



AVON CORPORATION LTD.

# 12th

ANNUAL REPORT  
2010-11



Trickster  
Trotter

The achievement of something desired

*Vision 4 Globe Trotting*

**AVON CORPORATION LIMITED**  
**ANNUAL REPORT 2010-11**

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## **AVON CORPORATION LIMITED ANNUAL REPORT 2010-11**

### **BOARD OF DIRECTORS**

Pankaj Saraiya	Chairman / Managing Director
Rupal Saraiya	Whole Time Director
Shantaben Saraiya	Director
Ramesh Joshi	Director
Anmol Sekhri	Director
Gopal Krishan Sharma	Director

### **COMMITTEES**

#### **1.AUDIT COMMITTEE**

Anmol Sekhri	Chairman
Ramesh Joshi	Member
Gopal Krishan Sharma	Member

#### **2.INVESTOR GRIEVANCE COMMITTEE**

Ramesh Joshi	Chairman
Gopal Krishan Sharma	Member
Pankaj Saraiya	Member

### **CHIEF FINANCIAL OFFICER**

Bhupendra L. Doshi

### **COMPANY SECRETARY**

Kamlesh R. Vyas

### **STATUTORY AUDITORS**

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

### **REGISTERED OFFICE**

Avon Corporation Limited  
DLH PARK (Commercial Premises),  
Office No. 1106, 11th Floor, S. V. Road,  
Near MTNL, Goregaon West,  
Mumbai, Maharashtra – 400 067

### **BANKERS**

State Bank of India  
HDFC Bank  
Axis Bank Ltd

### **REGISTRAR & SHARE TRANSFER AGENT**

Datamatics Financial Services Limited



AVON CORPORATION LTD.



## **CHAIRMAN'S STATEMENT**



**PANKAJ P. SARAIYA**  
**(CHAIRMAN & MANAGING DIRECTOR)**

**At AVON CORP, it has been our considered  
strategy to build businesses that straddle the core  
sectors of the Indian economy.**



## AVON CORPORATION LIMITED ANNUAL REPORT 2010-11

Dear Fellow Shareholders,

It is a privilege and an honour to present to you Avon Corporation Limited, 12<sup>th</sup> Annual Report and the audited accounts for the financial year ended 31st March, 2011. For all of us at Avon, it was a satisfactory year strategically and operationally. 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. a great pleasure to share with you the highlights of preceding year of significant achievements.

I am very glad to address you with an excellent performance by your Company during the year 2010-11. It is our main objective to go one step ahead and create value.

During this eventful year, your Company achieved a total Consolidated turnover of ₹ **1,879,336,622** and a Consolidated net profit of around ₹ **217,660,013**.

Consolidated Overall revenues have notched an impressive 61.13 per cent year-on-year growth while consolidated operating profits have risen from ₹ 273,835,844 last year to ₹ 166,286,466. Better working capital management across the business has led to a surge in consolidated pre-tax profits by 84.11 per cent to ₹223, 168,567. Consolidated Net Profits at ₹ 217,660,013 reflect a 91.10 per cent year-on-year growth.

The overall financial position of the Company remains strong. The Company's cash flows remain 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 and employees, and to manage capital better, we have made a strategic move to open a wholly owned subsidiary at Sharjah Free Zone. This decision helps us focus on enhancing our sales volume and growth. It also aids our Company in making it as market-driven and agile as possible.

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. 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.

### 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. 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

Sd/-  
Pankaj P. Saraiya  
(Chairman & Managing Director)



AVON CORPORATION LTD.

## AVON CORPORATION LIMITED ANNUAL REPORT 2010-11

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 12th Annual General Meeting of the members of Avon Corporation Ltd. will be held on Thursday the September 22, 2011 to Hotel Park View , 38 Lullubhai Park Road , Andheri (W) – 400 058 at 11.00 a.m. 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, 2011 and Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.
2. To declare dividend for the year on the equity shares.
3. To re-appoint Mr. Ramesh M. Joshi 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 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

#### **SPECIAL BUSINESS:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

5. Revision / Enhancement of remuneration payable to Mrs. Rupal P. Saraiya, Whole Time Director:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) the relevant provisions of the Article of Association of the Company, all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of the Central Government, and the consent as may be required, the remuneration, commission, perquisites and other allowances payable to Mrs. Rupal P. Saraiya, Whole Time Director, be revised and enhanced with effect from 1st October, 2011 for the remainder of her tenure, as given in the explanatory statement annexed herewith.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/ or Remuneration Committee constituted be the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

6. Revision / Enhancement of remuneration payable to Mr. Pankaj P. Saraiya, Managing Director:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) the relevant provisions of the Article of Association of the Company, all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of the Central Government, and the consent as may be required, the remuneration, commission, perquisites and other allowances payable to Mr. Pankaj P. Saraiya, Chairman and Managing Director, be revised and enhanced with effect from 1st October, 2011 for the remainder of his tenure, as given in the explanatory statement annexed herewith.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/ or Remuneration Committee constituted be the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.

