

Weighing the World



AVERY

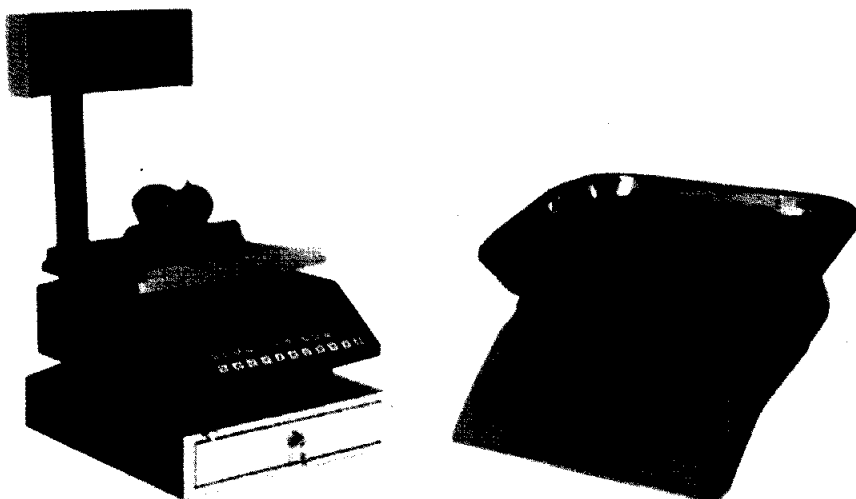
Annual Report 2000-2001

Meeting International Standards in Weighing & Measuring

Avery's years of experience in the market have ensured that we fully understand our customers' requirements. We aim to provide the highest product quality and first class support and service. A total solution to equipment and servicing requirements is available from just one quality supplier -Avery.

The unrivalled range of mechanical and electronic weighing products from Avery includes equipment to support every type of weighing application. The sophisticated range of Avery fuel dispensing pumps is now widely acclaimed across the country.

To maintain the position of leadership, Avery is totally committed to quality and the advancement of technology for the future.



A V E R Y I N D I A L I M I T E D

NOTES:

- 1 **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. Proxy, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting.**
- 2 Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of the item of Special Business is annexed herewith.
- 3 Shareholders are requested to send unencashed Dividend Warrants, if any, for revalidation immediately.
- 4 Members having more than one account with identical order of names, may wish the Company to amalgamate their holdings into one account. They are requested to write to the Company's Registrars, Messrs. C. B. Management Services Limited, P-22, Bondel Road, Kolkata 700 019, for necessary action in this regard.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, TO THE ITEM OF SPECIAL BUSINESS SPECIFIED IN THE ANNEXED NOTICE.

ITEM 5:

Mr. L. Gunning was appointed as Additional Director of the Company at the Board Meeting held on 11th May 2001, and holds office till the conclusion of this Annual General Meeting. Mr. Gunning is President of Avery Berkel Group. The majority shareholder of the Company, namely M/s Avery Berkel Holdings Ltd. U.K., as well as Foreign Collaborator of the Company namely M/s Avery Berkel Ltd. U.K.; both are part of Avery Berkel Group. The Board of Directors feels that presence of Mr. Gunning on the Board of Avery India will go a long way in strengthening the Company's bond with Avery Berkel Group.

The Company has received notice in writing along with the requisite deposit from a member, signifying his intention to propose the appointment of Mr. L. Gunning as a Director of the Company. Mr. L. Gunning has indicated his willingness to act as a Director of the Company, if so appointed and has filed with the Company his consent pursuant to Section 264(1) of the Companies Act, 1956.

The Board recommends the adoption of the resolution.

Mr. L. Gunning is interested in the resolution of his appointment. No other Director has any interest or concern therein.

