

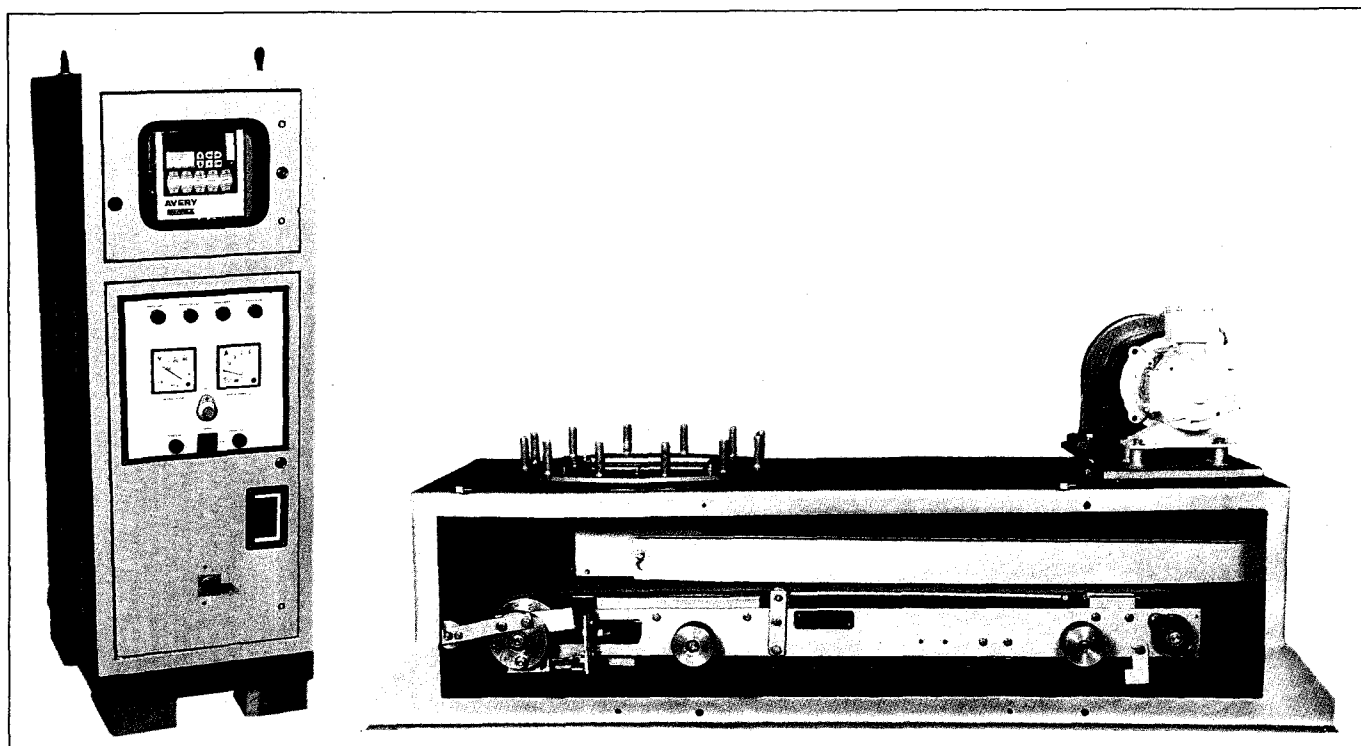
Annual Report 1998-99



AVERY



Loadstar Digitiser



Weighfeeder Model 950 with Control Panel

AVERY INDIA LIMITED

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AVERY INDIA LIMITED

BOARD OF DIRECTORS

MR. S.K. PODDAR
Chairman

MR. N. NATH
Managing Director

MR. R.D. GODDARD

MR. S. HARE

MR. T.J. COOPER

MR. W.B. KORB

MR. M.M. SABHARWAL

MR. J. SENGUPTA

MR. A.S. MITRA

MR. U.P. MAJUMDER

MR. A.K. KHOSLA

SECRETARY
MR. A. MATHUR

SOLICITORS
SANDERSONS & MORGANS
ORR DIGNAM & CO.

AUDITORS
PRICE WATERHOUSE.

REGISTRARS
CB MANAGEMENT SERVICES LTD.
P-22, Bondel Road, Calcutta 700 019
Phone: 2806692-93-94
Fax: 247 0263

REGISTERED OFFICE
'AVERY HOUSE' 28/2 Waterloo Street,
Calcutta 700 069.
Phone: 2488121-3 Fax 2485675

WORKS
51, Hide Road Extension, Calcutta-700 088.
Phone: 4494608 Fax 4498617

Plot Nos. 50 - 59, Sector -25,
Ballabgarh - 121004 (Haryana)
Phone: 234625-632
Fax: 232557

CHAIRMAN'S LETTER

Dear Shareholders,

Your Company continued to face difficult conditions in the year 1998-99, which has resulted in lower Sales and Profit during the year. The country is passing through a phase of poor industrial growth and liquidity crunch, which has adverse impact on Capital Goods industry in the Engineering Sector. The uncertain political situation has compounded the problems of the economy. The nation is saddled with the burden of yet another election. Precious resources of the country are drained in defending our sensitive border areas against infiltration at the behest of one of our neighbouring countries.

