



PROSPECTUS

AVON WEIGHING SYSTEMS LIMITED

[The company was incorporated on 04/03/1999 as Avon Weighing Systems Private Limited under the Companies Act, 1956, with Registration Number 11-118640. The Company was converted into Public Limited Company with effect from 25/05/2004 with its name as Avon Weighing Systems Limited. The CIN No. of the Company is U29196MH1999PLC118640. The ISIN No. granted to the equity shares of the Company is INE207101016.]

Registered Office: 15, 2nd Floor, B Wing, Kamal Kunj, S.V. Road, Irla Bridge, Andheri (W), Mumbai – 400058
Tel.: +91-022-66804049 / 66804040; **Fax:** +91-022-26717475; **E-mail:** anita_v@aws.co.in; **Website:** www.aws.co.in
Contact Person: Mrs. Anita Vyas, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 1,37,33,033 EQUITY SHARES OF Rs. 10/- EACH OF AVON WEIGHING SYSTEMS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT PAR (I.E. AT A PRICE OF RS. 10/- PER SHARE) AGGREGATING TO RS. 1,373.30 LACS (HEREIN AFTER REFERRED TO AS THE "ISSUE") COMPRISING OF PROMOTERS CONTRIBUTION OF 38,96,633 EQUITY SHARES OF FACE VALUE OF RS. 10/- FOR CASH AGGREGATING TO RS. 389.66 LACS (HEREIN AFTER REFERRED TO AS THE "PROMOTERS CONTRIBUTION"). THE NET OFFER TO THE PUBLIC IS OF 98,36,400 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT PAR AGGREGATING TO RS. 983.64 LACS (HEREIN AFTER REFERRED TO AS THE "NET ISSUE"). THE NET ISSUE WOULD CONSTITUTE 59.33% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY

THE ISSUE PRICE IS SAME AS THE FACE VALUE OF RS. 10/-

RISK IN RELATION TO THE FIRST ISSUE

This being the first offer of Equity Shares of Avon Weighing Systems Limited, there has been no formal market for the shares of the Company. The issue price is same as the face value of Rs.10/-. The issue price (as has been determined) and justified by the Lead Manager and Avon Weighing Systems Limited as stated herein under the paragraph (Basis of Offer Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **The attention of investors is drawn to the statement of Risk Factors commencing from page no. vii of this Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

The Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 2". For further details in this regard please refer page no. 10.

LISTING ARRANGEMENT

The Equity shares of the company are proposed to be listed on Bombay Stock Exchange Limited (BSE) (The Designated Stock Exchange). The Company has received in-principle approval from BSE vide their letter no. DCS/IPO/BP/IPO-IP/1322/2007-08 dated 20/11/2007 for listing of the equity share being issued in terms of this Prospectus.

LEAD MANAGER TO ISSUE

KEYNOTE

CORPORATE SERVICES LTD.
KEYNOTE CORPORATE SERVICES LTD.
4th Floor, Balmer Lawrie Building,
5, J.N. Heredia Marg, Ballard Estate, Mumbai 400 001
Tel: +91-022-3026 6000-3
Fax: +91-022-2269 4323
Email: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Siddharth Seth
SEBI Registration No. : INM 000003606

REGISTRAR TO THE ISSUE



DATAMATICS FINANCIAL SERVICES LIMITED
Plot No. A-16 & 17, MIDC, Part B Crosslane,
Marol, Andheri (East), Mumbai 400 093
Tel: +91-022-66712151
Fax: +91-022-66712151
Email: avonipo@dfssl.com
Website: www.dfssl.com
Contact Person: Mr. Ralph Gonsalves
SEBI Registration No.: INR 00000874

PUBLIC ISSUE OPENS ON

Monday, June 09, 2008

PUBLIC ISSUE CLOSURES ON

Thursday, June 12, 2008

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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
“Avon Weighing Systems Limited”, “Avon” and “the Company”	Avon Weighing Systems Limited, a public limited Company incorporated under the Companies Act, 1956, with its registered office at 15, 2 nd Floor, B Wing, Kamal Kunj, S.V. Road, Irla Bridge, Andheri (W), Mumbai – 400 058.
“Promoters”	Mr. Pankaj Saraiya and Mrs. Rupal Saraiya
A&D	A&D Company Ltd. in Japan, which designs and manufactures a complete line of weighing, measurement and control instruments, balances, scales, etc.
TANITA	TANITA Corporation is one of the manufacturers of Body fat monitoring; weighing scales, body composition analyzers, etc. in Japan.

General Conventional Terms

Term	Description
Articles/ Articles of Association	The Articles of Association of the Company i.e., Avon Weighing Systems Limited.
Auditors	The statutory auditors of the Company, being M/s. G. M. Purohit & Co., Chartered Accountants.
Board of Directors/Board	The Board of Directors of the Company or a Committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 st of that particular year.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.

Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Memorandum/Memorandum	The Memorandum of Association of the Company. of Association
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Registered Office of the Company	15, 2 nd Floor, B Wing, Kamal Kunj, S.V. Road, Irla Bridge, Andheri (w), Mumbai- 400058.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

Issue Related Terms

Term	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred.
Applicant	Any prospective investor who makes an application pursuant to the terms of this Prospectus.
Application Forms	The Form in terms of which the investors shall apply for the equity shares of the Company.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Net Issue to Public	The issue of 98,36,400 Equity Shares of Rs. 10/- each for cash at par (i.e. at a price of Rs. 10/- per share) aggregating to Rs. 983.64 lacs.
Issue Management Team	The team managing this Issue as set out in the section titled "General Information" in this Prospectus.
Issue Opening Date	The date on which the issue opens for subscription
Issue Closing Date	The date on which the issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms
Issue Price	The price at which Equity Shares will be issued is at par i.e. at a price of Rs. 10/- per Equity Share
Lead Manager	Lead Manager to this Issue, in this case being Keynote Corporate Services Limited
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue Price, the number of Equity Shares offered through this Issue and certain other information
Registrar/ Registrar to this Issue	Datamatics Financial Services Limited
Retail Investor	Means an investor who applies for securities for a value of not more than Rs. 1,00,000/-
Stock Exchange	Bombay Stock Exchange Limited

Abbreviations

Abbreviation	Description/ Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGPM	Conference Generale des Poids et Mesures
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
FIs	Financial Institutions
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/ Government	Government of India
HUF	Hindu Undivided Family
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OIM	International Organisation Measurement
PAN	Permanent Account Number
P/E Ratio	Price/Earnings Ratio
RoC/Registrar of Companies	The Registrar of Companies, Maharashtra, Mumbai
RoNW	Return on Net Worth
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
SSI	Small Scale Industry
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “Crore” means “ten million”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Prospectus, all figures have been expressed in Lacs unless otherwise stated. All references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section “Definitions and Abbreviations” on page i of this Prospectus. In the section entitled “Main Provisions of Articles of Association” on page 114 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources,

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in India;
- The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations that apply to the customers of the Company and the electronic weighing systems industry;
- Increasing competition in the electronic weighing systems industry; and
- Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page vii of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Managers team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

SECTION I- RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of Equity Shares of the Company could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

INTERNAL TO THE COMPANY

A. Risk Specific to the Project

- 1. The implementation of the project is at a very preliminary stage. Any delay in implementation of the same may increase the capital cost as well as will affect realisation of returns from the project.***

The construction of building and installation of machineries for the proposed project will be completed in November 08 and the Company will commence its production subsequently. Any delay in implementation of the same will increase the capital cost as well as will affect realisation of returns from the project.

- 2. The Company and its promoter do not have any prior experience in business of manufacturing of industrial electronic and weighing scale products for which the funds are being raised. Therefore the proposed project may involve consequential risks inherent to such project.***

The Company is an authorized dealer of industrial electronic and digital weighing scale products of "A&D" and "Tanita" in India. The Company is also doing assembly & manufacturing work after importing spare parts from these companies for customizing / Standardizing the product as per client's requirements in India.

- 3. The Issue Proceeds will be used for a project for manufacturing of weighing systems. The manufacturing would be done with technical support of Tanita. However, the Company has not entered into any formal collaboration/technical support agreement with "Tanita". In case "Tanita" withdraws their support, the Company will not be able to start its manufacturing activities and would not be able to deploy the Issue Proceeds for the object it is being raised.***

Management Proposal: The "Tanita" has mutually agreed to provide technical support to the Company. However they have not entered into any agreement with the Company till date to lay down the terms and conditions for providing such support. "Tanita" has informed the Company that they will enter into collaboration agreement after inspection of manufacturing facility to be set up in Baddi, Himachal Pradesh. In case "Tanita" withdraws their support or lay down unfavorable terms & conditions, the Company will not be able to

start its manufacturing activities, which will have adverse impact on the future performance of the Company. In case of non-signing of any agreement with Tanita, the Company will use the issue proceeds to install assembly facility at the proposed location.

4. *Various licenses/ approvals required for the proposed plant at Baddi are yet to be obtained. Any delay in obtaining the same will affect the operations of the Company.*

The Company requires various consents/permissions/licenses/approvals from various Governmental Authorities for the proposed new plant at Baddi, Himachal Pradesh. The applications for such licenses/approvals would be made to the respective authorities at various stages of project implementation. There can be no assurance that the Company will receive the approvals on a timely basis, or at all. If the Company does not receive the requisite approvals for the new factory or if such approvals are delayed, the operations may be adversely affected.

For status of all such licenses/approvals relating to the above expansion projects, please refer to the section titled 'Government/Statutory and Business Approvals' on page 85 of the Prospectus.

5. *Purchasing of secondhand dies from Tanita will affect the operational efficiency of the proposed manufacturing unit.*

The Company, as a part of the Project Cost, is purchasing second hand dies from Tanita at a cost of Rs.80 Lacs out of the total project cost of Rs 1730 Lacs. The Company may not be able to maintain the quality of products with such second hand dies, which may affect the operational efficiency of the proposed unit.

Management Proposal: The Company proposes to buy second hand dies from Tanita for its proposed manufacturing activities. These dies will be regularly used in manufacturing activity and will be properly serviced before starting manufacturing activity, so that quality of final product is not affected. This will also save the capital expenditure and will improve the margins of the Company.