Registered Office
AVERY HOUSE
 28/2, Waterloo Street
 Kolkata- 700 069

By Order of the Board

A. MATHUR
Secretary

30th July, 2001

AVERY INDIA LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF AVERY INDIA LIMITED WILL BE HELD AT "AIKATAN" EASTERN ZONAL CULTURAL CENTRE IA-290, SECTOR - III, SALT LAKE CITY, KOLKATA - 700091, ON THURSDAY, 27TH SEPTEMBER, 2001, AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESSES :

ORDINARY BUSINESS:

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2001, and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M. M. Sabharwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. Sengupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this connection, to consider, and if thought fit to pass with or without modification, the following Resolution:

"That Messrs. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors in consultation with the Auditors, plus an amount to be mutually decided between them and the Board of Directors to cover out of pocket expenses and that the said remuneration be paid to them in four equal quarterly installments"

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"That Mr. L. Gunning, who was appointed an additional Director by the Board and who holds office up to the conclusion of this meeting and in respect of whom a notice from a Shareholder under Section 257 along with requisite deposit is received; be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by rotation."

The Company's Register of Members and Share Transfer Books will be closed from 21st September to 27th September, 2001, both days inclusive.

Registered Office
AVERY HOUSE
28/2, Waterloo Street
Kolkata- 700 069

By Order of the Board

A. MATHUR
Secretary

30th July 2001

AVERY INDIA LIMITED

BOARD OF DIRECTORS

MR. A. S. MITRA
Chairman

MR. JAIRAJ SINGH
Managing Director

MR. L. GUNNING

MR. T. J. COOPER

MR. M. M. SABHARWAL

MR. J. SENGUPTA

MR. S. GHOSH

SECRETARY
MR. A. MATHUR

SOLICITORS
SANDERSONS & MORGANS

AUDITORS
DELOITTE HASKINS & SELLS

REGISTRARS
CB MANAGEMENT SERVICES LTD.
P-22, Bondel Road, Kolkata 700 019
Phone : 2806692-93-94
Fax : 2470263

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

WORKS
51, Hide Road Extension,
Kolkata - 700 088
Phone : 4394608
Fax : 4398617

Plot Nos. 50-59, Sector - 25
Ballabgarh - 121 004 (Haryana)
Phone : 5234625-632
Fax : 5232557

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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, 2001.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the year ended 31st March 2001	31st March 2000
Profit/(Loss) for the year is	(1,125.24)	162.47
Provision for Taxation absorbs	-	(100.00)
	(1,125.24)	62.47
Balance brought forward from previous year	28.87	99.99
Transfer from/(to) Bad Debt Reserve*	-	(51.28)
	(1,096.37)	111.18
To which is added adjustment in respect of previous year-Income Tax	100.27	39.96
	(996.10)	151.14
Transfer from/(to) General Reserve	996.10	-
	-	151.14
Which is appropriated as follows:		
General Reserve	-	28.00
Proposed Dividend	-	77.27
Income Tax on Dividend	-	17.00
Balance carried forward	-	28.87
	-	151.14

*As no profit is available in 2000/2001, Rs. 315.34 Lacs is transferred to Doubtful Debt Reserve from General Reserve. In 1999/2000, Rs. 51.28 Lacs was appropriated from Profit, as indicated above.

DIVIDEND

The Directors regret their inability to recommend any dividend in view of loss for the year ended 31st March, 2001.

SALES

Sales for the year ended 31st March, 2001, were Rs. 81.84 Crores as compared to Rs. 90.63 Crores for the previous year. Your Company took some initiatives during the year and adopted better controls to ensure timely payment against sales. These steps were necessitated in the long-term interest of the Company to protect its financial strength. Although these steps have resulted in lower sales during the year but will serve interest of the Company better in the coming years.

PROFITS

A more cautious financial approach is adopted towards creating reserves, making provisions and effecting write off. The Company has started creating reserves for all debts above one year, which are not provided for in the cost of sales; as compared to earlier practice of creating reserves for debts above two years. This has resulted in creating additional reserves of Rs. 2.32 Crores in the current year. The profit for the year was affected due to:

- Trade receivables write off to the extent of Rs. 2.27 Crores. However, Bad Debt Reserves of Rs. 1.6 Crores created

earlier has been released against the write off.