Although the year was difficult for the operations, it will be remembered as the year in which the foundation of future growth of your Company was laid. The highlight of the year was preferential allotment of Equity Shares by which your Company has become a subsidiary of GEC Avery International Limited, U.K., and in turn, a subsidiary of their holding company, The General Electric Company, p.l.c., U.K. This has strengthened the bond between your Company and the U.K. principals. The Company has drawn a Technology Transfer Agreement with GEC Avery Limited, U.K., for providing the know-how for latest products based on advanced technology in the Weighing Industry.

The Research and Development division of your Company has designed a number of products with a thrust on reducing cost and improving

competitiveness. While the latest technology from the U.K. principals will enable your Company to introduce products with more features, the efforts of Research and Development division will be to make them progressively indigenous and cost competitive. These steps will help in building infrastructure for further growth in the coming years.

Your Company is also working on new generation of Fuel Dispensing Units and will soon be in a position to offer Dual Hose Dispensers as well as other combinations depending on the requirements from the Oil Companies.

In view of the market/economic conditions prevailing in the country, it has become essential that we reduce our Overheads and other costs. Your Company is, therefore, taking necessary steps in this direction.

I am hopeful that the dedicated services of the employees at all levels and support from our U.K. principals and other foreign collaborators, will see your Company through these difficult times.

I am confident that with the steps taken by us, your company will emerge stronger in the years ahead and reward the shareholders by enhancing shareholder value.



A stylized handwritten signature in black ink.

S.K. PODDAR
Chairman

AVERY INDIA LIMITED

REPORT OF THE DIRECTORS

The Directors of Avery India Limited present their Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the year ended 31st March 1999	31st March 1998
Profit for the year is	468.81	605.34
Provision for Taxation absorbs	(180.00)	(230.00)
Leaving a balance of Profit of	288.81	375.34
Balance brought forward	99.99	99.99
Transfer from/(to) Bad Debt Reserve	(23.14)	0.95
	365.66	476.28
To which is added adjustment in respect of previous year-Income Tax	—	66.82
	365.66	543.10
Which is proposed to be appropriated as follows:		
General Reserve	59.82	239.83
Proposed Dividend @ Rs. 1.80 per		
Equity Share	185.45	184.80
Income Tax on Dividend	20.40	18.48
Balance carried forward	99.99	99.99
	365.66	543.10

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 1.80 per Equity Share for the year ended 31st March, 1999.

OPERATIONS

The Company has allotted 19,02,857 equity shares of Rs. 10/- each to GEC Avery International Limited, U.K. at a premium of Rs. 36.82 per share thereby increasing paid up share capital from Rs. 8,40,00,000 to Rs. 10,30,28,570 and adding Rs. 7,00,63,195 to the Reserve and Surplus. Consequent to above, shareholding of GEC Avery International Limited has gone up from 40% to 51%. Your Company is now a subsidiary of GEC Avery International Limited, U.K. as well as its holding Company M/s. GEC p.l.c., U.K.

The difficult economic conditions faced by the Company during 1997/98 continued during the year under review. As a result of slow-down in the economy and poor industrial growth, our Sales and Profit were lower than last year. The recent political developments have created further uncertainties in the market, which in turn would delay the economic revival. It is unlikely that we would witness major changes in the economic environment in the country until the new Government is firmly in place. This situation would continue to impact the working of the company even in the current year.

Profit was affected due to increased cost which included 4% additional Customs Duty and restricting of MODVAT Credit to 95% as per Budget 1998, adverse fluctuation of foreign exchange rate and for inflation. It is a matter of satisfaction that the new Budget of 1999 has restored the modvat credit to 100%. Very few new projects were witnessed, which adversely affected not only the Order Input but also execution of the Orders in Hand of Weighing Machines. However, in spite of such adverse conditions, your Company has been able to earn a profit of Rs. 469 lacs.

The company has taken a number of steps to improve its long term profitability.

Service Division of the Company recorded a satisfactory growth of 9.6% as against 7.7% recorded in the previous year. Further avenues have been added to our Service business and hopefully similar growth would be continued during the current financial year.

Your Company launched Oil Mix Pumps for vehicles with two stroke engines and bagged large order from Oil Companies during the year.