6. *The Bank of India, an Appraising agency in its appraisal report has made swot analysis which points out certain weaknesses of the Company. These weaknesses are as follows:*

- Inadequate geographical reach
- Lack of infrastructure- manufacturing facilities need to be enhanced. Full scale manufacturing facilities to be set up.
- Lack of major presence in the larger industrial applications segment.
- Currently caters only to niche industries.
- Limited investment capacity of promoters.

Risk Specific to the Company

7. ***The Company has not entered into definitive agreement with Tanita for acting as Indian distributor of their products. Any discontinuation of dealership by Tanita will have substantial effect on the business structure of the Company.***

Management Proposal: The Company is authorized dealer of Tanita for last 3 years. Since the Company is in the business and has cordial relationship with these parties, the management does not foresee any problem in continuation of dealership of the products of A&D and Tanita.

8. ***The Company proposes to enter into manufacturing of weighing scales through proposed project. Till date the Company has larger share of trading income in total turnover. The Company do not have proven track record for income generation from manufacturing activity which may involve such consequential risk inherent to such project.***

The Company is in the business of trading of Weighing Systems of A&D and Tanita in India. The Company also carries manufacturing (assembly) activities for these products. However the share of revenue from manufacturing activity is less than 25% of the total revenues of the Company. Since the Company is now proposing to enter into manufacturing activity through proposed project, it may involve such consequential risks inherent to such project.

9. ***The Company has reported negative cash flow from operating activities in past. Any negative cash flows in the future could have an adverse effect on our results of operations.***

There has been a negative cash flow from operations of the Company for the years ended 31/03/2005, 31/03/2007 and 31/03/2008 to the tune of Rs. 36.64 lacs, Rs. 181.31 lacs and Rs.709.48 lacs respectively.

10. ***As per the audited accounts as of 31/03/2008, the Company had contingent liabilities of Rs. 25.00 lacs, determination of which against the Company may adversely affect the financial position of he Company. The details of contingent liabilities as per the audited accounts of the Company are as follows:***

The contingent liability to the extent of Rs.25 lacs not provided was towards guarantee given to the banks. The said guarantee was given to Kotak Mahindra Bank as security for the personal loan amounting to Rs.25.00 lacs @ 9% p.a., repayable in 24 equal monthly installments taken by Mr. Pankaj Saraiya, Managing Director of the Company. The Company has not given any loan to any of its directors.

- 11. *There are certain Restrictive Covenants in the loan agreement that we have entered into with our Bankers. If we fail to meet those covenants required under the loan agreements, the relevant lenders could declare us in default under the terms of our borrowings.***

There are restrictive covenants in the agreements for borrowing from banks, among other things which require the Company to obtain the approval these banks or provide restrictions mainly for issuing new securities (debt or equity), expansion /diversifications, change in management, issue of bonus shares etc. We cannot undertake any of these activities without obtaining prior permission from these banks.

- 12. *The trademark of the Company namely “AVON” is yet to be registered. Any further delay in registration of trademark may hamper the plans of the Company to manufacture & market weighing scales under its own brand.***

Management Proposal: The Company has made an application on 27/11/2006 for registration of the trademark, the same is awaited. Besides this, initially the Company will manufacture the weighing scales from proposed plant for brands like “Tanita”. The management does not foresee any difficulty in obtaining the registration.

- 13. *There are certain non payments or delayed payment of certain statutory dues by the Company. Any further delay or non payment of there statutory dues may attract financial penalties from the respective government authorities.***

There has been delay in depositing with appropriate authorities undisputed statutory dues including Provident Fund, ESIC, Income tax, Sales tax and any other material statutory dues by the Company. Further, the Company has not deposited the sey assessment tax (Income tax) for the assessment year 2006-2007 amounting to Rs. 51,46,040/- & A.Y. 2007-2008 amounting to Rs. 81,04,850/-. Further more the undisputed Sales tax of Rs. 9,89,490/-, PF of Rs. 1,71,187/- and ESIC of Rs. 38,677/- for the period F.Y. 2007-08 not been paid by the Company.

B. EXTERNAL AND BEYOND THE CONTROL OF THE COMPANY

- 1. *Difficulty in keeping pace with technological advancement may have an adverse impact on the business***

Adhering to the customers' requirements, timely delivery and maintaining consistency in quality are the principal factors the weighing industry. With mechanized moulding machines and CNCs available, ability to produce large volumes of with precision and accuracy, such that it meets the customers' requirements, has become possible. Hence, Technology plays a vital role in the manufacturing process and failure to adapt to or keep abreast of any change in, the latest technology might place our competitors at an advantage in terms of costs, efficiency and timely delivery of its products.

2. Changes in Government policies may affect the operations of the Company adversely.

Increase in taxes and other levies imposed by the Central or State Governments in India may have an adverse effect on the profitability of the Company. Since 1991, the Government of India has pursued policies of economic liberalization. The Company cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. There could be political instability, which may have an adverse impact on capital markets and investor confidence. Taxes and levies affect the cost of production and prices of our Company's products and hence the demand for our products. An increase in any of taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on our Company's business and financial condition.

