

7<sup>th</sup>

Annual Report

2005-2006



**AVON WEIGHING SYSTEMS LIMITED**

**G. M. PUROHIT & CO.**

*Chartered Accountants*

213, Tapo Commercial Centre,  
Rammandir Road, Goregaon ( W ),  
Mumbai : 400 104.

☎ 5695 9607 / 5695 9608 Fax:28756537

AVON WEIGHING SYSTEMS LIMITED

NOTICE

Notice is hereby given that the Annual General Meeting of the Members of AVON WEIGHING SYSTEMS LIMITED, will be held on 31<sup>st</sup> August, 2006 at 11.00 a.m. at the Registered Office of the Company at, 15/B, 2<sup>nd</sup> Floor Kamal Kunj, Meghna Co-op. Hsg. Soc. Ltd., Andheri (West), Mumbai-400 058 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Mrs. Rupal Saraiya who retires by rotation and , being eligible offers herself for re-appointment
4. To appoint M/s. M/s.G.M.Purohit & Co, Chartered Accountants as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

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By order of the Board  
For AVON WEIGHING SYSTEMS LTD

Director

For AVON WEIGHING SYSTEMS LTD.

Place: Mumbai  
Date: 25<sup>th</sup> July, 2006

**Regd Off:**

15/B, 2<sup>nd</sup> Floor Kamal Kunj,  
Meghna Co-op. Hsg. Soc. Ltd.,  
Andheri (West),  
Mumbai-400058

Mr. Pankaj Saraiya  
Managing Director

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

A proxy form duly completed and stamped , must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

- 2) All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days excepting Saturdays and holidays between 10.00 a.m and 2.00 p.m up to the date of the Annual General Meeting.
- 3) Members desiring any information on the accounts are requested to write to the Company, which should reach the Company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
- 4) Member/ Proxies should bring the attendance slip sent herewith duly ,filled in, for attending the meeting.You are requested to bring the Copy of Annual Report along with you.



To,  
The Shareholders  
**AVON WEIGHING SYSTEMS LTD.**

### DIRECTORS REPORT

Your Directors have pleasure in presenting the Seventh Annual Report of your company together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

### FINANCIAL PERFORMANCE

	Current Year 2005-2006 Amount(Rs.)	Previous Year 2004-2005 Amount(Rs.)
<b>INCOME</b>		
Turnover of Sales	223599228	114604662
Other Income	18677684	2517069
Less: <b>Expenditure</b>	228346465	111958815
<b>PROFIT BEFORE TAXATION</b>	<b>13930448</b>	<b>5162916</b>
Less: Provision for Current Year Taxation	5000000	1840000
Provision for Previous Year Taxation	173523	0.00
Provision for Deferred Tax Liability	194932	229955
Provision for Fringe Benefit Tax	50000	0.00
<b>PROFIT AFTER TAXATION</b>	<b>8511993</b>	<b>3092961</b>
Less: Transfer to General Reserve	1000000	275000
Dividend Dist.& Tax thereon	1850950	722623
Balance brought forward	4165799	2070460
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>9826842</b>	<b>4165798</b>

### DIVIDEND

Your Directors pleased to recommend a dividend @ 12 % on the Equity Share Capital of the Company for the year ended 31<sup>st</sup> March 2006. The total outflow on account of dividend and tax thereon amounts to Rs.18,50,950/- ( Previous Year 7,22,623/-)

### DIRECTORS

Mrs. Rupal Saraiya Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the Annual Accounts , the applicable accounting standards have been followed and that no material departures have been made from the same.
- (b) they have selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profits or loss of the company for that period.
- (c) they have taken proper and sufficient care 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.
- (d) they have prepared the annual accounts on a going concern basis.

## AUDITORS

The Statutory Auditors of your Company M/s.G.M.Purohit & Co. Chartered Accountants, Mumbai , who were appointed as the Auditor to hold office until the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. The Company has received the Certificate from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(I-B) of the Companies Act 1956.

## DEPOSITS

The Company has not accepted Deposits from the Public falling with in the purview of Section 58A of the Companies Act,1956.

## CONSERVATION OF ENERGY ,TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

The prescribed particulars under section 217(1)(e) of the Companies act,1956 relating to Conservation of Energy & Technology Absorption are as details below :

### ELECTRICITY ABSORPTION : 2005-2006

1. AMOUNT (RS)	36618
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**FOREIGN EXCHANGE EARNINGS & OUTGO :**

	2005-2006	2004-2005
Total Foreign Exchange earned :		
a) From Export	3045775 US \$	NIL
b) Advance recd from Debtors	1600000 US \$	NIL
Total Foreign Exchange outgo :		
a) For Purchase	35732201 Yens 2706048 US \$	47698175 Yens
b) For Travel		3990 US \$

**PARTICULARS OF EMPLOYEES**

During the period under review there was no employee drawing a salary of Rs.24.00 lacs p.a. whether employed for whole year or part thereof. Therefore the particulars as required by Companies ( Particulars of Employees ) Rules ,1975 are not given.

