



AVON CORPORATION LTD.

Vision 4 Globe Trotting

10th
Annual Report
2008-09

The achievement of something desired.



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AVON CORPORATION LTD.

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. Neelam Samant

Statutory Auditors

Kiran G Matani & Associates
Devkaran Mansion, 2nd Floor, 63, Shamaldas Gandhi Marg, Princess Street, Mumbai – 400 002.

Registered Office

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

Plant

633 Village, Kishnapura, Near Glenmark Pharmaceuticals Ltd,Baddi Nalagarh Road, Tehsil Nalagarh,
District Solan, Himachal Pradesh –174101.



AVON CORPORATION LTD.

Chairman's Letter

Dear Esteemed Shareholders,

It is a great pleasure to share with you the highlights of successive year of significant achievements. First of all, I wish to thank each one of you for your excellent response to our Initial Public Offer which was oversubscribed by 45.13 times.

This is my first direct interaction with you all and I am very glad to address you with an excellent performance by your Company during the year 2008-2009. It is our main objective to go one step ahead and create value.

During this eventful year, your Company achieved a total turnover of Rs. 73.59 crore and a net profit of around Rs. 7 crores.

With the help of funds of your company's IPO your company has put up a factory for manufacturing activity at Baddi, Himachal Pradesh. We are now able to transfer many of the products which were earlier in trading to manufacturing due to which cost of products come down in manufacturing area. Due to various tax exemptions and manufacturing activity is taken place in free zone our net profit has shown sharp increase of 275.35%.

Today, our entry into business like Special Economic zone has give us a newer avenues to further enrich and empower millions of lives.

The company plans to expand across all geographies, while continuing to focus on different sections like Hospitals, Gyms, fitness center, Pharma, Chemicals, R&D, Retail, Govt., Semi-govt. To meet expansion plans your company has came with a part issue of Global Depository Receipts (GDRs) of US \$ 10 millions in the month of June '09 which is now listed in Luxembourg Stock Exchange, London, UK. Avon Corporation Ltd. leads and sets the yardstick for a fast-growing industry and is determined to live up to its shareholders' expectations, including shareholders, customers, governments and all members of the communities we operate in.

We do hope each and every member of the Avon family will get an opportunity to participate in and prosper from the building of a new India.

We seek your confirmed patronage and valued support.

With Best Regards,

Pankaj Saraiya
Chairman



AVON CORPORATION LTD.

Let Ur Think
Body



AVON CORPORATION LTD.

Vision 4 Globe Trotting



Financial Highlights

(Rs. in Lacs)

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
Sales	7,359.27	4,946.91	3,910.49	2,235.99	1,146.05
Other Income	448.37	106.43	56.80	106.91	37.46
PBIDT	1,070.67	538.90	404.24	200.26	98.72
Interest	235.91	251.58	172.88	45.24	32.97
PBDT	834.76	274.93	231.36	155.02	65.75
Depreciation	44.65	12.39	13.40	15.72	14.12
PBT and Prior Period items	790.11	274.93	217.96	139.30	51.63
Tax/Deferred Tax	90.50	88.54	74.34	54.18	20.70
PAT	699.61	186.39	143.62	85.12	30.93
Earning Per Share (in Rupees)	4.22	6.55	5.04	6.08	2.21



AVON CORPORATION LTD.

MECHANICAL SCALE



AVON CORPORATION LTD.

APM-802
MRP 799/-



With Magnifying Glass

* Platform Size : D(285) x W(265) mm



CAPACITY



GRADUATION



WEIGHT OF SCALE

Easy to Read, Big Dial

* Platform Size : D(285) x W(265) mm



CAPACITY



GRADUATION



WEIGHT OF SCALE



APM-803
MRP 999/-

ULTRA Slim Body FAT SCALE

- * Super thin design
- * Equipped with a high precise strain gauge sensor system
- * Tempered safety glass platform
- * Fat, Water, Muscle, Bone graduations : 0.1%
- * Individual data memory : 10 persons
- * Body fat range : 4% to 80%
- * Body water range : 10% to 75%
- * Height range : 100 to 200cm
- * Age range : 10 to 80 years
- * Platform Size : D(320) x W(260) x H(19)mm



ABD-804
MRP 2999/-

NEW

See
the actual weight difference after
having a Cup of coffee.



CAPACITY



GRADUATION



OVERLOAD



BODY FAT %



BODY WATER %



BONE MASS



MUSCLE MASS



HEALTHY RANGE



WEIGHT ONLY



MEMORY



FOOT TAP



AUTO POWER OFF



LCD SIZE



LITHIUM BATTERY



LOW POWER



WEIGHT OF SCALE

Management Discussion & Analysis

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The weighing and measurement industry in India is growing at a brisk pace. With the understanding of this sector increasing across various industries, the Indian Economy under such circumstances is still expected to grow at a rate of 7% to 9.4% for the next few years. Industrial sector will grow by 11.1 %. But taking into account the current economic slowdown, prominent industries that have warranted a decline are cement, sugar, glassware and milk powder and not weighing industry due to which this industry is expected to beat other industries for the huge requirement of weighing application in various industries.

According to WHO 43 % of population are citing health as their main concern before other issues, such as financial problems, housing or crime. Healthcare, which is a US\$ 35 billion industry in India, is expected to reach over US\$ 75 billion by 2012 and US\$ 150 billion by 2017. Enchasing the trend of a well toned body or healthy body is the awareness among the individuals about the importance of health and a need to keep a track of their everyday health (weight). Now-a-days individuals are trying to maintain or improve health in many ways like changes in personal behaviour and through the appropriate consumption of healthy foods.

Now-a-days consumers have become more aware about their right towards accuracy in weights and measures of whatever they purchase due to the government campaign of Jago Grahak Jago!!!. This couldn't have been possible if the government would not have taken strict action and efforts for quick implementation towards weights and measure and for honesty of the sellers / retailers and trustworthiness on part of the consumers.

With a population in excess of 1 billion people in India, the demand for industries such as Retail outlets, Hospitals, Hotels, Pharma, Gymnasiums – Fitness Centers, Jewellery, Corporate gifting, Government sector and other related sectors are expected to flourish. With the growing demand / consumption - the requirement for weighing in these sectors would substantially be boosted.

In this competitive business environment, we need to compete on a global scale front in order to achieve – **our tagline**. In today's world of financial uncertainty, it is important for us to have a clear idea as to which factors affect the stability of our company. Our aim is to take Avon Corporation Ltd to a global level. Using an international strategy is not easy for every company, but with the availability of the Internet it is becoming easier to take any business to a global level. Here are just a few reasons why going global may be the right choice for our company.

2. OPPORTUNITIES AND THREATS

In this new phase of economic development in India the opportunities for the Indian weighing system industry is truly immense. Consumers and manufacturers have begun to understand the importance of accuracy in weights and measurements. In order to reduce costs and maximize production of goods there is a need to have an accurate and reliable weighing systems thereby increasing demand for it. Earlier the importance of accurate and reliable weighing was felt only in industries requiring extreme precision like defense, Pharmaceuticals, Chemicals, Gems and Jewellery, etc. due to its compatibility and features of automations these are being used both by the retailers and in defense, gems industries. With the growth in the retail industry the benefits of mechanical weighing systems would accrue as these industries are already operating with small margins. A minor inaccuracy in weighing would further eliminate the thin margins of the retailers. Development of software and technological innovations in manufacturing activities has changed the face of the weighing balance industry in India. Post economic development, electronic balances have become the norm in India. This industry is moving towards developing integrated weighing solutions instead of stand-alone weighing balances. Weighing solutions include weighing balances that are integrated to the manufacturing and inventory systems of an enterprise.

These solutions can provide various benefits such as enabling advanced inventory management, Just-in-time ('JIT') manufacturing, reduction in inventory holding cost and inventory holding period, e-ordering, vendor and customer relationship management. These solutions also enable automatic and accurate recording of transactions. The weighing system has applications in all industries such as Retail, Automation, Logistic & Transport, Postal & Courier, R&D, Healthcare, Fitness, Jewellery, Hospitality, etc.

Currently catering only to niche industries



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Entry into new market segments would initially entail risk of product failure
New marketing channels would require additional investments, which may not pay dividends
Government regulations may change, due to which the industry may suffer.
Although test marketed, products manufactured on a large scale remain untested.

3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Companies operations fall under single segment namely "Manufacturing and Supply of Weighing Systems and Other Accessories".

4. OUTLOOK

Avon Corporation Limited is a Company incorporated in India was engaged in the business of selling weighing systems.

Avon Corporation Ltd. is a manufacturer of weighing scales & also an authorized dealer of Kern & Sohn GMBH, Germany and TANITA Corporation, Japan.

During its first year of operations Avon Enterprises was engaged in the dealership of Sartorius (Germany) range of weighing balances mainly used in Diamond industries. Sartorius is one of the largest manufacturers of various kinds of electronic weighing balances/systems in the world. In the beginning of 1996, Mr. Pankaj Saraiya met the representatives of A&D Company Japan ('A&D'), who were looking to enter India. After the negotiations A&D saw great potential in the promoters of Avon (especially Mr. Pankaj Saraiya) and allotted its Indian Distributorship to Avon Enterprises. For the growth and advancement of technology in products, and due to availability in varieties of products, Avon has joined hands with Kern & Sohn GMBH, Germany. Currently Avon is authorized distributors of Kern & Sohn GMBH, Germany & Tanita Corporation, Japan; products in India. Avon is committed to be one of the largest manufacturing weighing Company in India and provide customers with reliable and innovative service, products and information that helps to run their business. As on today we are handling some specific industries in to the market. We are mainly into the Pharma & Chemical Industries, R&D centers, Jewellery Industries, Government Sectors and Retail Segments.

In the 1st year Avon has reached a turnover of Rs.2.6 million (Year 1995-96) and within the period of Twelve years Avon reached to a turnover of Rs. 494.691 million (Year 2007-08).

KERN is a 160 years old Company & KERN brand stands for precision and reliability dealing in Industrial balances, Laboratory balances, Test Weights and DKD Calibration. KERN is DIN ISO 9001:2000 accredited and globally active.

TANITA Corporation, Japan is one of the largest manufacturers for professional fitness products - body composition analyzers / scales, etc.

Currently Avon is having a manufacturing plant for weighing scales, which is based at Baddi, Himachal Pradesh. Government has given exemption in Sales Tax, Income tax and Excise that helps to make its products more competitive in the market.

Avon provides consultancy to various industrial houses, on the latest weighing Systems and Applications along with Software development.



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