3. Exchange rate fluctuations may adversely affect the financial performance of the Company.

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupees vis-à-vis other currencies. The exchange rate between Rupees and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Accordingly, an adverse fluctuation in the exchange rate between Rupee and other currencies may adversely affect our financial position and results of operation.

NOTES:

- Present Public Issue is of 1,37,33,033 Equity Shares of Rs. 10 each of for cash at par aggregating Rs.1373.30 lacs comprising of 38,96,633 equity shares as the Promoter's contribution and 98,36,400 equity shares as net offer to the public.
- The book value per Equity Share of Rs.10 each was Rs 20.50 as on 31/03/ 2008
- The Net worth of the Company as on 31/03/2008 was Rs. 583.69 Lacs
- The average cost of acquisition of Equity Shares for the promoters is Rs. 7.99 per share.
- Other than as disclosed either in Related Party Transactions or otherwise, the promoters/ Directors/ Key Management Personnel of the Company has no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding/employment in our Company or out of any business relation with any of the ventures in which they are interested. For interests of promoters and directors, please refer the chapters "Management" and "Promoters" beginning on pages 55 and 63 of this Prospectus. For related party transactions, refer to page no. 72 of the Auditors Report under the section titled 'Related Party Transactions'.

- Except the subscription of equity shares on preferential basis & participation in the present Issue, there are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
- The lead manger and the Company shall update this Prospectus and keep the shareholders/ public informed of any material changes till the listing and trading commencement.
- Investors are free to contact the Lead Manager to the issue for any complaints/ information/ clarification pertaining to this Issue. For contact details of the Lead Manager, please refer to the cover page of this Prospectus.
- All information shall be made available by the Lead Manager to the issue and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors are advised to refer to the paragraph on “Basis of Issue Price” on page no. 28 of this Prospectus before making an investment in this Issue.
- In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis and for more details, refer to the chapter titled “Issue Procedure” on page no. 96 of this Prospectus.
- Under-subscription, if any will be added back to the Net Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the Lead Manager.

PART I SECTION II- INTRODUCTION SUMMARY

Overview

Avon Weighing Systems Limited is a Company incorporated in India engaged in the business of selling weighing systems in India. Avon is classified as small scale industry.

Avon is the authorized dealer and one of the distributors of A&D and Tanita's weighing systems in India. M/s A&D Company Ltd. (A&D), Japan and Tanita Corporation (Tanita), Japan both are weighing scale manufacturers in the world in their range of products. A&D & Tanita's weighing systems are renowned for their precision and consistency. A&D's balances are particularly used in industries where precision weighing is critical; e.g. gems and jewellery, pharmaceuticals and chemicals, research and development laboratories, defense, etc. Tanita & A&D both are independent companies and there is no relationship between these two companies.

Presently Avon is procuring weighing systems directly from A&D and Tanita for marketing it in India. Avon is also carrying assembly work as per client's requirement after importing all the parts from A&D and Tanita. The product range of the Company caters wide range of industry such as pharmaceuticals, chemicals, gems & jewellery, healthcare, retail etc.

To improve the margin, the Company now proposes to enter into the business of manufacturing of weighing system in India with the technical help of Tanita. The Company will manufacture certain Tanita products out of its entire range of products to cater the growing demand of digital weighing systems in India. On installation of the project, production will start with the help of technical know-how of Tanita and products will be sold in Indian market in their brand name "Tanita". The Company has no patent rights to manufacture Tanita's products. Besides this other products of Tanita will also be marketed by Avon.

Avon's Competitive advantage

- ☞ **Constant innovation and introduction of new products:** Avon and Tanita are constantly engaged in studying the market place and devising innovative products. For example, Tanita has recently started manufacturing a pocket – size, weighing balance, which can weigh a maximum of 200 grams. As per Tanita's market intelligence this product is extremely useful for silver merchants, plastic bottle manufacturers, traveling salesman, purchase officers, etc.
- ☞ **Brand awareness:** Although Avon does not have the financial strength and geographical reach of some of its competitors like Essae-Teraoka, Phoenix, Mettler-Toledo, Sartorius, Sansui, Contech, Avery, Atco etc., the Avon and A&D/ Tanita name is well respected in the industry for their technical capabilities and 'out-of-the-box' solutions. In fact, in certain cases, Avon is the preferred supplier due to its personalized service.
- ☞ **Customization as per client's requirements:** Unlike other competitors in the market, Avon has always been receptive to clients' requirements. Avon has a separate department for development of customized A&D's/ Tanita's products to suit its client's requirements for

better administration. Since both the companies are dealing in different range of products and having different market all over the world.

☞ ***Industry specific capabilities/ expertise:*** Avon has developed specific industry expertise in providing weighing solutions in pharmaceuticals, chemicals, gems and jewellery industries. Avon has become the preferred supplier of A&D weighing solutions in these industries.