The Company is now the leading supplier of Belt Scales. The Company has improved its market share in Process Weighing and Filling Machine Sector. Efforts are being made to increase the range of products in this sector.

Research & Development Unit of your Company designed new range of Platform Scales, Low Cost Hybrid Conversion Kits, a range of Weighing Systems for hazardous applications, Retail Weighing Machines and Load Cells. These products are now being introduced into the market. Our Engineers have also developed Fully Automated Unmanned Weighbridge System. The Company is laying greater emphasis on increasing the range of Electronic Retail Weighing Machines and to improve our share in this segment of the market.

AVERY INDIA LIMITED

Consequent to increase in shareholding of GEC Avery International Limited, there is closer linkage on sharing of technology. Our Engineers have undergone training in the Research & Development Laboratory and Manufacturing Plants of GEC Avery, U.K. The training covered hardware and software of new range of Weighing Instruments and Load Cells. Company will soon introduce new range of Digitizers, Load Cells and Retail Weighing Machines with the technology transfer from our Collaborators. While results from these changes may not be visible immediately, we are confident that these important steps have been taken for the long term future growth and profitability of the Company.

ASSOCIATE COMPANY

During the year under review, the performance of Schenck Avery Limited was also affected due to the adverse economic conditions, but with a reasonably good Order Book, the situation is expected to improve during the year. The acquisition of land in industrial area at NOIDA and construction of building has been completed. Schenck Avery Limited will shortly shift to NOIDA.

As stated in our Report for the previous year, Schenck Avery Limited supplied during the year Wheel Lines to M/s Maruti Udyog Limited and TELCO, Pune. In addition, they have also exported Balancing Machines to Schenck RoTec, Germany and an order is under execution for supply of Dynamometers to Schenck Pegasus, Germany. Both are subsidiaries of Carl Schenck AG Germany. The feedback on the quality of the Balancing Machines exported to Germany is encouraging.

DIRECTORS

Mr. A.K. Khosla, Mr. A.S. Mitra and Mr. W.B. Korb retire from the Board of Directors by rotation in accordance with

the provisions of the Articles of Association of the Company and being eligible, offer themselves for reappointment.

Mr. P.N.S. Sukumaran retired as Director of the Company on 31st December, 1998 and the Board takes this opportunity to express its appreciation for his valuable contribution to the Company.

AUDITORS

The Company has received notice from members proposing the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants as Auditors of the Company in place of M/s. Price Waterhouse, the retiring Auditors of the Company. The retiring Auditors M/s. Price Waterhouse have not offered them for reappointment.

EMPLOYEES

The Industrial Relations remained cordial during the year. The Directors record their appreciation for the efforts of the Company's Employees at all levels.

A Statement of Particulars of Employees in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed. Also annexed are particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

By Order of the Board

New Delhi
12th May, 1999

S K PODDAR
Chairman

AVERY INDIA LIMITED

ANNEXURE TO THE BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999.

Name	Designation of the Employee	Remuneration Received** Rs.	Qualification and Experience of the Employee	Date of Commencement of Employment	Age	Details of Previous Employment	Period of previous Employment
Chopra V.K.	Sr. Vice President (Technical)	707,613	B.E. (Electronics) 28 Years	9th November 1985	53	Project Manager M/s Modi Steels	July 1985 to October 1985
Ghosh R.N.	Sr. Vice President (Finance)	716,958	B.Com., F.C.A. 32 Years	1st July 1968	56	Qualified Assistant M/s Ford Rhodes, Park & Co.	October 1966 to June 1968
Khanna J.	Sr. Vice President (Commercial)	682,447	B.A., A.M.I.M.A. 37 Years	9th September 1970	57	Liason Officer M/s Kalinga Airlines Pvt. Ltd	July 1965 to June 1970
Nath N.	Managing Director	1,693,155	B.E.E.(Melb.) A.M.P. (Harvard) F.I.E.E. (London) Ch. Engr., F.I.E. (India) M.I.E.E.E.(U.S.A.) 42 Years	18th June 1984	63	Director, The English Electric Co. of India Ltd	April 1962 to May 1984
Sukumaran P.N.S.*	Commercial Director	896,723	B.Sc 42 Years	1st June 1961	63	Sales Assistant M/s. T.I.&M Sales Ltd.	December 1956 to May 1961

*Employed for part of the year

- Notes:
1. All Appointments are/were contractual.
 2. None of the employees named above is a relative of any Director of this Company.
No Director is Related to any other Director.
 3. **Remuneration received includes value of perquisites and leave passages.

By Order of the Board

New Delhi
12th May, 1999

S.K. PODDAR
Chairman