,460.00		2,867,440.28
7	Work In Progress (Factory Building)		264,724.00		264,724.00
TOTAL		15,063,346.70	2,256,876.00	-	17,320,222.70

Depreciation			Net Block	
Up to	For the	As at	As at	As at
01.04.2008	Year	31.03.2009	31.03.2009	31.03.2008
		-	5,244,423.00	5,244,423.00
		-	-	-
		-	827,614.00	827,614.00
		-	-	-
2,041,466.99	292,342.21	2,333,809.20	4,447,428.47	3,810,437.68
		-	-	-
334,821.40	38,072.45	372,893.85	659,279.90	207,677.35
		-	-	-
12,771.28	40,397.06	53,168.34	249,441.66	118,154.72
		-	-	-
668,672.18	240,624.59	909,296.77	1,958,143.51	1,797,308.10
		-	-	-
		-	264,724.00	-
		-	-	-
3,057,731.85	611,436.31	3,669,168.16	13,651,054.54	12,005,614.85

M/s.Euro Leder Fashion Limited
Balance Sheet as at 31st March 2009

	Sch	as on 31.03.2009	as on 31.3.2008
Source of Funds:		Rs.	P.
Share Holder's Funds:			
Share Capital	1	33,990,332.40	33,988,582.40
Reserves and Surplus	2	18,489,295.58	14,294,749.41
		52,479,627.98	48,283,331.81
Loan Funds			
Secured Funds		14,962,225.00	10,840,191.00
		67,441,852.98	59,123,522.81
Application of Funds:			
Fixed Assets (At Cost less Depreciation)	4	13,651,054.54	12,005,614.85
Investments	5	8,751.00	103,095.00
Current Asset, Loans & Advances			
Inventories	6	29,271,967.00	19,949,219.00
Sundry Debtors	7	19,487,176.00	13,853,573.00
Cash and Bank Balances	8	5,524,227.28	2,021,217.78
Loans and Advances	9	30,979,650.67	42,574,249.82
		85,263,020.95	78,398,259.60
Less: Current Liabilities & Provisions:			
	10	31,480,973.51	31383446.64
		53,782,047.44	47014812.96
		67,441,852.98	59123522.81

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

K.S.Ramesh Babu

Partner

Place: Chennai

Date : 15.07.2009

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.2009

	Sch	as on		as on	
		31.03.2009		31.03.2008	
		Rs.	P.	Rs.	P.
Income					
Export Sales		395,454,669.00		227,862,538.00	
Local Sales		4,778,066.28		4,763,219.79	
Duty Drawback		36,735,507.00		23,564,507.00	
Import Licence-Sold		3,714,531.00		3,841,201.00	
Import Licence-Entitlement		-		-	
Other Income:	11	224,460.00		260,453.70	
Increase/(Decrease)in Stock	12	6,627,650.00		(257,150.00)	
		447,534,883.28		260,034,769.49	
Expenditure					
Materials Consumed		318,152,742.63		180,867,698.59	
Power and Fuel		1,113,751.00		541,501.60	
Other Manufacturing Expenses		48,926,888.47		33,596,671.30	
Employees Cost	13	9,607,711.00		6,063,929.40	
Interest and Finance Charges	14	4,934,257.38		4,998,058.21	
Other Expenses	15	57,666,161.08		29,218,642.33	
Depreciation	4	611,436.31		506,835.19	
		441,012,947.87		255,793,336.62	
Profit before Tax		6,521,935.29		4,241,432.87	
Less: Provision for Tax		2,000,000.00		1,500,000.00	
Deferred Tax		230,044.00		122,736.00	
Fringe Benefit Tax		97,345.00		106,780.00	
Profit after tax		4,194,546.29		2,511,916.87	
Profit/(Loss) Brought Forward		14,294,749.41		11,782,832.54	
Profit available for appropriation		18,489,295.70		14,294,749.41	
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		18,489,295.70		14,294,749.41	
Earning per share				1.92	1.25