- Write off Finished Goods Stock at Branches to the extent of Net Rs. 0.2 Crores (Gross Rs. 1.7 Crores, existing provision Rs. 1.5 Crores).
- Provisions for slow moving and obsolescence in respect of raw material and components stock have been substantially increased. This has increased the loss by Rs. 1.3 Crores.

The lower turnover during the year and adoption of stricter financial norms has resulted in a loss of Rs. 11.25 Crores for the year under report.

OPERATIONS

During the year your Company has received significant orders from the Railways for installing weighbridges capable of dynamic weighing of wagons & entire trains. This line of business has vast potential as the Railways have drawn-up ambitious plans to install such weighbridges in phased manner through out the country.

The Retail division continued its thrust to expand market and opened up opportunities in the dairy sector i.e. for weighing of milk at society collection centers. This market has good potential for growth. The company is planning to supplement the existing range of retail scales to cover back room operations and the counter sales of upcoming bigger retail outlets e.g. Department stores and Super Malls.

Service division executed major orders for installation of Multi Product Dispensers from the Oil Companies amidst global competition. The Service division has further expanded its activities and has taken up the orders for installation of submersible turbine pumps of Red Jacket, USA.

RESEARCH & DEVELOPMENT

Your Company continued its innovative initiatives for the development of cost-effective designs/ products and designed new range of weighbridge structure. During the year, the Company also developed new models of fuel dispensing pumps and load cell transducer.

ISO 9001 ACCREDITATION

Your Company's manufacturing facilities in Kolkata and Ballabgarh received renewal of the prestigious ISO 9001 certification received from NQA Quality Systems Registrar Ltd., a leading Certification Company accredited by RvA Dutch Council for Accreditation.

GLOBAL ACQUISITION

During the year under review, Shareholders passed a special resolution at the Extraordinary General Meeting held on 31st January, 2001, ratifying the change in control of your Company arising consequently and as a fall out of global acquisition of Avery Berkel by Weigh-Tronix UK Limited. Weigh-Tronix LLC U.S.A., which is a holding company of Weigh-Tronix UK Limited thus acquired indirect control over your Company. Avery Berkel Holdings Limited, U.K. formerly GEC Avery International Limited ("GEC Avery") is the majority shareholder in Avery India Limited and currently holds 51% of the paid up share capital of the Company.

FUTURE OUTLOOK

The Management has taken in hand the process of restructuring the Company to ensure improved productivity and cost efficiency which is expected to produce better results in the coming years.

ASSOCIATE COMPANY

Schenck Avery Limited, (SAL) achieved turnover of Rs. 12.85 Crores for the year ended December 2000, in the first full year of operation after shifting to its new factory at Noida and also after change in its Accounting year from Financial Year ending 31st March to Calendar Year. SAL suffered a loss of Rs. 97.82 lacs during the year which is mainly due to interest burden on term loans, working capital loan and increased quantum of depreciation for new factory building at Noida.

Schenck Avery Limited received repeat order from L&T John Deere for Special Test Stands involving Dynamometers after successful commissioning of the test stands supplied in previous year. During the year Schenck Avery Limited further expended its business of Vibration Measuring and Measuring equipment.

DIRECTORS

Retirement

Mr. N Nath retired as Managing Director by mutual consent with the Company w.e.f. 1st January, 2001. He held the position for last 16 years and during his tenure Company expanded its activities in to electronic weighing and fuel dispensing pumps business. Your Directors place on record their deep appreciation of the long years of dedicated service rendered by Mr. Nath and for the significant contributions made by him to the growth and development of the Company. Mr. Nath resigned as a Director from the Board in May 2001.

Resignation

During the year under report, Mr. R. D. Goddard resigned from the Board. The Board takes this opportunity to express its appreciation for the valuable guidance and support given by him during his tenure as a Director of the Company.

Appointments

Mr. Jairaj Singh was appointed as Managing Director w.e.f. 1st January, 2001. Your Directors take this opportunity to extend a warm welcome to Mr. Jairaj Singh and hope that his able guidance and expertise in turn around and restructuring will immensely benefit the Company and make it more a focused and profitable organisation.

