





CERTIFICATE

The TÜV CERT Certification Body
of Rheinisch-Westfälischer TÜV e.V.

hereby certifies in accordance with TÜV CERT
procedure that

SARDA FASHIONS LTD.

Sarda House, Adat Bazar,
Ahmednagar - 414 001, India

has established and applies a quality system for

Manufacture and sale of ready-made garments
(shirts)

An audit was performed, Report No. 584666

Proof has been furnished that the requirements according to

ISO 9002 / EN ISO 9002 / IS ISO 9002

are fulfilled. The certificate is valid until January 2000

Certificate Registration No. 041007017



Essen, 17.03.1997

RWTÜV


TÜV CERT Certification Body
of Rheinisch-Westfälischer TÜV e.V.

MD	✓		BKC	✓
CS	✓		DPY	NO
RO	NO		DIV	NO
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YH	✓	✓		✓

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Sarda
 FASHIONS LTD.

SARDA FASHIONS LTD.

BOARD OF DIRECTORS

Shri PURUSHOTTAM D. SARDA	Chairman
Shri ARUNKUMAR H. FIRODIA	
Shri SHAMSUNDER P. SARDA	
Shri SHREEVALLABH G. KABRA	
Shri SATYANARAYAN B. SARDA	
Shri SHRIKANT G. MANTRI	
Shri MADHUSUDAN Z. SARDA	Managing Director
Shri BAJRANG Z. SARDA	
Shri SUSHIL D. MAHESHWARI	
Shri SHREEGOPAL R. SARDA	
Shri NIMISH V. MAHESHWARI	
Shri AMIT V. SARDA	Executive Director

AUDITORS

M/s. SATISH K. KATARIYA & CO.
 M/s. N.B. MUNDADA & CO.

LEGAL ADVISORS

Shri S.B. PALLOD

BANKERS

THE UNITED WESTERN BANK LTD.

SHARE TRANSFER AGENTS

VIDEOCON SERVICES LIMITED
 Plot No. 159-A, Vinay Bhavya Complex, 'B' Wing,
 1st Floor, Kalina, Santacruz (East),
 BOMBAY - 400 098.

REGISTERED OFFICE

Sarda House, Adat Bazar,
 Ahmednagar - 414 001.
 Maharashtra, India.

FACTORY

Plot No. 44 to 50, Industrial Estate,
 Nagar Pune Road, Ahmednagar - 414 005.
 Maharashtra, India.



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NOTICE

Notice is hereby given that the Third Annual General Meeting of the members of the Company will be held on Saturday, 30th August, 1997 at 9.00 A.M. at Plot No. 44 - 50, Industrial Estate, Nagar Pune Road, Ahmednagar 414 005, Maharashtra, India to transact the following business.

ORDINARY BUSINESS

- 1) To consider and adopt the Audited Balance Sheet as on 31st March, 1997 and Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
- 2) To appoint a Director in place of Shri Nimish V. Maheshwari, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri Arunkumar H. Firodiya, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Director in place of Shri Purushottam D. Sarda, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Shri Shamsunder P. Sarda, who retires by rotation and being eligible, offers himself for re-appointment.
- 6) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 7) To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution.

"RESOLVED THAT" the Articles of Association of the Company be and are hereby altered by including therein a new Article No. 10A after the existing Article No. 10 as under.

"Article No. 10A - Notwithstanding what is stated in Article Nos. 9 & 10 above, in the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of capital. If and to the extent, permitted by Law, the Company shall also have the power to re-issue the shares so bought back".

For and on behalf of the Board of Directors
For Sarda Fashions Limited

Sd/-

Place: Ahmednagar
Date: 30/6/97

Madhusudan Z. Sarda
Managing Director


Sarda
 FASHIONS LTD.

EXPLANATORY STATEMENT

Notes

- 1) Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under item No. 7.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- 3) The register of members and share transfer books of the Company will remain closed from 26th to 27th August, 1997 (both days inclusive) for the purpose of Annual General Meeting.
- 4) Members are requested to advise immediately any change in their addresses to the Company's Registered Office quoting their registered folio number.
- 5) Members are requested to bring the copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

shares on the lines of the legal provisions and practices operating in certain other advanced countries. As such, an enabling provision in the Article is considered desirable so that as and when law is passed/amended permitting such course of action, it can be invoked if found necessary.

None of the directors of the Company is interested in this Resolution.

For and on behalf of the Board of Directors
 For Sarda Fashions Limited

Sd/ -

Place: Ahmednagar
 Date: 30/6/97

Madhusudan Z. Sarda
 Managing Director

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 7

Article No. 9 and 10 of the Articles of Association of the Company mention about the reduction of share capital pursuant to Section 100 to 104 of the Companies Act, 1956. As one of the measures of broadening the capital market, proposals are from time to time mooted for permitting the Companies, within certain regulatory framework to buy-back their own

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DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Third Annual Report and Audited Statement of Accounts of the Company for the year ended on 31st March, 1997.

