

EURO LEDER FASHION LIMITED

DIRECTORS REPORT TO THE MEMBERS

Your Directors have pleasure in presenting to you their 27th Annual Report together with the Audited accounts of the Company for the year ended 31st March, 2019 and the Auditors' Report thereon

1. FINANCIAL RESULTS:

The summarized working results for the year ended 31.03.2019 as compared with the earlier year are as under:

(Rs. in lakhs)

PARTICULARS	2019	2018
Total Income	8105.03	8452.15
Less: Total Expenses	8007.14	8306.93
Profit before Depreciation and Taxation	145.20	145.22
Less: Depreciation	47.31	38.10
Profit before Tax	97.89	107.12
Provision for Tax	56.15	35.86
Profit after Tax	41.74	71.26
Profit brought forward	840.03	768.77
Profit available for appropriation	881.77	840.03
Profit/Loss carried to Balance Sheet	881.77	840.03

2. PERFORMANCE:

The Company has earned a total income of Rs.8105.03 Lakhs during the year 2018-19 and made a profit before tax of Rs.97.89 Lakhs. The total profit after tax for the year 2018-19 is Rs.41.74 Lakhs compared to Rs.71.26 Lakhs in 2017-18.

3. CHANGE IN THE NATURE OF BUSINESS:

Your Company is engaged in the Business of Manufacturing of Leather Garments. There has been no change in the nature of business during the year under review.

4. DIVIDEND:

Your Directors has decided to ploughing back of profits for the year and hence do not recommend any dividend for the year.

5. TRANSFER TO RESERVE

The Board of Directors of your Company has not transferred any amount to the general reserve for the year under review.

6. SHARE CAPITAL:

The Company during the year under review has not issued any Sweat Equity Shares or Shares with Differential Rights or under Employee Stock Option Scheme nor did it Buy Back any shares. The Authorised Capital remained the same as previous year. However, the company during the year had received an amount of Rs.250/- towards the calls in arrears and the Paid Up capital as on 31st March, 2019 is Rs.3,90,80,250/-.

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7. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES & PERFORMANCE THEREOF:

Your Company does not have any subsidiary, joint venture or associate company as at March 31, 2019. Hence, the details and performance thereof do not arise

8. DEPOSITS:

The Company has neither accepted nor renewed any deposits during the period under review. Hence, the details relating to deposits covered under the Chapter V is not required to disclose

9. LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company has not advanced any loans, given guarantees and provided security as provided under Section 186 of the Act, during the year under review. However, the Company has invested Rs.137.18 Lakhs in Canara Rebeco Gold Saving Fund during the year which is within the limits specified under section 186 of the Act.

10. DIRECTORS:

The Board of the Company consists of Four Directors out of which three are Independent Directors and one is Whole Time Director.

11. BOARD MEETINGS:

Six Board Meetings were held during the financial year end on 30th May, 2018, 27th June, 2018, 08th August, 2018, 17th September, 2018, 12th November, 2018 and 12th February 2019. The intervening gap between the Meetings was within the period as prescribed under the Companies Act, 2013. The details of the meetings and directors attendance are as below:-

Name of the Director	Designation & Category	No. of Board Meetings held during the year	No. of Board Meetings attended during the year	Attendance of last AGM
Shri. RM. Lakshmanan	Executive, Whole time Director	6	5	Yes
Shri.S.Jambunath*	Director, Non executive Independent	6	3	Yes
Shri.N.Meenakshisundaram**	Director, Non executive Independent	6	3	No
Shri. Avinash Ananthanarayanan #	Director, Non executive Independent	6	3	No
Smt.Jayamalini	Director, Non executive Independent	6	5	Yes
Ms.Aishwarya S Nathan \$	Director, Non executive Independent	6	1	No

* Shri.S.Jambunath has been retired as Director from the Board upon completion of his term with effect from 18th September, 2018

** Shri. N.Meenakshisundaram has been retired as Director from the Board upon completion of his term with effect from 18th September, 2018

Mr. Avinash Ananthanarayanan has been appointed as an additional Director with effect from 18th September, 2018

\$ Ms.Aishwarya S Nathan has been appointed as an additional Director with effect from 12th November, 2018

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12. DECLARATION RECEIVED FROM INDEPENDENT DIRECTOR ON ANNUAL BASIS:

As required under Section 149(7) all the Independent Directors of the Company have submitted their annual declaration stating that they meet the criteria of independence as stated Section 149(6) of the Companies Act, 2013.