For Avon Corporation Limited  
Sd/-  
Pankaj P Saraiya  
(Chairman & Managing Director)

Place: Mumbai  
Date : 16th August, 2011

**Registered office**  
DLH PARK (Commercial Premises),  
Office No. 1106, 11th Floor,  
S. V. Road, Near MTNL, Goregaon West,  
Mumbai, Maharashtra – 400 067

## AVON CORPORATION LIMITED ANNUAL REPORT 2010-11

### 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 at least 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 14th September, 2011 to 22nd September, 2011 (including both days).

6. 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 above, is annexed.

Name	Mr. Ramesh M. Joshi
Date of Birth	16th December, 1942
Qualification	B. A. & L.L.B.
Nature of Expertise & Experience	Bachelor of Arts & Laws from University of Nagpur. Started career with RBI in 1963 and served for a period exceeding over 37 years spanned across various departments under various capacities. Was placed on deputation with SEBI in 2001 and as executive Director and retired from SEBI in December 2002, specialized in Primary Markets, Mutual Funds, Foreign Institutional Investors, Takeovers, Investors Grievances, and Depositories & Custodians, Retired Public Representative Director on Inter Connected Stock Exchange of India Ltd, Mumbai, Retired as Executive Director of SEBI, Member of various committees or groups of RBI & SEBI and as Nominee Directors of State Bank of Mysore, Maharashtra State Financial Corporation and Malaprabha Grameena Bank, Hubli, Dharwad.
Name of other Public Companies in which also holds Directorship	a.Ind Fund Management Ltd. b.Vakrangee Softwares Ltd. c.Vakrangee Technologies Ltd. d.Excel Infoways Ltd.
Name of other Companies in Committees of which holds Membership / Chairmanship	None
Shareholding in Avon Corporation Limited	Nil



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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

#### Item No. 5

At the Annual General Meeting held on 05th August, 2009, the Shareholders had approved the Re - Appointment of Mrs. Rupal P. Saraiya as Whole Time Director for a period of 5 years.

The Board considered that the Company has grown manifold and has increased the job and responsibility of the Whole Time Director of the Company. The Board felt that her hard work should be suitably remunerated. The Board is therefore revising the remuneration of Mrs. Rupal P. Saraiya as Whole Time Director, with effect from 01st October, 2011 for the remainder of their tenure, as under:

#### REMUNERATION:

##### Salary:

Increase in Salary of Mrs. Rupal P. Saraiya, Whole Time Director from ₹ 30, 00,000 lacs per annum to ₹ 36, 00,000 lacs per annum (All Inclusive).

##### Minimum Remuneration:

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary or perquisites as specified above, subject to the requisite approvals, being obtained. 12th Annual Report 2010-2011 Mrs. Rupal P. Saraiya, Whole Time Director will not be entitled to sitting fees for attending meetings of the Board of the Directors or any Committees thereof. Mrs. Rupal P. Saraiya shall be liable to retire by rotation. The terms and conditions set out for reappointment and payment of remuneration may be altered and varied from time to time by the Board of Directors as it may, at its discretion deem fit. In the case of non-availability or inadequacy of profits in the Financial Year 2011 – 2012 and any given financial year of appointment the Company shall apply to the Central Government for their approval and in case of rejection of the application by the Central Government, the Company will pay Managerial Remuneration to Mrs. Rupal P. Saraiya as Whole Time Director of the Company, in the manner and subject to the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956.

#### Item No. 6

At the Annual General Meeting held on 05th August, 2009, the Shareholders had approved the Appointment of Mr. Pankaj P. Saraiya as Managing Director for a period of 5 years.