SELECTED FINANCIAL INFORMATION

The following table sets forth the selected historical financial information of Avon Weighing Systems Limited derived from its restated and audited financial statements for the fiscal years ended 31 March, 2004, 2005, 2006, 2007 and 2008 and all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the auditor's report of M/s G. M. Purohit & Co. included in the section titled "Financial Information" on page no. 64 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. in Lacs)

	2007-08	2006-07	2005-06	2004-05	2003-04
INCOME :					
Sales:-					
(a) Of Products manufactured by the Company	127.24	97.24	98.08	96.02	64.16
(b) Of Products traded in by the Company	4819.67	3813.25	2,137.91	1,050.03	746.59
Total Gross Sales	4946.91	3910.49	2,235.99	1,146.05	810.75
Net Sales	4946.91	3910.49	2,235.99	1,146.05	810.75
Other Income	105.43	56.80	106.91	37.46	41.88
Increase/ (Decrease) in Inventories	161.45	50.16	79.87	(12.29)	(28.65)
Total Income	5213.79	4017.45	2,422.77	1,171.22	823.98
EXPENDITURE :					
Raw Materials Consumed	82.69	48.53	55.23	49.63	35.56
Cost of Traded Goods Sold	4192.80	3168.11	1862.34	730.10	452.21
Direct Expenses	147.56	137.63	93.69	75.59	123.87
Payments to & provision for employees	95.40	67.08	59.04	47.99	27.11
Administration & Selling Expenses	150.65	188.19	148.13	164.85	129.52
Interest & Financial charges	251.58	172.88	45.24	32.97	22.94
Provision for Doubtful debts	5.79	3.67	4.08	4.34	—
Depreciation	12.39	13.40	15.72	14.12	6.81
Total Expenditure	4938.86	3799.49	2,283.47	1,119.59	798.02
Net Profit before Tax	274.93	217.96	139.30	51.63	25.96
Less: Taxation	90.00	80.50	50.00	20.13	10.28
Net Profit after Tax	184.93	137.46	89.30	31.50	15.68
Less: Transfer to General Reserve	30.00	20.00	10.00	2.75	1.75
Less: Provision for Deferred Tax Liability	(2.30)	(6.85)	1.95	2.30	1.58
Add : Balance brought forward	103.07	98.27	39.93	20.70	12.34
Less : Provision for Fringe Benefit Tax	0.85	0.69	0.50	—	0.00
Profit Available for Appropriation	259.45	221.89	116.78	47.15	24.69
APPROPRIATIONS :					
Dividend Paid	38.44	18.25	16.80	6.39	3.39
Issue of Bonus Shares	—	98.01	—	—	—
Corporate Tax on Proposed Dividend	4.80	2.56	1.71	0.83	0.60
	43.24	118.82	18.51	7.22	3.99
Balance carried to Balance Sheet	216.21	103.07	98.27	39.93	20.70
Total	259.45	221.89	116.78	47.15	24.69

STATEMENT OF ASSETS & LIABILITIES

(Rs. in Lacs)

		As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05	As at 31-Mar-04
A	Fixed Assets					
	Gross Block	294.69	391.29	290.13	142.99	94.53
	Less : Depreciation	74.71	64.35	52.71	36.99	22.86
	Net Block	219.98	326.94	237.42	106.00	71.67
	Capital Work-in-progress	5.80	15.27	12.17	15.00	—
	Total Fixed Assets	225.78	342.21	249.59	121.00	71.67
B	Investments	—	0.02	0.10	—	—
C	Deferred Tax Asset	2.59	0.29	—	—	—
D	Current Assets, Loans and Advances :					
	Inventories	362.47	205.45	148.34	69.01	79.71
	Sundry Debtors	4144.99	610.86	932.97	889.31	210.12
	Cash and Bank Balances	121.70	337.45	271.56	51.22	16.49
	Loans and Advances	1284.79	1107.79	658.77	76.38	27.53
	Total Current Assets	5913.95	2261.55	2,011.64	1,085.92	333.85
E	Total Assets (A+B+C+D)	6142.32	2604.07	2,261.33	1,206.92	405.52
F	Liabilities and Provisions					
	Secured Loans	1700.62	863.27	579.90	277.25	153.64
	Unsecured Loans	15.52	232.87	35.93	5.39	—
	Deferred Tax Liability	—	—	6.57	4.62	2.32
	Current Liabilities and Provisions	3842.49	1085.64	1,386.20	732.24	131.52
	Total Liabilities and Provisions	5558.63	2181.78	2,008.60	1,019.50	287.48
G	Net Worth (E-F)	583.69	422.29	252.73	187.42	118.04
	Represented by					
	Shareholders Funds :					
H	Share Capital	284.73	284.73	139.97	139.97	91.30
I	Share Application Money	18.25	—	—	1.30	4.29
J	Reserves	280.71	137.56	112.76	46.15	22.45
	Net Worth (H+I-J)	583.69	422.29	252.73	187.42	118.04

Notes:

- Reason for Increase in Sundry Debtors:** There is sharp rise in the sundry debtors of the Company as on 31/03/2005 in comparison to previous year. The Company has booked major portion of sales in the last quarter. The majority of these sales were to Government agencies and other private companies for which the payment terms are 60-90 days after the completion of installation work. Due to this the outstanding debtors as on that date were more as compared to previous year.
- Reason for increase in Unsecured Loan:** There is sharp rise in unsecured loan from the year 2006 to 2007. The import during this period was increased for which the Company had taken Letter of Credit. The Company has taken unsecured loan for paying margin money towards this L/C.
- Loans & Advances:** The amount of Rs. 365.32 lacs shown in Schedule of Loans & Advances is towards discount receivables from Grains & Industrial Products Trading Pte. Limited, Singapore. The Company has arrangement with the said party for purchase of goods worth Rs.95 crores over a period of 4 years from financial year 2005-06. The Company is entitled to discount on such purchases the rate of which is between 10% to 12%. Till

date the Company has purchased goods worth Rs.35 crores from the said party. For accounting treatment the discount receivable on these purchases has been deducted from Cost of Goods Purchased and shown it as Loans & Advances of the Company. The amount of discount receivables is used as advance payment for further purchases for taking advantage of foreign exchange fluctuation and to avoid re-remittance of money. The Company is making full payment towards particular purchase including discount. The total amount of discount will be adjusted on final purchase. The Income will be booked on actual receipt of the discount. Hence the accounting treatment has been given properly taking into account capital and revenue concept.

- 4. Reason for increase in Current liabilities and provisions:** The current liabilities and provisions for the financial year 2004-05 was increased to Rs. 732.24 lacs as compared to previous year. The increase in current liabilities is on account of increase in credit purchase in the last quarter of the year.
- 5. Treatment of discount receivables:** The cost of traded goods sold is net of discount receivables from Grains & Industrial Products Trading Pte. Limited, Singapore. The Company has arrangement with the said party for purchase of goods worth Rs.95 crores over a period of 4 years from financial year 2005-06. The Company is entitled to discount on such purchases the rate of which is between 10% to 12%. Till date the Company has purchased goods worth Rs. 35 crores from the said party. For accounting treatment the discount receivable on these purchases has been deducted from Cost of traded goods sold and shown it as Loans & Advances of the Company. The amount of discount receivables is used as advance payment for further purchases for taking advantage of foreign exchange fluctuation and to avoid re-remittance of money. The Company is making full payment towards particular purchase including discount. The total amount of discount will be adjusted on final purchase. The Income will be booked on actual receipt of the discount.

6. Other Income:

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Repairs & Maintenance charges	6.12	5.96	5.44	6.61	2.11
Service Contract charges	8.22	3.88	6.04	1.88	3.53
Commission Received	12.35	5.65	—	6.99	16.98
Discount & sundry balance w/off	1.06	2.40	5.05	0.69	0.24
Service tax received	1.18	1.39	0.71	—	—
Interest recd.	22.25	20.99	5.49	0.35	0.04
Compensation received against Exhibition	—	—	59.14	—	—
Foreign Exchange Fluctuation	28.82	12.08	12.72	0.11	0.51
Exhibition Income	0.29	0.03	12.18	19.96	18.02
DEPB License Sale	—	4.22	—	—	—
Miscellaneous Income	13.68	0.20	0.14	0.87	0.45
Advertising Income	9.93	—	—	—	—
Profit on Sale of Asset	1.53	—	—	—	—
	105.43	56.80	106.91	37.46	41.88

THE ISSUE

Issue in terms of this Prospectus	1,37,33,033 Equity Shares
Promoter's Contribution	38,96,633 Equity Shares
Present Net Public Issue	98,36,400 Equity Shares
Equity shares outstanding prior to the Issue	28,47,284 Equity Shares
Equity shares outstanding after the issue	1,65,80,317 Equity Shares

ISSUE PROGRAM

ISSUE OPENS ON	ISSUE CLOSES ON
Monday, June 09, 2008	Thursday, June 12, 2008

GENERAL INFORMATION

Name of the Company	: AVON WEIGHING SYSTEMS LIMITED
Registered Office	: 15, 2 nd Floor, B-Wing, Kamal Kunj, S.V. Road, Irla Bridge, Andheri (W), Mumbai – 400 058 Tel: (022) 66804049 Fax: (022) 2671 7475 E-mail: anita_v@aws.co.in Contact Person: Ms. Anita Vyas. Company Secretary & Compliance Officer.
Registrar of the Company	: Registrar of Companies, Everest Building Marine Lines, Mumbai, Maharashtra.
Registration Number	: 118640
CIN	: U29196MH1999PLC118640

The registered office of the Company was changed from 5E, Vaibhav, 140 S V Road, Vile Parle (West), Mumbai to current address w.e.f. 01/11/2001.

BOARD OF DIRECTORS

The Board of Directors of the Avon comprises of:

Sr. No.	Name	Designation	Status
1.	Mr. Pankaj Saraiya	Managing Director	Executive and Non-Independent
2.	Mrs. Rupal Saraiya	Whole Time Director	Executive and Non-Independent
3.	Smt. Shantaben Saraiya	Director	Non-Executive and Non-Independent
4.	Mr. R M Joshi	Director	Non-Executive and Independent
5.	Mr. Anmol Sekhri	Director	Non-Executive and Independent
6.	Mr. Devang Vyas	Director	Non-Executive and Independent

BRIEF BIOGRAPHY OF THE DIRECTORS

Mr. Pankaj Saraiya, aged 35 years has 15 years of experience in the weighing systems industry. He is a commerce graduate. He started his career in 1992 as 'Marketing Executive' with Roman Weighing Scale. He joined Atco Industries Ltd. in 1993 and then in Sartorius in 1994. All these companies are in the business of weighing scale distribution. After gaining knowledge in electronic weighing balances he started his own business through a partnership firm "Avon Enterprises" in the year 1995 which was subsequently converted into private limited company and then become a public limited company in the name of Avon Weighing Systems Ltd. Under his leadership, Avon managed to get an exclusive dealership from A&D Company Japan, which is one of the major manufacturer of weighing systems in Japan. He is presently the Managing Director of Avon. He handles core areas of management and guides the activities of the Company.

Mrs. Rupal Saraiya, aged 37 years is the wife of Mr. Pankaj Saraiya. She is a commerce graduate. She started her career with Avon and is presently acting in the capacity of Whole-Time Director in Avon. She is primarily responsible for the marketing activities of Avon including communication and negotiation with A&D & Tanita.

Mrs. Shantaben Saraiya, aged 65 years, is the mother of Mr. Pankaj Saraiya. She has obtained Secondary School Certificate. She is a one of the founder member of the Company. She is the non executive Director of the Company.

Mr. Ramesh M Joshi, aged 64 years is a Bachelor of Arts & Laws from university of Nagpur. He started his career with RBI in 1963 and served for a period exceeding over 37 years spanned across various departments under various capacities. He was placed on deputation with SEBI in 2001 as Executive Director and retired from SEBI in December, 2002. He is an independent Director of the Company.

Mr. Anmol Sekhri, aged 57 years is a B.E. (hons) in Electrical Engineering from Birla Institute of Technology, Pilani. He was actively involved in Evaluation, Surveys, feasibility studies, valuation of large major projects. He is founder of Anmol Sekhri & Associates engaged in the business of valuation of assets, due diligence, market survey etc. He is also member of well known organization such as CII, FICCI, Bombay Chambers of Commerce & Industry, Institution of Engineers, Asian Securitisation forum etc. He is an independent Director of the Company.

Mr. Devang Vyas, aged 49 years is a B.com, LL.B., F.C.S., A.C.I.S.(U.K), A.A.S.M. He is a Practicing Company Secretary. He has 20 years of experience in Company Law, Merchant Banking and Corporate finance. He is an independent Director of the Company. He is not related to any of the key managerial personnel of the Company.

Compliance Officer & Company Secretary

Ms. Anita Vyas

Avon Weighing Systems Ltd.
15, 2nd Floor, B Wing, Kamal Kunj,
S.V. Road, Irla Bridge, Andheri (W),
Mumbai – 400 058
Tel: +91-022-66804049; Fax: +91-022-26717475
Email: anita_v@aws.co.in

Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders etc.

Legal Advisor to the issue

S. R. Legal

Advocates & Legal Consultants
415, Rex Chambers, Walchand Hirachand Marg,
Ballard Estate, Mumbai-400 001.
Tel: +91-022-55741310; Fax: +91-022-30221310
E-mail: srlegals@gmail.com
Contact Person: Mr. A. Rama Rao

Bankers to the Company

Bank of India

Andheri Corporate Banking,
M.D.I. Building, 1st Floor,
28, S.V. Road, Andheri (West)
Mumbai – 400 058
Tel: +91-022-26702346; Fax: +91-022-26247655

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building, 5, J.N.Heredia Marg,
Ballard Estate, Mumbai – 400001
Tel.: +91-022-30266000-3; Fax : +91-022-22694323
E-mail: mbd@keynoteindia.net
Contact Person: Mr. Siddharth Seth
SEBI Regn No: INM 000003606

Registrar to the Issue

DATAMATICS FINANCIAL SERVICES LTD.

Plot No. A-16 &17, MIDC, Part B Crosslane,
Marol, Andheri (East), Mumbai – 400 093
Tel.: +91-022-66712151-56; Fax: +91-022-66712192
E-mail: avonipo@dfssl.com
Contact Person: Mr. Ralph Gonsalves
SEBI Regn. No.: INR 000000874

Bankers to the Issue

ICICI Bank

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel.: +91-022-22627600
Fax: +91-022-22611138
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan

Canara Bank

Capital Market Service Branch
11, Homji Street, Varma Chambers Building,
Ground Floor, Fort, Mumbai - 400 001
Tel : +91-022-22692973
Fax: +91-022-22664140
E-mail : mcity2422@canbank.co.in
Contact Person : Mr. T. Muralidharan

HDFC Bank

2nd Floor, Process House,
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Tel : +91-022-24988484; Fax : +91-022-24963871
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

Auditors to the Company

G.M. Purohit & Co.,

Chartered Accountant
212-213, Tapo Commercial Centre,
Ram Mandir Road, Goregoan (West),
Mumbai – 400 104.
Tel: +91-022-66959607/08 ; Fax: +91-022-66754595/ 26764303
E-Mail: gmpurohitfca@rediffmail.com

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES FOR THE ISSUE

Since Keynote Corporate Services Ltd. will be acting as sole Lead Manager to this Issue, distribution of responsibility and coordination for various activities among the Lead Managers is not applicable.

IPO GRADING

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 2" indicating "below average fundamentals", through its letter dated 02/11/2007, which was revalidated vide their letter dated 16/05/2008 for further period of two months. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading is available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Prospectus until the Issue Closing Date.