13. COMMITTEES OF THE BOARD:

A) AUDIT COMMITTEE:

The Audit Committee consists of two (2) Independent Directors. All the members of the Audit Committee have accounting, financial and management expertise. The composition, powers, role and terms of reference of the Committee are constituted as per the Section 177 mentioned under the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015).

The present Audit Committee comprises of the following Directors and the details of the meeting and directors attendance are as follows:-

Name of the Member	Status	Category	Meetings	
			Held	Attended
Shri. N.Meenakshisundaram#	Member	Independent Director	4	2
Shri.S.Jambunath #	Member	Independent Director	4	2
Shri.Avinash Ananthanarayanan \$	Chairman	Independent Director	4	2
Mrs.Jayamalini	Member	Independent Director	4	2

Shri N.Meenakshisundaram and Shri.S.Jambunath has been ceased to be Member from the Committee with effect from 18th September, 2018

\$ Mr. Avinash Ananthanarayanan has been appointed as Chairman of the Audit Committee with effect from 17th September, 2018

B) NOMINATION AND REMUNERATION COMMITTEE:

Term of reference:

The Nomination and Remuneration Committee has been empowered and authorized to exercise powers as entrusted under the provisions of Section 178 of the Companies Act, 2013.

The Board has framed a policy to determine and identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors and Key Managerial Personnel.

The Committee met two times during the year on 31st July, 2018 and 18th September, 2018 to determine and recommend the appointment of Directors and revision in Remuneration payable to the Directors

The Nomination and Remuneration Committee of the Company was reconstituted on 18th September, 2018 due to retirement of Shri. N.Meenakshisundaram and Shri.S.Jambunath from the Board of the Company. Accordingly, Ms.Aishwarya S Nathan Independent Director was appointed as the Member of the Committee.

The present Nomination and Remuneration Committee Comprises of the following Members as on March 31, 2019:

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Name of the person	Status
Mrs.Jayamalini	Chairman
Ms.Aishwarya S Nathan	Member

C) **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee oversees, inter-alia, redressal of Shareholders and Investor grievances, transfer/ transmission/transposition of shares, Split, consolidation, issue of duplicate shares certificates, recording dematerialization/ rematerialization of shares, non receipt of Annual Reports and related matters.

The committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.

- Consider and resolve the grievances of security holders.
- Consider and approve issue of share certificates, transfer and transmission of securities, etc

During the year, the Committee met 9 times which was attended by Members of the Committee During the year under review, the Company has not received any grievance / complaint.

The composition and details of the meeting and directors attendance are as follows:-

Name of Directors	Status in the Committee
Shri.RM. Lakshmanan	Chairman
Ms.Aishwarya S Nathan	Member

Shri.S.Jambunath has retired from the board and has been ceased to be the chairman of Stakeholders relationship committee with effect from 18.9.2018

Shri. N.Meenakshisundaram has retired from the board and has been ceased to be the chairman of Stakeholders relationship committee with effect from 18.9.2018

Shri. RM. Lakshmanan has been appointed as a chairman of Stakeholders relationship committee with effect from 18.9.2018

Ms.Aishwarya S Nathan has been appointed as member of Stakeholders relationship committee with effect from 12.02.2019

14. 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.

15. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134 (5) of the Companies Act, 2013 with respect to Directors Responsibility Statement, your Directors confirm that they have :

- 1) followed in the preparation of financial statements , the applicable accounting standards and given proper explanation relating to material departures, if any;
- 2) selected appropriate 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 affairs of the company at the end of the financial year and of the profit and Loss Account of the Company for that period.

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- 3) taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities;
- 4) prepared the annual accounts on going concern basis.
- 5) laid down proper internal financial controls in the Company that are adequate and were operating effectively; and .
- 6) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. AUDITORS:

M/s. S Ramakrishnan Associates., Chartered Accountants, (Firm Registration No. 006637S) were appointed as Statutory Auditors of the Company at the 25th Annual General Meeting held on 21st September, 2017 to hold office for a term of five years till the conclusion of 30th Annual General

The Board was authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors. The existing Statutory Auditors viz., M/s. S Ramakrishnan Associates, Chartered Accountants will continue to be the Statutory Auditors of the Company till the conclusion of 30th Annual General Meeting of the Company.

Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and the remuneration paid for the financial year 2018-19 is as per notes to the financial statement.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes on financial statements are self-explanatory, and needs no further explanation. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

17. COST AUDIT:

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost records and Audits) Rules, 2014, as amended from time to time the business activities of the company do not fall under the scope of mandatory cost audit.

18. SECRETARIAL AUDIT:

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the has appointed Shri. S. Ananthanarayan, Practicing Company Secretary as Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report is attached with this report as **Annexure – A**.

Reply to point No. 4 of the Secretarial Auditor's report:

The Company is in the process of identifying a suitable candidate for appointment as Company Secretary.

19. EXTRACTS OF THE ANNUAL RETURN:

As per the requirements of Section 134 (3)(a) read with Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2018-19 is given in **Annexure-B** in the prescribed Form No.MGT-9, which is a part of this report.

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20. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

There are no significant and material orders were passed by the regulators or courts or tribunals against the Company, impacting the going concern status and Company's operation in future.

21. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No material changes and commitments have occurred, affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

22. PARTICULARS OF EMPLOYEES:

None of the employees draws remuneration of Rs. 8,50,000/- or above per month and Rs.1,02,00,000/- or above per year. Hence, details of the employees of the Company as required pursuant to rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not furnished.

Having regard to the provisions of Section 136(1) read with its relevant proviso of the Companies Act, 2013, the disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, forming part of the Annual Report, is available for inspection at the registered office of the company during working hours. Any member interested in obtaining such information may write to the Company and the same will be furnished without any fee and free of cost.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure – C.

24. RELATED PARTY TRANSACTIONS:

All the transactions with the related parties were entered into by the Company during the period under review were in the ordinary course of business and at arm's length basis. The details of related party transactions pursuant to clause (h) of sub-section 134 of the Act, is enclosed in Form AOC-2 as Annexure – D.

25. MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report, emphasizing the business details, is attached and forms part of the report as Annexure - E.

26. CORPORATE GOVERNANCE:

Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, does not apply to your Company, as your Company's equity share Capital and net worth is below the threshold limit prescribed under the said Regulation. Hence, the Report on Corporate Governance is not provided.

27. LISTING WITH STOCK EXCHANGE:

The company confirms that it has paid the Annual Listing Fees for the year 2019-20 to the BSE Limited where the company's shares are listed.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The provisions of Section 135 of the Companies Act 2013 pertaining to Corporate Social Responsibility are not applicable to the Company.

29. VIGIL MECHANISM:

In Compliance of Section 177 of Companies Act, 2013, the Company has set up a Whistle Blower policy. In terms of the said policy the Directors and employees are given direct access to the Chairman of the Audit Committee to report genuine concerns or grievances. Adequate safeguards are in place against victimization of employees who availed the mechanism.

30. RISK MANAGEMENT POLICY AND INTERNAL FINANCIAL CONTROL:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company and also steps are taken to strengthen the Risk Management process in line with the changes in the external environment and business needs.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. In addition to the Internal Control Systems, the Board has laid emphasis on adequate Internal Financial Controls to ensure that the financial affairs of the Company are carried out with due diligence. These are reviewed by the Internal Auditors of the Company at regular intervals. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

31. ANNUAL EVALUATION :

Pursuant to Section 134 of Companies Act, 2013 and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board of Directors has carried out an annual performance evaluation of the Board, it's Committees and Directors individually and is carried out as per the criteria laid down by the Nomination and Remuneration Committee.

Accordingly, as per Schedule V of Companies Act, 2013, the Independent Directors of the Company at their separate meeting evaluated the performance of non independent directors and the Board as a whole. They also evaluated the performance of Chairman of the Company and flow of information from the Management to the Board.

32. SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

33. GREEN INITIATIVE:

During the year 2018-19, we continued the sustainability initiative with the aim of going green and minimizing our impact on the environment. Like the previous year, this year too, we are publishing only the statutory disclosures in the print version of the Annual Report. Additional information is available on our website, www.euroleder.com

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Electronic copies of the Annual Report 2018-19 and Notice of the 27th AGM are sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 and the Notice of the 26th Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company. The Company is providing remote E-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The instructions for remote E-voting are provided in the Notice.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013. During the year under review no complaint has been received.

35. ACKNOWLEDGEMENT:

Your Directors take this opportunity to express their thanks to the Shareholders, Customers, Suppliers, Banks and Government 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.

For and on Behalf of the Board of Directors
EURO LEDER FASHION LIMITED

Place: Chennai
Date: 25.07.2019

RM. Lakshmanan
Whole Time Director
DIN: 00039603)

Smt. Jayamalini
Director
(DIN: 08275482)