**DISCLOSURE UNDER SECTION 274(1)(g)**

None of the Directors of the company are disqualified for being appointed as Directors as specified under section 274(1)(g) of the Companies Act,1956 as amended by the Companies (Amendment) Act,2000

**ACKNOWLEDGEMENT**

Your Board takes this Opportunity to thank the Customers, Shareholders, Vendors & Bankers for the faith reposed in the Company. Your Directors also place on record their sincere appreciation of the contribution of its employees, who through their competence, hard work & co-operation have enable the Company to achieve consistent growth.

For and On Behalf of the Board of Directors of  
**AVON WEIGHING SYSTEMS LTD.**

**For AVON WEIGHING SYSTEMS LTD.**

CHAIRMAN

Place: Mumbai

Dated: 24<sup>th</sup> July, 2006

# **G. M. Purohit & Co.**

## **CHARTERED ACCOUNTANTS**

**G. M. PUROHIT**  
B.Com. (Hons.) F. C. A.

Telefax: 5695 9607  
5695 9608  
5675 4595  
2877 7251  
2877 7157

### AUDITORS REPORT

To,  
The Members.  
**AVON WEIGHING SYSTEMS LTD.**

1. We have audited the attached Balance Sheet of **AVON WEIGHING SYSTEMS LIMITED** as at 31<sup>st</sup> March, 2006 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures made by the management, in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ( as amended by the Amendment Order 2004 ) , issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable and based on such checks we considered appropriate.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) 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;
  - (b) In our opinion, proper books of account as required by the Law have been kept by the Company so far as appears from our examination of those books;
  - (c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and the 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 Companies Act, 1956 ;

Contd...





# **G. M. Purohit & Co.**

## **CHARTERED ACCOUNTANTS**

**G. M. PUROHIT**  
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Teletax : 5695 9607  
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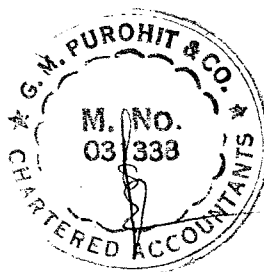
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- (e) On the basis of the written representation received from the directors, as on 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in the terms of Section 274(1)(g) of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon given in Schedule No. 20, (Particularly point No. 2 of the notes to accounts) give the information as 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 Balance Sheet, of the State of Affairs of the Company as on 31<sup>st</sup> March 2006;
  - ii. In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date;
  - iii. In the case of cash flow statement, of the cash flows for the year ended on that date;

FOR G.M. PUROHIT & CO.  
CHARTERED ACCOUNTANTS

*G. H. Purohit*

G. M. PUROHIT  
Proprietor  
Membership No. 031338  
Mumbai, 24<sup>th</sup> July 2006



G. M. PUROHIT & CO.  
CHARTERED ACCOUNTANTS  
MUMBAI



ANNEXTURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date.

1. (a) The company has maintained proper records showing full particulars including quantitative details and location of fixed assets.
- (b) There is a program of physical verification by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of the Fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year as reported to us by the management.
- (c) The company has not disposed off any substantial part of fixed assets during the year.
2. (a) Inventories have been physically verified at the end of financial year by the management. In our opinion, the frequency of verification should be increased to each Quarter.
- (b) The procedure of physical verification of stocks followed by the management are adequate in relation to size of the Company and the nature of its business.
- (c) The Company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. (a) The Company had given loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs. 11,59,000/ and the year end balance of loan given to such party was Rs. Nil  
The Company had taken loans from two party covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs.26,94,000/ and the year end balance of loan taken from such parties was Rs. 4,45,505/-
- (b) Based on the information received and the explanation given, the rate of interest and the terms and condition of loan taken is prima facie not prejudicial to the interest of the Company .
- (c) Based on the information received and the explanation given, the repayment of principal amount and interest are also regular
- (d) Based on the information received and the explanation given, there is no over due repayment of principal amount and interest
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of trading goods, raw materials including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods and service. During the course of audit, we have not observed any continuing failure to correct major weakness in the internal controls.

5. In our opinion, and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials & services that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public and consequently, the directives issued by the Reserve bank of India, the provisions of section 58A & 58AA of the companies act 1956 and the rules framed there under are not applicable.
7. In our opinion, the company has an internal audit system and the internal audit function, which is carried out by a firm of Chartered Accountants appointed by the management, have been commensurate with its size and nature of its business.
8. The Central Govt. has not prescribed maintenance of Cost Records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the company.
9. According to the information and explanation given to us, and on the basis of our information of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, custom duty, and any other material statutory dues applicable to it.

According to the information and explanation given to us, no undisputed dues payable in respect of sales tax, income tax, custom duty, provident fund were outstanding at 31<sup>st</sup> March, 2006 for a period of more than six months from the date they became payable

According to the information and explanation given to us, there are no dues in respect of sales tax, income Tax, custom duty, that have not been deposited with the appropriate authorities on account of any dispute.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. The Company has not defaulted during the year in repayment of dues to any financial institution, banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures, and other investments, the provision of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.