Mr. L. Gunning, has been appointed as Additional Director of the Company at the Board Meeting held on 11th May, 2001. Mr. Gunning is President of Avery Berkel Group. Your Directors feel his presence on the Board will go a long way in strengthening the bond with Avery Berkel Group and support from majority shareholder and foreign collaborator of the Company.

Retirement By Rotation

Mr. M. M. Sabharwal and Mr. J. Sengupta retire from the Board of Directors by rotation in accordance with the provisions of the Articles of Association of the Company and are eligible for reappointment.

AUDITORS' REPORT

The Auditors have made a reference in their report to the additional amount of Rs.13,228,694/-considered for writing down inventory of raw materials and components. The Company's position in this regard is explained in note no. 14 of Notes to the Accounts.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting and have indicated their willingness to be reappointed as Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards issued by the Institute of Chartered Accountants of India have been followed;
- (ii) accounting policies are applied consistently; judgements and estimates made 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 ended 31st March, 2001, and the profit of the Company for that year;
- (iii) sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) annual accounts are prepared on going concern basis.

CORPORATE GOVERNANCE

As per the amended Listing Agreement with the Stock Exchanges, your Company is required to comply with the requirements of Corporate Governance by 31st March, 2002. Audit Committee has been constituted and two meetings of the committee have been held so far. In the last meeting of the Audit Committee annual financial statements were reviewed. The steps taken by the Company towards compliance of the requirements of Corporate Governance are attached to this report.

EMPLOYEES

The Industrial Relations remained cordial during the year. The Company entered into a fresh wage agreement with the Union on 1st September, 2000, valid for three years with effect from 1st April, 1999. 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
11th May, 2001

A. S. MITRA
Chairman

ANNEXURE TO THE BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2001.

A. CONSERVATION OF ENERGY

- | | |
|--|---|
| a) Measures taken to conserve energy. | - The operations of the Company are not very energy intensive. However conservation of energy is achieved by regular maintenance of Generator Sets, Central Air-conditioning Plant, Sub-station equipment, etc. by maintaining high efficiency. Awareness to conserve energy and use of energy efficient lighting also results in conservation of energy. |
| b) Additional investment and Proposals, if any, being Implemented for reduction of consumption of energy. | - No major investments and Proposals are envisaged. |
| c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | - The manufacturing processes of the Company are not very energy intensive. However, the above measures will result in saving of energy and hence reduction in manufacturing cost |

B. TECHNOLOGY ABSORPTION

Research & Development

- | | |
|--|--|
| 1. Specific areas in which R&D carried out by the Company. | a) Research & Development was directed towards standardizing the components and assemblies used in various indicators. As a result, the manufacturing process is simpler and delivery period is reduced besides Product quality is improved and cost is reduced. Indigenous cost effective Weighbridge designs have been completed. New Scale development has started. |
| 2. Benefits derived as a result of the above R&D. | - Product features enhancement and reduced manufacturing time. |
| 3. Future plan of Action | - New range of Weighing Scales, Transducers and Fuel Dispensing Pumps. |
| 4. Expenditure on R&D | |
| a) Capital | - Rs. 1.25 lacs |
| b) Recurring | - Rs. 38.85 lacs |
| c) Total | - Rs 40.10 lacs |
| d) Total R & D Expenditure as a percentage of total turnover. | - 0.5 % |
| 5. Technology Absorption, Adaptation & Innovation : | |
| 1) Efforts in brief made towards technology absorption, adaptation and innovation. | - Technical information regarding new developments in weighing and sensor technology is regularly exchanged between our collaborator's Technical Department and us. |
| 2) Benefits derived as a result of the above efforts. | - Improved quality and reduced manufacturing cycle time. |

AVERY INDIA LIMITED

3) Imported Technology

- a) Technology Imported Technology for new version of Load Cell for industrial application
- b) Year of Import - 2000-2001
- c) Has Technology been Fully absorbed. - Technology has been fully absorbed as per Technology Transfer Agreement.