(1) Financial Results

	1996-97 (Rs. lacs)	1995-96 (Rs. lacs)
a) Sales & other income	1409.37	1134.41
b) Profit before depreciation	53.57	55.57
c) Depreciation	8.75	4.84
d) Provision for Taxation	4.68	2.35
e) Profit available for appropriations	40.14	48.38
f) Income Tax in respect of prior year	0.00	0.41
g) Net Profit	40.14	47.97
h) Balance carried to Balance Sheet	40.14	47.97

(2) Dividend

With a view to strengthen the capital base of the Company and to part finance the on-going expansion of manufacturing facilities, your Directors regret their inability in recommending any dividend for the year under consideration.

(3) Business Prospects

The Company has shown an increase in turnover inspite of tough competition from the new entrants in the field. It is heartening to note here that your Company is fully equipped to accept and withstand this competition. Various measures are being taken as an ongoing process to further improve the performance of the Company at all levels. It is searching new product lines and widening its marketing set-up. The Company has recently entered into a prestigious agreement with The Arvind Mills Ltd. for manufacture and

marketing of readymade garments under its popular brand "Ruf & Tuf". The Company has set-up its machinery to take up this venture and poised for setting up a base for marketing its product throughout the state. It is also in the process of setting up a new manufacturing facility for the purpose. This will benefit the Company by having a widened manufacturing and marketing base and make it possible to stand as one of the major manufacturers in the Readymade Garment Industry of the state. The Company has also obtained ISO 9002 certification from TUV Germany during the year. All these steps are supported by Sales Tax Incentive as provided by the State Government are expected to improve the performance of your Company at various levels.

(4) Promises Vs Performance

Due to the increased competition faced by your Company, the performance level was not as per the projections made. However, as stated above, the Company is taking all the steps to boost its sales performance.

Year ended 31st March, 1997

	Projected	Actual
Total Income	1749.84	1409.37
Profit Before Tax	300.87	44.82
Profit After Tax	207.25	40.14

(5) Fixed Deposits

The Company has not accepted any deposits from the public.

(6) Directors

Subject to the provisions of Section 256 of the Companies Act and Article No. 132 of Articles of Association, Shri Nimish V. Maheshwari, Shri Arunkumar H. Firodiya, Shri Purshottam D. Sarda, Shri Shamsunder P. Sarda retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.



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(7) Auditors

The members are requested to appoint Auditors and to fix their remuneration. M/s. Satish K. Katariya & Co. and M/s, N.B. Mundada & Co., Chartered Accountants, Ahmednagar, the Joint Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting.

(8) Particulars of Employees

None of the employees of the Company received remuneration during the year as provided under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

(9) Particulars of energy conservation, technology, absorption and Foreign Exchange earnings and outgo.

Information in accordance with the provisions of Section 217(ii)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto (Annexure I).

(10) Acknowledgements

The Board places on record the efforts put in by its employees at all levels. The Board is also thankful to its shareholders and bankers for cooperation extended during the year.

By order of the Board of Directors
For Sarda Fashions Limited

Registered Office:

Sarda House, Adat Bazar, Sd/-
Ahmednagar - 414 001. Madhusudan Z. Sarda
Date: 30/6/97. Managing Director



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ANNEXURE TO THE DIRECTORS' REPORT

Annexure I

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

Conservation of Energy

- (a) Energy conservation measures taken:
 - (i) Energy conservation devices have been installed and the equipments are maintained properly to reduce energy consumption;
 - (ii) The new systems are being devised to reduce electric power, fuel and water consumption. Industrial lighting in the Plant area has been optimised.
- (b) Additional investment and proposals, energy consumption of energy;

By relocating modifying the available equipments, energy consumption measures are being implemented and major investments have not been made for equipment so far.
- (c) Impact of above measures:

The impact of above measures taken will result in lower energy consumption per unit of finished goods production.
- (d) Total energy consumption and energy consumption per unit production:

FORM "A"

Form for disclosure of particulars with respect to Conservation of Energy.

1. Power and Fuel consumption

	1996-97	1995-96
i) Electricity		
Purchased units	54160	91920
Total Amount (Rs.)	153081	202606
Rate per unit (Rs.)	2.82	2.20
ii) Own Generation through D.G. Set		
Generator Units	Nil	Nil

Unit per litre of oil
Cost per unit (Rs.)

Nil
Nil

2. Consumption per unit of production: Rs. 1.57

FORM "B"

Form of disclosure of particulars with respect to Technology Absorption for 1996-97.

1. Specific areas in which Research and Development carried out by the Company

R&D was carried in product development, process development, energy consumption, environment protection, cost reduction and automation.

2. Benefits Derived

With the installation of various additional equipments it was possible to achieve consistency in production and quality of finished product.

3. Future Plan of Action

- (a) Reduction in Process Losses.
 - (b) Development of New Products.
 - (c) Installation of safety devices and improvement of productivity.
 - (d) Expenditure on R&D
- Development and improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities. Expenditure on R&D is not separately allocated and identified.

4. Foreign Exchanges Earnings & Outgo

Foreign exchange earnings for the year ended was Nil. Foreign exchange outgo for the year ended was Rs. 4543/- towards the subscription fees.

For and on behalf of the Board of Directors
For Sarda Fashions Limited

Sd/-

Place: Ahmednagar
Date: 30/6/97

Madhusudan Z. Sarda
Managing Director