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

K.S.Ramesh Babu

Partner

AR.Ramanathan
Managing Director

RM.Lakshmanan
Director

Place: Chennai

Date : 15.07.2009

M/s. EURO LEDER FASHION LIMITED

Schedules to Balance Sheet Items

Sch	as on		as on	
	31.03.2009		31.03.2008	
	Rs.	P.	Rs.	P.
Schedule : 1				
Share Capital:				
Authorised				
5000000 Equity Shares of Rs.10/- each	50,000,000.00		50,000,000.00	

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		10,747,417.60	
	33,990,332.40		33,988,582.40	

Schedule :- 2 Reserves & Surplus:-				
Surplus in Profit and Loss account	18,489,295.70		14,294,749.41	
Less : Proposed Dividend	NIL		NIL	
Tax on distribution of Dividend	NIL		NIL	
	18,489,295.70		14,294,749.41	

Schedule :-3				
Secured Loans:- (Note No 13)				
From Banks:-				
a) Packing Credits	14,962,225.00		10,840,191.00	
b) Packing Credits in Foreign Currency (Temporary credits against L / C or order)	NIL		NIL	
	14,962,225.00		10,840,191.00	

Schedule :- 5				
Investments :-				
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)	NIL		94,344.00	
	8,751.00		103,095.00	

	Cost Price	Market Value	Cost Price	Market Value
Aggregate Value of Quoted Investment	8,751.00	Nil	8,751.00	Nil
		Nil	94,344.00	Nil
	8,751.00		103,095.00	

Schedule :- 6				
Inventories:- (As Certified by the Managing Director)				
Raw Materials including Scraps	16,364,551.00		14,054,511.00	
Consumables	3,874,916.00		3,489,858.00	
Work in Progress	1,569,000.00		NIL	
Finished Goods	7,463,500.00		2,404,850.00	
	29,271,967.00		19,949,219.00	

Schedule :- 7**Sundry Debtors :-****Unsecured Considered Good**

a) Exceeding Six Months	NIL	NIL
b) Other debts	19,487,176.00	13,853,573.00
	19,487,176.00	13,853,573.00

Schedule :- 8**Cash & Bank Balances :-**

Cash on Hand	6,802.80	4,898.30
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Balances With Scheduled Bank :-

In Current Accounts	3,067,782.93	1,939,288.93
In Deposit Accounts	2,449,641.55	77,030.55
(Rs.9030.55 FDR Plugged with C.T.O.Tambaram)		
	5,524,227.28	2,021,217.78

Schedule :- 9**Loans and Advances :-**

Advances recoverable in cash or In kind
or for Value to be received

Unsecured Considered Good

Deposits	126,813.00	126,813.00
Tax Payment Pending Adjustments	19,773.00	15,025.00
Other Advances	18,399,774.82	31,104,694.65
Advance Tax Paid	5,738,367.00	4,846,460.00
Value Added Tax (VAT)	6,918,592.90	6,481,257.17
	31,203,320.72	42,574,249.82
Less: Doubtful Debts Six months	223,670.05	Nil

	30,979,650.67	42,574,249.82
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Schedule :- 10**Current Liabilities and Provisions:-****Sundry Creditors :-**

Small Scale Industrial Undertakings	Nil	Nil
Others	23,153,048.96	29,493,390.89
Due to Directors (Maximum amount Outstanding at any time during the Year Rs.11,04,784)	974,922.71	1,035,552.31
Overdrawing In Current a/c	7,353,001.84	854,503.44
	31,480,973.51	31,383,446.64

Schedule :- 11**Other Income:-**

Job Work	200,000.00	194,641.00
Interest from Bank	23,020.00	2,065.00
Dividend (Tds Deducted Rs Nil P.Y Rs Nil)	1,440.00	161.70
Insurance Claim	Nil	63,031.00
Profit On Sale Of Asset	Nil	555.00
	224,460.00	260,453.70

Schedule :- 12**Increase/ (Decrease) In stock :-****Opening Stock**

Finished Goods	2,404,850.00	2,662,000.00
Work In Progress	Nil	Nil

	2,404,850.00	2,662,000.00
--	---------------------	---------------------

Closing Stock

Finished Goods	7,463,500.00	2,404,850.00
Work In Progress	1,569,000.00	Nil

Increase / (Decrease In Stock)

	6,627,650.00	(-) 257150.00
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Schedule :- 13**Employees Cost**

Salaries, Wages & Allowances	9,186,562.00	5,797,757.00
Contribution to Provident Fund & Other Funds	103,415.00	125,790.00
Welfare Expenses	317,734.00	140,382.40

	9,607,711.00	6,063,929.40
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Schedule :- 14

Interest and Finance Charges

3,819,534.58

2,509,487.33

Bank Charges

1,114,722.80

2,488,570.88

	4,934,257.38	4,998,058.21
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Schedule :- 15**Other Expenses:-**

Rent, Rate & Taxes	2,242,516.00	939,216.00
Insurance	286,629.49	179,666.00
Packing Materials Consumed	1,013,690.75	474,118.60
Air Freight & Transport Charges	39,433,865.40	18,519,973.18
Postage, Telegram and Telephone	692,931.00	481,712.11
Printing & Stationery	298,598.05	170,450.95
Travelling & Conveyance	1,057,912.25	697,441.00
Repairs & Maintenance Building	830,436.49	Nil
Repairs & Maintenance Machinery	553,624.33	697,978.35
Directors Sitting Fees	42,000.00	66,000.00

Auditors Remuneration

For Audit	100,000.00	100,000.00
Sundry Expenses	10,795,943.27	6,375,499.67

	57,348,147.03	28,702,055.86
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Loss on Investments

94,344.00

Nil

Doubtful debts Written Off

223,670.05

516,586.47

	57,666,161.08	29,218,642.33
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Euro Leder Fashion Limited, Chennai – 600 043.
Schedules to Balance Sheet and Profit and Loss Account as at 31st March 2009

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, closing stock 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 are 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.

8. FOREIGN CURRENCY TRANSACTION

Transaction 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. Export Sales during the year have been taken as Net of Sales Value.
12. a) No dues to SSI 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.

(A) OTHER NOTES	31.3.2009	31.3.2008
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	4,33,37,569	3,33,62,177
(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	42,000	68,000
(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	8,06,400	8,06,400
Other Perquisites	8,500	7,500
Total	8,14,900	8,13,900

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.A.RELATED TRANSACTIONS:

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

NATURE MOF TRANSACTION

Rent of factory

Rental Deposit 15,00,000.00

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

(B)RELATED PARTY DISCLOSURE

Nature of Relationship

Wife of Wholetime Director)

	Mrs.L.Meenal
31.3.2009	31.3.2008

4. EARNING PER SHARE(EPS)

Profit as per Profit & Loss Account (Rs. In lacs).	65.22	42.41
--	-------	-------

Weighted Average number of equity shares(in lacs)	33.99	33.98
Basic and Diluted Earning Per Share (Rs. P).	1.92	1.25
Nominal Value of Shares (Rs)	10/-	10/-

5. 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.

6. Information required by Paragraph 3, 4C and Schedule VI of the Companies Act, 1956. (a) Capacities and Production (As certified by the Managing Director)

Licenced and Installed Capacity	UNITS		31.3.2009.		31.3.2008	
Leather Garments	Nos		75,000		75,000	
Leather Goods	Nos		2,00,000		2,00,000	
Actual production						
Leather Garments	Nos		1,32,393		96,169	
Leather Goods	Nos		Nil		Nil	
(b) Turnover	UNITS	Qty.	Rs	UNITS	Qty.	Rs.
Leather Garments	Nos	129127	39304212	Nos	95,035	1,17,25,746
Leather	Sq.ft	178282.23	7192063	sq.ft	276840.41	209040.11
(c) Opening and Closing Stock of Goods						
Opening Stock	UNITS	Qty.	Rs.	UNITS	Qty.	Rs.
Leather Garments	Nos	1134	2404850	Nos	1300	2662000
Leather Goods	Nos		Nil	Nil	Nil	Nil
			-----			-----
			2404850			2662000
			-----			-----

Closing Stock:

Leather Garments	3266	74,53,500	1134	24,04,850
Leather Gods		Nil		Nil
		-----		-----
		74,53,500		24,04,850
		-----		-----

(d) Material Consumed

Leather	sq.ft	7125565.12	28,26,00,232	sq.ft	5175942	164107841
Other Accessories	Rs.		3,55,52,511	Rs.		16759857
			-----			-----
			318152743			18,08,67,698
			-----			-----

(e) Value of imported/indegenious material consumed

Imports-Landed Cos	9095729	1804349
Indegenous	309057014	179063349
	318152743	180867698

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

(g) Expenditure in Foreign Currency	Nil	Nil
Selling Expenses	Nil	Nil

(h) Foreign Travel

Nil Rs. 5.68 Lakhs

(i) Earning in Foreign Currency

Exports of goods on F.O.B. value Rs. 3739.75 Lakhs 2143.38 Lakhs

7. 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	31.03.2009
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	67442
	Total Assests	67442
	Sources of Funds	
	Paid up Capital	33990
	Reserves & Surplus	18490
	Secured Loans	14962
	Unsecured Loans	NIL
	Application of Funds:-	
	Net Fixed Assets	13651
	Investments	9
	Net Current Assets	53782
	Miscellaneous Expenditure	NIL
	Accumulated Losses	NIL
4	Performance of the Company(Amt.in 000's)	
	Turnover (including other Income)	447535
	Total Expenditure	441013
	Profit/Loss before tax	6522
	earnings per share	1.92
	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 2009

(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

Particulars	YEAR ENDED	YEAR ENDED
A. Cash flow from operating Activities:	31.03.2009	31.03.2008
Net Profit before tax and extraordinary items	6521935.00	4240933.00
Add: Depreciation	611436.00	506835.00
Interest on other Loans	3819535.00	2346348.00
Miscellaneous expenses written off	NIL	NIL
Loss on sale of assets	NIL	NIL
	-----	-----
Operating Profit before working capital changes	10952906.00	7094116.00
(Increase)or Decrease in working capital		
(Increase)or Decrease in Inventories	9322748.00	12094512.00
(Increase)or Decrease in Sundry Debtors	5633603.00	6757408.00
(Increase)or Decrease in Loans and Advances (-)	11594599.00	7729149.00
(Increase)or Decrease in Current Liabilities	97526.00	15348827.00
	-----	-----
Net cash from Operating Activities (A)	3459278.00	41929896.00
	-----	-----
B. Cash flow from Investing Activities:		
Purchase of Fixed Assets & other Capital Expenditure	1645439.00	1017275.00
Sales of Fixed Assets	NIL	65000.00
Sales of Investments	94344.00	NIL
	-----	-----
Net cash from Investing Activities (B)	1739783.00	1082275.00
	-----	-----
C. Cash flow from Financing Activities:		
Call Money Received	1750	NIL
Availment of Loans from Bank	4122034.00	6632672.00
Repayment of Loans	NIL	NIL
Interest paid to Bank	(-) 3819535.00	(-) 2346348.00
	-----	-----
Net cash from Financing Activities (c)	304249.000	4286324.000
Net Increase in cash and cash equivalents (A+B+C)	-----	-----
	16456216.00	54392611.00
Cash and cash equivalents as at 31.03.2008	71036504.00	16643893.00
Cash and cash equivalents as at 31.03.2009	87492720.00	71036504.00

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 15.07.2009 to the member of the Company.

Place: Chennai
Date :15.07.2009

For N.VENKATESAN 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

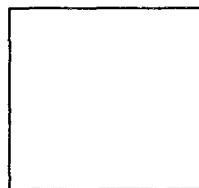
the district of of failing him / her,

..... 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 2009



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 Sixteenth Annual General Meeting of the Company held at, Maharaja Restaurant, 122, G.S.T. Road, Chrompet, Chennai - 600 044 at 11.00 a.m. on Wednesday on 30th September, 2009.

Signature

Book-Post

To

.....

.....

.....

.....

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