

ANNUAL REPORT FOR THE YEAR 2006-07

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AVON WEIGHING SYSTEMS LTD.



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## Financial Performance for Last 5 Years

(Rs in Lacs)

	2006-07	2005-06	2004-05	2003-04	2002-03
Sales	3910.49	2235.99	1146.05	810.75	706.59
Other Income	56.80	106.91	37.46	41.88	5.80
PBIDT	404.24	200.26	98.72	55.71	44.54
Interest	172.88	45.24	32.97	22.94	19.94
PBDT	231.36	155.02	65.75	32.77	24.60
Depreciation	13.40	15.72	14.12	6.81	5.27
PBT and prior period items	217.96	139.30	51.63	25.96	19.33
Tax/Deferred Tax	74.34	54.18	20.70	11.86	7.75
PAT	143.62	85.12	30.93	14.10	11.58
No of equity shares	28.47	14.00	14.00	9.13	6.45
Earning Per Share (in Rupees)	5.04	6.08	2.21	1.54	1.80

*Board of Directors*

Mr. Pankaj saraiya	Chairman / Managing Director
Mrs. Rupal saraiya	Whole Time Director
Mrs. Shantaben P. Saraiya	Director
Mr. R. M. Joshi	Director
Mr. Anmol Sekhri	Director
Mr. Devang Vyas	Director

*Company Secretary*

Mrs. Anita K. Vyas. (B.Com.L.L.B.FCS)  
A-52, Krishna Kunj, Near Yamuna Nagar, Lokhandwala, Andheri (W), Mumbai - 400 053.

*Statutory Auditor*

G. M. Purohit & Co. (FCA)  
213, Tapo Commercial Centre, Rammandir Road, Goregaon ( W ), Mumbai - 400 104.

*Registered Office*

15, 2nd Floor, B Wing, Kamal Kunj, S. V. Road, Irla Bridge, Andheri (W), Mumbai - 400 058.

*Factory Address*

1. 15, 1st Floor, Nandini Industrial Estate, Amli, U.T. Dadra & Nagar Haveli, Silvassa - 396230.
2. Near Sangam Hotel, Sai Road, Baddi (H.P), Tehsil Nalagad, Dist: Solan, H.P-173205.

# Notice

Notice is hereby given that the Eighth Annual General Meeting of the Shareholders will be held on 18<sup>th</sup> July, 2007 at 10 am at the Registered office 15/B, Kamal Kunj, Irla, S V Road, Andheri(W), Mumbai - 400058 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Director's and Auditor's Report and Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007. And Balance Sheet as on that date.
2. To consider and declare dividend.
3. To appoint M/S G M Purohit & Co, Chartered Accountants as Auditors and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their Remuneration.

## SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

4. "RESOLVED THAT Mr. Devang Vyas who was appointed as Additional Director of the Company, by the Board of Directors under section 260 of the Companies Act, 1956, and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of director under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

By order of the Board,  
For **Avon Weighing Systems Limited**

Sd/-  
**Mrs. Anita Vyas**  
Company Secretary  
Mumbai, 5th June, 2007

**Registered. Office:** 15/B, 2<sup>nd</sup> Floor, Kamal Kunj, S V Road, Irla, Andheri(W), Mumbai-400058.

## NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the company. A proxy has right to vote at the meeting.
2. EXPLANATORY STATEMENT AS PER SEC 173(2) OF THE COMPANIES Act, 1956:

### SPECIAL BUSINESS:

Mr. Devang Vyas, was appointed an Additional Director of the company on 8<sup>th</sup> Jan, 2007, by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 257, of the Act, a Notice has been received from members signifying his intention to propose his appointment as a Director along with a Deposit of Rupees five hundred. The Board considers it desirable that the Company should continue to avail of his services.

Your Directors recommend the resolution of Item No. 4 for approval of the Shareholders.

Mr. Devang Vyas is interested in the resolution to the extent of his appointment as Director. No other director of the company is in any way concerned or interested in the proposed resolution.

An additional director appointed by the Board vacates his office at the following Annual General Meeting, he is however, not one of those retiring. Hence, the exceptions contemplated in Section 173(1)(a) do not apply to him, and a notice under section 257, as well as an explanatory statement is called for.

By order of the Board,  
For **Avon Weighing Systems Limited**

Sd/-  
**Mrs. Anita Vyas.**  
Company Secretary  
Mumbai, 5th June, 2007



# Directors Report

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

Your Directors have pleasure in presenting the Eighth Annual Report of your company together with the Audited Statement of Accounts of the Company for the ended 31<sup>st</sup> March 2007.

## FINANCIAL PERFORMANCE

	Current Year 2006-2007 Amount (Rs.)	Previous Year 2005-2006 Amount (Rs.)
<b>INCOME</b>		
Turnover of Sales	39,10,48,615	22,35,99,228
Other Income	1,06,96,595	1,86,77,684
Less: Expenditure	37,99,49,327	22,83,46,465
<b>PROFIT BEFORE TAXATION</b>	<b>2,17,95,883</b>	<b>1,39,30,448</b>
Less: Provision for Current Year Taxation	80,50,000	50,00,000
Less: Provision for Previous Year Taxation	-	1,73,523
Less: Provision for Deferred Tax Liability	6,85,227	1,94,932
Less: Provision for Fringe Benefit Tax	68,920	50,000
<b>PROFIT AFTER TAXATION</b>	<b>1,43,62,190</b>	<b>85,11,993</b>
Less: Transfer to General Reserve	20,00,000	10,00,000
Less: Dividend Dist. & Tax thereon	20,80,800	18,50,950
Less: Issue of Bonus Shares	98,01,310	-
Add: Balance brought forward	98,26,842	41,65,799
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>1,03,06,922</b>	<b>98,26,842</b>

## DIVIDEND

Your Directors are pleased to recommend a dividend @ 13 % pro rata basis on the Equity Share Capital of the Company for the year ended 31st March 2007. The total outflow on account of dividend and tax thereon amounts to Rs.20,80,800/- (Previous Year Rs.18,50,950/-)

## DIRECTORS

Mr. Devang Vyas was appointed as Additional Director during the year and being eligible offers him self for reappointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Confirm that:

- 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.
- They have selected such 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 financial year and of the profits or loss of the company for that period.
- 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.
- They have prepared the annual accounts on a going concern basis.



**CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the report of the Corporate Governance together with Auditors Certificate regarding Compliance of the SEBI code of Corporate Governance is annexed herewith.

**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 ensuring 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 within 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:****2006-2007**

1. AMOUNT (RS)

2,99,752/-

**FOREIGN EXCHANGE EARNINGS & OUTGO****2006-2007****2005-2006****Total Foreign Exchange earned:**

a) From Export	73,15,193 US \$	30,45,775 US \$
b) Advance recd from Debtors	18,20,000 US \$	16,00,000 US \$

**Total Foreign Exchange outgo:**

a) For Purchase	5,49,59,088 J Yen	3,57,32,201 Yen
	72,99,938 US \$	27,06,048 US \$
b) For Travel	33,133 J Yen	

**PARTICULARS OF EMPLOYEES**

During the period under review there was no employee drawing a salary more than as prescribed as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**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.

**ACKNOWLEDGMENT**

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

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

Sd/-  
Mr. Pankaj Sranya  
Chairman

Mumbai, 5th June 2007.

**REPORT ON CORPORATE GOVERNANCE FORMING PART OF DIRECTORS REPORT :****A Brief statement on Company's Philosophy on Code of Corporate Governance:**

The Philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that confirms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organization with primary objective of enhancing shareholders value while being a responsible corporate citizen. Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibility to meet shareholders and stake holders aspirations. The company is committed to attain the highest standards of Corporate Governance.

**Board Meetings :**

During the year, Board Meetings were held and the attendance of each Director in the Board Meetings and the last Annual General Meeting is detailed herein below:

Name of Promoter Directors/ Non- Executive Directors	Designation	Number of Board Meetings held during the year 2006-07	Number of Board Meetings attended during the year 2006-07	Attendance at last Annual General Meeting held on 31-08-2006
<b>Promoter Directors</b>				
Mr. Pankaj Saraiya	Managing Director	23	23	YES
Mrs. Rupal Saraiya	Whole-Time Director	23	23	YES
Mrs. Shantaben Saraiya	Director	23	23	YES
<b>Non-executive Directors</b>				
Mr. R.M. Joshi	Independent	23	22	YES
Mr. Anmol Sekhri	Independent	23	23	YES
Mr. Devang Vyas	Independent	23	6 was appointed as Additional Director on 8 <sup>th</sup> Jan, 2007 has 100% attendance since then.	NA

**Detail of Directorship on the Board of other Companies as on 31.3.07**

Sr.No.	Name of Director	No. of other Companies in which Directorship/ Chairmanship is held.	
1	Mr.R.M.Joshi	Directorship	Chairmanship
		2	Nil

**Remuneration paid to Whole-time Directors and sitting Fee to the Non-executive Directors.**

Remuneration to Whole-Time Directors is being paid as per terms of their appointment. The details of remuneration paid to the Whole-time Directors during the year are stated herein below:

Sr.No	Name	Designation	Salaries & Allowances	Other Benefits & Perks	Total
1	Mr. Pankaj Saraiya	Managing Directors	9,90,000/-	Nil	9,90,000/-
2	Mrs. Rupal Saraiya	Whole-Time Directors	9,90,000/-	Nil	9,90,000/-

Sitting fees is not paid to any director during the Financial Year 2006-07.



**Terms of appointment of Managing Director/ Whole-time Directors**

1. Mr.Pankaj Saraiya, Managing Director
2. Mrs. Rupal Saraiya, Whole-time Director.

The initial tenure of Managing director/Whole-time Directors is for a period of five-year w.e.f. 25th June 2004. However, the tenure of whole time Directors may further be extended by re-appointing them, subject to approval by Members in the Annual General Meeting.

The appointment of Managing Director/Whole-time Directors is subject to termination by a three months notice in writing by either party.

**Annual General Meetings (AGMs).**

The details of last three Annual General Meetings are as mentioned below.

Year	2003-04	2004-05	2005-06
Date & Time	27th July 2004	26th Sep 2005	31st Aug, 2006
Venue	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058
Details of Special Resolutions	Appointment of Managing Director and Whole time director	NIL	NIL
Resolutions passed through postal Ballot	NIL	NIL	NIL

**EGM DETAILS:**

Date	Venue	Details of Special Resolution	Resolutions passed through postal Ballot
26th Oct 2006	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058	* Increase in Remuneration of Managing Director & Whole-Time Director * Amendment in Articles	NIL
27th Dec 2006.	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058	* Increase in authorized share capital. * Issue of further shares Sec 81(1A)	NIL
30th March 2007.	15/B, Kamal Kunj, S.V.Road, Andheri (W), Mumbai 400 058	* Issue of Bonus Shares.	NIL

**AUDIT COMMITTEE**

In terms of provisions of Listing Agreement, the Board constituted the Audit Committee in January, 2007 by inducting Independent Directors. The present Audit Committee comprises the following Directors as on 31st March 2007:

1. Mr. Anmol Sekhri.
2. Mr. R.M.Joshi.
3. Mr. Devang Vyas.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Company Secretary is the Secretary of the Audit Committee.