The Board considered that the Company has grown manifold and has increased the job and responsibility of the Managing Director of the Company. The Board felt that their hard work should be suitably remunerated. The Board is therefore revising the remuneration of Mr. Pankaj P. Saraiya, Managing Director with effect from 01st October, 2011 for the remainder of their tenure, as under:

#### REMUNERATION:

##### Salary:

Increase in Salary of Pankaj P. Saraiya, Managing Director from ₹ 36, 00,000 lacs per annum to ₹ 48, 00,000 lacs per annum (All Inclusive).

##### Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Managing Director & CEO, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary or perquisites as specified above, subject to the requisite approvals, being obtained. 12th Annual Report 2010-2011 Mr. Pankaj P. Saraiya, Managing Director will not be entitled to sitting fees for attending meetings of the Board of the Directors or any Committees thereof. Mr. Pankaj P. Saraiya shall be liable to retire by rotation. The terms and conditions set out for reappointment and payment of remuneration may be altered and varied from time to time by the Board of Directors as it may, at its discretion deem fit. In the case of non-availability or inadequacy of profits in the Financial Year 2011 – 2012 and any given financial year of appointment the Company shall apply to the Central Government for their approval and in case of rejection of the application by the Central Government, the Company will pay Managerial Remuneration to Mr. Pankaj P. Saraiya as Managing Director of the Company, in the manner and subject to the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956.

None of the Directors except Mrs. Rupal P. Saraiya & Mr. Pankaj P. Saraiya is concerned or interested in this resolution.  
Your Directors recommend the resolution for your approval.

## AVON CORPORATION LIMITED ANNUAL REPORT 2010-11

On Behalf of the Board  
For Avon Corporation Limited  
Sd/-  
Pankaj P. Saraiya  
Chairman & Managing Director Registered

Place: Mumbai  
Date: 16th August, 2011

Registered Office:  
Avon Corporation Ltd.  
DLH PARK (Commercial Premises),  
Office No. 1106, 11th Floor,  
S. V. Road, Near MTNL, Goregaon West,  
Mumbai, Maharashtra – 400 067

The Ministry of Corporate Affairs has taken a Green initiative in Corporate Governance by allowing paperless compliance by companies. Accordingly, companies can now send various documents electronically to those shareholders who register their email addresses.

To receive all communications including Annual Reports by e-mail:

- Holders of shares in physical form are requested to fill up the postage pre-paid e-mail registration form set out at the next page and send it to the share transfer agents, M/s. Datamatics Financial Services Ltd.
- Members holding shares in demat form may register their e-mail IDs with the company or the depository participant.

### VISION

The world is changing around us. To carry on and flourish as a company, we must look further on.

We at Avon Corporation understand the trends and forces that will shape our business in the future and we are moving swiftly to organize ourselves on the Global front.

Our Vision for the future is to be the world leader in weighing products from mechanical to digital, to provide our services to laboratories, industries, health sectors and personal uses worldwide. Globalization has become the norm in today's society. We shall strive to follow Globe Trotting as we take our success to a higher level.



AVON CORPORATION LTD.

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### E - Mail Registration

To,  
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: salim\_shaikh@dfssl.com  
Website: www.dfssl.com

Dear Sir/Madam,  
Sub.: Registration of E – Mail ID for receiving communications in electronic form.

I am a Shareholder of the Company. I want to receive all communications from the Company including AGM and General Meeting notices and explanatory statement(s) thereto. Balance Sheets, Director's Report, Auditor's Reports etc. through e – mail. Please register my e – mail ID set – up below, in your record for sending communication through e – mail:

Folio No.\* \_\_\_\_\_

Name of 1st Registered Holder\* \_\_\_\_\_

Name of Joint Holder(s) \_\_\_\_\_

Address\* \_\_\_\_\_

Pin Code\* \_\_\_\_\_

E - Mail ID \* \_\_\_\_\_

Contact Tel. No\*. Mobile \_\_\_\_\_

Landline \_\_\_\_\_

\*Date \_\_\_\_\_ Signature of First Holder\* \_\_\_\_\_

#### Important Notes:

- Fields marked \* are mandatory for registration of the e – mail ID.
- On registration, all the communication will be sent to the e – mail ID registered in the folio.
- Any change in e – mail ID, from time to time, may please be registered in the records of the company.

Demat of Shares: I would like to know the procedure to demat my physically held shares of Avon Corporation Limited please contact at my above number.

Yes \_\_\_\_\_, No \_\_\_\_\_