If not fully absorbed, areas where this has not taken place and reasons thereof and future plan of Action.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to Exports - Export Sales showed a quantum jump during the year 2000-2001 and registered a substantial growth in Turnover compared to last year. The Export Sale for the year is the highest ever recorded by the Company. The thrust area for the coming year will continue to be Fuel Dispensing Pumps, Process Weighing Equipment and to a certain extent Weighing-in-Motion systems.
2. Total Foreign Exchange used : Rs. 685.14 Lacs.
earned : Rs. 211.89 Lacs.

By Order of the Board

New Delhi
11th May, 2001

A. S. MITRA
Chairman

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, 2001.

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
Nath N.*	Managing Director	1,478,087	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.) 44 Years	18th June 1984	65	Director, The English Electric Co. of India Ltd.	1962 to May 1984
Singh J.*	Managing Director	466,406	B.A.(Hon's) Economics 29 Years	1st January 2001	51	Vice President, Indian Aluminum Company Ltd.	1972 to Dec 2000

*Employed for part of the year.

- Notes: 1. All Appointments are/were contractual.
2. 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
11th May, 2001

A. S. MITRA
Chairman

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement the Company is required to comply with the provisions of Corporate Governance code by 31st March, 2002. Most of the provisions of Corporate Governance code are already being complied with and the balance provisions will be complied within the prescribed period. Report on Corporate Governance is given below :

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

Corporate Governance is the adoption of code of governance by which the Company is directed and controlled to operate in regulatory framework and in compliance of applicable statutes. Corporate Governance is aimed at assisting the top management of the Company in conduct of its business in a way which safeguards and adds value in the long term for the interest of shareholders, creditors, customers, employees and other stake holders.

2. Board of Directors

• Composition

The present strength of the Board is seven Directors. The Board comprises of one Executive Director i.e. Managing Director and six Non-Executive Directors. There are four independent Non-Executive Directors including the Director representing General Insurance Corporation of India. Two Non-Executive Directors are senior executives of Avery Berkel Weigh-Tronix group which controls majority shareholder as well as foreign collaborator of the Company. Chairman of the Board is also an independent Non-Executive Director.

• Attendance of each Director at the Board Meetings and the last AGM / EGM

Five Board Meetings were held in 2000-2001.

Name of Director	Category of Directorship	No. of Board Mts. Attended	Percentage of Attendance	Attended at the last AGM / EGM	Attended at the last AGM / EGM
Mr. A. S. Mitra	Chairman	5	100	Yes	Yes
Mr. J. Singh *	MD	1	*	*	Yes
Mr. M. M. Sabharwal	Director	5	100	Yes	Yes
Mr. J. Sengupta	Director	3	60	No	Yes
Mr. S. Ghosh	Director	5	100	Yes	Yes
Mr. T. J. Cooper	Director	0	0	No	No
Mr. L. Gunning**	Director	**	**	**	**

MD - Managing Director

* Mr. J. Singh was appointed as Managing Director w.e.f. 1st Jan. 2001. ** Mr. L. Gunning was appointed on 11th May 2001.

• Number of Board Meetings held and the dates of the Board Meetings.

Five Board Meetings were held in the year 2000-2001. The dates on which the said meetings were held are as follows:-

9th May, 2000

27th July, 2000

24th October, 2000

5th December, 2000

31st January, 2001

3. Audit Committee

• Terms of Reference & Composition, Name of members and Chairman

The Audit Committee comprises of Mr. J. Sengupta, Chairman of the Committee, Mr. A. S. Mitra and Mr. M. M. Sabharwal all being Independent Directors. Mr. Jairaj Singh, Managing Director, Mr. R.N. Ghosh, Sr. VP (Finance) who is in charge of finance function, Mr. G. Chatterjee, General Manager (Internal Audit) who is in charge of Internal Audit function and Mr. D. Roy, Partner M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company are invitees to the Meeting. The Company Secretary acts as the Secretary of the Audit Committee. The Terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreements.