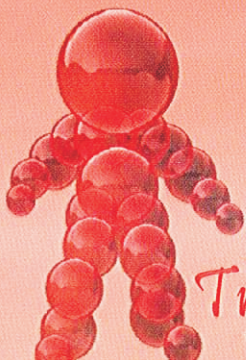




AVON CORPORATION LTD.

11th

ANNUAL REPORT  
2009-10



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## BOARD OF DIRECTORS

Pankaj Saraiya  
Rupal Saraiya  
Shantaben Saraiya  
Ramesh Joshi  
Anmol Sekhri  
Gopal Krishan Sharma

Chairman / Managing Director  
Whole Time Director  
Director  
Director  
Director  
Director

## COMMITTEES

### 1.AUDIT COMMITTEE

Anmol Sekhri  
Ramesh M. Joshi  
Gopal Krishan Sharma

Chairman  
Member  
Member

### 2.INVESTOR GRIEVANCE COMMITTEE

Ramesh Joshi  
Anmol Sekhri  
Gopal Krishan Sharma  
Pankaj Saraiya

Chairman  
Member  
Member  
Member

## CHIEF FINANCIAL OFFICER

Ratnesh Singh

### STATUTORY AUDITORS

Atul B. Shah & Co.  
180/B, Lamington Road,  
Mumbai – 400 007.

### REGISTERED OFFICE

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



Dear Shareholder's,

In today's changing world, our competencies are our winning edge, setting the pace of progress, shaping the future. Our innovativeness and know-how gives us a clear competitive advantage, enabling us to grow our profitability.

It is, therefore, our goal to be the 'best in class', in our field and to create value for our customers , wealth for our stakeholders and a future for our employees while giving back graciously to society, a piece of our success.

#### Elevating value for stakeholders

In business you win some and you lose some. And if you can ensure more peaks than flats, then you're a winner. Avon is now, optimally placed maximize the opportunities dawning on the global horizon.

As the Country launched into the era of commerce, we will ensure that every figure is the result of optimized performances – across each offering , across every division for you-our stakeholder.

The primary challenge today is developing innovation, high-quality and reliability to embed in our products. The key objective of the Company is to build and consolidate products to create solutions that align high utility with value.

#### Fact File

- Revenue of ₹ 11663.55 lacs in the year ended 2009-10
- Experienced leadership team placed with 75+ professionals
- ISO 9001:2008 certified
- Investing into innovation and product development
- Opened wholly owned subsidiary at Sharjah FZE to augment sales.
- Launched Fixed Deposit Scheme with lucrative rates and offering benefits to Avon's shareholder's/Senior Citizens/Employees by giving them 0.5% extra interest the above prevailing interest rates.



## CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

For all of us at Avon, it was a satisfactory year strategically and operationally. Avon has recorded an all-round superior performance where our endeavours to strengthen market (profitability) position, improve efficiencies, tighten costs and sweat assets have paid handsome returns. Company's business demonstrated a significant improvement benefiting from better economic conditions, aggressive marketing and brand promoting efforts. Our focus is on three key aspects of value creation, i.e., profitability, asset-productivity and growth.

Overall revenues have revealed an impressive 53.34 per cent year-on-year growth while operating profits have risen from ₹ 1110.75 lacs last year to ₹ 1708.54 lacs. Better working capital management across the business has led to a surge in pre-tax profits by 53.43 percent to ₹ 1212.12 lacs. Net Profits at ₹ 1139.01 lacs reflect a 62.80 per cent year-on-year growth.



The overall financial position of the Company remains strong. The Company's cash flows remains healthy. More importantly, the performance of our Company has shown healthy improvement over the quarters. Our business have demonstrated considerable improvement in terms of volumes and pricing during the year, thus clearly pointing towards changing fortunes of our business, with the economy gearing towards improvement.

### Structural Initiatives

To align the interest of shareholders, employees, and to manage capital better, we have made a strategic move to open a wholly owned subsidiary at Sharjah Free Zone. This decision helped us focus on enhancing our sales volume and growth. It also aids our Company in making it as market-driven and as agile as possible.

### Summary

In essence, the Company's growth over the next few years will be driven by the new line of products, which appear to have strong growth prospects. The expected positive outlook coupled with well-thought strategies planned for this business will ensure improved volume and profitability in our operations. Efficient utilization of physical and strategic assets will be the key driver for creation of value in future. Our strategies are geared to deliver enhanced value for shareholders in future.

At this juncture, I would like to take the opportunity of placing on record my appreciation of our employees and the management team at Avon Corporation Limited. Their dedication and commitment have enabled us to reach our goals. Our employees are integral to our success and to sustain shareholder value creation.

The future holds immense promise for us and we are geared to measure up to every challenge that leaps at us. We have made a good start. We take our learning into the next year with confidence, spirit and passion.

I take this opportunity to thank my team for standing together in our effort.

With warm regards,

Pankaj Saraiya  
Chairman

**“ We take our learning into the next year with confidence, spirit and passion.”**

**“ Efficient utilisation of physical and strategic assets will be the  
key driver for creation of value in future.”**

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Eleventh Annual General Meeting of the members of Avon Corporation Ltd. will be held on Monday the September 27, 2010 at Hotel Park View, 37 Lullubhai Road, Andheri (W), Mumbai-400058 at 10.30 am. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended March 31, 2010 and Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.
2. To declare dividend for the year.
3. To re-appoint Mr. Anmol Sekhri as Director of the Company on retirement by rotation.
4. To appoint M/s. Atul. B. Shah & Co., Chartered Accountants, as Auditors of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in connection with the audit of the Accounts of the Company for the year ending March 31, 2011.

### SPECIAL BUSINESS:

5. Appointment of Mr. Gopalkrishan Sharma as Director of the Company

To consider and, if thought fit, to pass with or without modifications, the following Resolutions as a Ordinary Resolution:

“RESOLVED THAT Mr. Gopal Krishan Sharma be appointed as a Director who was appointed by the Board of Directors an Additional Director of the Company with effect from 20<sup>th</sup> January, 2010 and who holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act 1956 and Article 94 of the Articles of Association”

“RESOLVED FURTHER THAT, any one of the Directors is and be hereby authorized to file necessary forms with the Ministry of Company Affairs, New Delhi relating to the above resolution.”

6. Increase In remuneration ₹ 3,00,000 per month/ ₹ 36,00,000 per annum to Mr. Pankaj Saraiya, Managing Director.

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission, to Mr. Pankaj Saraiya, the Managing Director of the Company as may be decided by the Board from time to time till the discontinuation of his directorship provided that the total remuneration payable to the Executive Director per annum shall not exceed one percent of the net profits of the Company for that year as computed in the manner referred to under Section 198(1) of the Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed to the Managing Director.”

“RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration that is, the salary, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT, any of the Directors, be and is hereby authorized to file necessary forms with the Ministry of Company Affairs, New Delhi relating to abovementioned resolution.”

7. Increase In remuneration ₹ 2,50,000 per month/ ₹ 30,00,000 per annum to Mrs. Rupal Saraiya, Whole Time Director

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission, to Mrs. Rupal Saraiya, the Whole-time Director of the Company as may be decided by the Board from time to time till the discontinuation of her directorship provided that the total remuneration payable to the Executive Director per annum shall not exceed one percent of the net profits of the Company for that year as computed in the manner referred to under Section 198(1) of the

Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed to the Whole-time Director.”

“RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration that is, the salary, perquisites, allowances, etc. within such prescribed limit or ceiling to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT, any of the Directors, be and is hereby authorized to file necessary forms with the Ministry of Company Affairs, New Delhi relating to abovementioned resolution.”

8. Commission to Non-executive Director, Mrs. Shantaben Saraiya

“RESOLVED THAT in accordance with the provisions of Sections 198, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission, to Mrs. Shantaben Saraiya, the Non-Executive Director of the Company as may be decided by the Board from time to time till the discontinuation of her directorship provided that the total commission payable to the Non-Executive Director per annum shall not exceed one percent of the net profits of the Company for that year as computed in the manner referred to under Section 198(1) of the Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed among the Non-Executive Director.”

“RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration that is, the commission within such prescribed limit or ceiling to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT, any of the Directors, be and is hereby authorized to file necessary forms with the Ministry of Company Affairs, New Delhi relating to abovementioned resolution.”

For Avon Corporation Limited

Pankaj Saraiya  
Chairman & Managing Director

Mumbai, 14<sup>th</sup> August, 2010  
Registered office  
15, 2<sup>nd</sup> Floor, B Wing,  
Kamal Kunj,  
S.V.Road, Irla Bridge,  
Andheri (W), Mumbai 400058.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. Members are requested to:
  - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
  - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
  - c) send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.





4. Members are requested to forward all application for Transfer, Demat, and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:

Datamatics Financial Services Ltd.  
Unit : Avon Corporation Ltd., Plot No. A-16 & 17, MIDC,  
Part B Crosslane, Marol,  
Andheri (East),  
Mumbai 400 093.  
Tel: 91-022-66712151  
Fax: 91-022-66712161  
Email: prashant\_vaidya@dfssl.com  
Website: www.dfssl.com

5. The Register of Members and Share Transfer Book of the Company will remain closed from 24<sup>th</sup> September, 2010 to 27<sup>th</sup> September, 2010 (including both days).

The relevant details as required by Clause 49 of the Listing Agreement entered into with Stock Exchange, of persons, seeking appointment/re-appointment as Directors under Item nos. 3 & 6 above, is annexed.

Name	Mr. Anmol Sekhri (retiring by rotation)	Shri Gopal Krishan Sharma (retiring by rotation)
Date of Birth	9 <sup>th</sup> June 1951	1 <sup>st</sup> January, 1946
Qualification	B. E. in Electrical Engineering	Master of Science from Osmania University, Diploma in Systems Management from BIMs, CAIIB
Nature of Expertise & Experience	He is the pioneer of Anmol Sekhri & Associates He has specialised in the field Valuation, Due Diligence, Market Survey, etc. He is a member of well recognized organizations like CII, FICCI, Bombay Chambers of Commerce & Industry. Currently he is a Director in Anmol Sekhri Consultant Pvt Ltd, Mumbai.	Mr. Gopal Krishan Sharma has completed his post graduation in Master of Science from Osmania University. He has also done Diploma in Systems Management from Bajaj Institute of Management Studies and CAIIB. He was a former Chief General Manager in Reserve Bank of India. He has handled various job profiles at RBI .He was also a nominee director on public sector banks.
Name of other Public Companies in which also holds Directorship	None	None
Name of other Companies in Committees of which holds Membership / Chairmanship	None	None
Shareholding in Avon Corporation Limited	One Share	Nil

## **Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956.**

### **Item no.5:**

Mr. Gopalkrishnan Sharma was appointed as Additional Directors of the Company with effect from 20<sup>th</sup> January, 2010 pursuant to the provisions of the Section 260 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company and hold office upto the date of this Annual General Meeting.

The Company proposes the candidature of Mr. Gopalkrishnan Sharma as Directors of the Company .The Board recommend passing of the resolutions set out at Item no. 5 of the Notice for your approval

None of the Directors except Mr. Gopalkrishnan Sharma are concerned or interested in Item no. 5 of the notice respectively.

### **Item no.6:**

#### **Increase in remuneration of Managing Director to ₹ 3,00,000 per month / ₹ 36,00,000 per annum.**

The Company has vast business dealings spread over various locations within the country. In the current competitive business environment, the directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the Company business. In addition, with the more stringent Accounting Standards and Corporate Governance norms, the Board of Directors not only has to ensure compliance with various statutory requirements but also enhance the level and quality of Corporate Governance. Managing Director draws a total remuneration of ₹ 3,00,000 p/m or ₹ 36,00,000 from the Company. It is proposed to pay the him a commission with effect from the 1<sup>st</sup> April, 2010. The Board of Directors will determine each year, the specific amount to be paid as commission to the Managing Director which shall not exceed 1% of the net profits of the Company as computed in the manner referred to in Section 198(1) of the Companies Act, 1956.

He is a Commerce graduate from Mithibai College Mumbai University. He has 16 years of experience in the weighing systems industry. He is aged 37 years. He is presently the Managing Director of the Company and handles core areas of management and guides the activities of the Company. The proposed commission will be within overall limit of Schedule XIII of the Companies Act, 1956.

#### **The Brief, terms and conditions of the remuneration and commission of Mr. Pankaj Saraiya are as follows:**

1. He shall carry out such duties as may be entrusted to her subject to the supervision of the Board of Directors.
2. Remuneration:  
Salary : ₹ 3,00,000 per month or ₹ 36,00,000 per annum (All inclusive)

Pursuant to the provisions of Sections 198, 269,309, 311 and other applicable provisions of the Companies Act, 1956, including Schedule XIII, the resolution for commission to Mr. Pankaj Saraiya as set out at item No.10 of the Notice is placed before the Members and as such, the Directors commend your approval by way of Special Resolution.

These particulars also constitute the abstract of the terms of the contract proposed to be entered into Mr. Pankaj Saraiya which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

The board recommends the resolution to the members for their approval.

None of the Director, except Mr. Pankaj Saraiya, Mrs. Rupal Saraiya, and Mrs. Shantaben Saraiya, is concerned with or interested in this Resolution.

### **Item no.7:**

#### **Increase in remuneration of Whole time Director**

She is a Commerce graduate from K.J.Somaiya College Mumbai University. She has 10 years of experience in the weighing systems industry. She is aged 39 years. The proposed commission will be within overall limit of Schedule XIII of the Companies Act, 1956.

The Brief, terms and conditions of the commission of Mrs. Rupal Saraiya are as follows:

1. She shall carry out such duties as may be entrusted to her subject to the supervision of the Board of Directors.
2. Remuneration:  
Salary : ₹ 2,50,000 per month or ₹ 30,00,000 per annum (All inclusive)

Pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions of the Companies Act, 1956, including Schedule XIII, the resolution for commission to Mrs. Rupal Saraiya, Whole Time Director as set out at item No.11 of the Notice is placed before the Members and as such, the Directors commend your approval by way of Special Resolution.

These particulars also constitute the abstract of the terms of the contract proposed to be entered into Mrs. Rupal Saraiya which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

The board recommends the resolution to the members for their approval.

None of the Director, except Mrs. Rupal Saraiya, her husband Mr. Pankaj Saraiya and Mrs. Shantaben Saraiya, is concerned with or interested in this Resolution.

**Item no.8:**

**Commission to Non executive director**

Mrs. Shantaben Saraiya, was first appointed on the Board of Avon Corporation Ltd effective from March 15, 2000. She is one of the founder members of the Company. She has more than 10 years of experience. She has obtained Secondary School Certificate from Ratanben Ghundilal Mehta Gujarati High School in the year March, 1963. Presently she is acting as a non executive Director of the Company. Apart from sitting fees of Rupees Twenty thousand for each meeting of the Board or a Committee thereof, the Non Executive Director do not draw any remuneration from the Company. It is accordingly proposed to pay the non executive Director a commission with effect from the 1<sup>st</sup> October, 2010. The Board of Directors will determine each year, the specific amount to be paid as commission to the non executive Directors which shall not exceed 1% of the net profits of the Company as computed in the manner referred to in Section 198(1) of the Companies Act, 1956. Members are requested to approve the payment of commission to the non executive Director. The payment of Commission would be in addition to the sitting fees payable for attending Board/ Committee Meetings.

None of the Director, except Mrs. Rupal Saraiya, her husband Mr. Pankaj Saraiya and Mrs. Shantaben Saraiya, is concerned with or interested in this Resolution.

On Behalf of the Board of Directors  
For Avon Corporation Limited

Place: Mumbai

Date: 14<sup>th</sup> August, 2010  
Pankaj Saraiya  
Chairman & Managing Director

Registered office  
15, 2<sup>nd</sup> Floor, B Wing,  
Kamal Kunj,  
S.V.Road, Irla Bridge,  
Andheri (W),  
Mumbai 400058.