A summary of the rationale for the grading assigned by CARE to the Issue is extracted below:

"The grading factors in good track record of the promoters in trading operations, long relationship with Tanita Corporation and A&D Company Ltd. (A&D), stable profitability margins with growing operations and favourable prospects of the digital and mechanical weighing scales.

However the grading is constrained by AVON's small size of operations, high contribution of export earnings, high working capital requirements resulting into high overall gearing, excessive reliance on Tanita Corporation for setting up new manufacturing plant and lack of promoter's experience in manufacturing."

CREDIT RATING

As the Issue is of Equity Shares, credit rating is not required.

TRUSTEES

As the Issue is of Equity Shares, the appointment of trustees is not required.

MONITORING AGENCY

The Company has not appointed any monitoring agency for this issue.

APPRAISING AGENCY

Bank of India

Andheri Corporate Banking,
M.D.I. Building, 1st Floor,
28, S.V. Road, Andheri (West)
Mumbai – 400 058
Tel: +91-022-26702346; Fax: +91-022-26247655

UNDERWRITING

This present issue has not been underwritten.

CAPITAL STRUCTURE OF THE COMPANY

(Rs. In Lacs)

Particulars		Aggregate Nominal value	Aggregate value including premium
A	AUTHORISED 2,00,00,000 equity shares of Rs. 10/- each	2000.00	2000.00
B	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 28,47,284 equity shares of Rs. 10/- each	284.73	284.73
C	ISSUE IN TERMS OF THIS PROSPECTUS 1,37,33,033 equity shares of Rs. 10/- each	1373.30	1373.30
D	PROMOTER'S CONTRIBUTION 38,96,633 equity shares of Rs. 10/- each	389.66	389.66
E	PRESENT NET PUBLIC ISSUE 98,36,400 equity shares of Rs. 10/- each	983.64	983.64
F	TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE 1,65,80,317 equity shares of Rs. 10/- each	1658.03	1658.03
G	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue	— —	— —

Notes:

- (i) The Company has issued 13,55,131 equity shares of Rs. 10/- each as bonus shares by capitalizing its Reserves till date.
- (ii) Changes in the authorized capital since inception are as follows:

Date	Authorised Capital Increased From	Authorised Capital Increased to
At Incorporation	—	50,000 equity shares of Rs. 10/- each aggregating to Rs. 5.00 Lacs
10/03/2000	50,000 equity shares of Rs. 10/- each aggregating to Rs. 5.00 Lacs	1,00,000 equity shares of Rs. 10/- each aggregating to Rs. 10.00 Lacs
30/06/2000	1,00,000 equity shares of Rs. 10/- each aggregating to Rs. 10.00 Lacs	2,50,000 equity shares of Rs. 10/- each aggregating to Rs. 25.00 Lacs
30/03/2002	2,50,000 equity shares of Rs. 10/- each aggregating to Rs. 25.00 Lacs	10,00,000 equity shares of Rs. 10/- each aggregating to Rs. 100.00 Lacs
25/03/2004	10,00,000 equity shares of Rs. 10/- each aggregating to Rs. 100.00 Lacs	25,00,000 equity shares of Rs. 10/- each aggregating to Rs. 250.00 Lacs
27/12/2006	25,00,000 equity shares of Rs. 10/- each aggregating to Rs. 250.00 Lacs	2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2000.00 Lacs

Notes to the Capital Structure:

1. History of Paid-up Equity Share Capital of the Company is as follows:

Date of Allotment	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cum. No. of shares	Nature of allotment	Consi-deration	% to Post Issue Capital (%)
05/03/99	10	10	300	300	Subscription to Memorandum	Cash	—
27/03/00	10	10	49,700	50,000	Further allotment to the promoters	Cash	0.30
03/07/00	10	10	2,00,000	2,50,000		Cash	1.21
03/01/03	10	10	3,75,000	6,25,000	Bonus issue in the ratio of 3:2	—	2.26
03/01/03	10	10	20,000	6,45,000	Further allotment to the promoters	Cash	0.12
20/02/04	10	10	2,68,000	9,13,000		Cash	1.62
31/03/05	10	10	4,86,690	13,99,690		Cash	2.94
12/09/06	10	10	100	13,99,790		Cash	0.00
01/03/07	10	10	396	14,00,186		Cash	0.00
31/03/07	10	10	9,80,131	23,80,317	Bonus issue in the ratio of 7:10	—	5.91
31/03/07	10	10	4,66,967	28,47,284	Further allotment to promoters	Cash	2.81
Total			28,47,284				17.17

2. Promoters holding and lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of the Company held by the Promoters shall be locked-in for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

Name of Promoter	Date of allotment Fully Paid-up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue (Rs.)	Lock-in period
Mr. Pankaj Saraiya	Allotment in Present Issue	Cash	33,16,064	10	10	20.00	3 years
Total			33,16,064	10	10	20.00	

All the Equity Shares, which are being locked-in are eligible for computation of promoter's contribution and lock-in under Clause 4.6 of the SEBI Guidelines.

The promoters' contribution will be brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the Guidelines. Promoters shall bring in the full amount of the promoters contribution at least one day prior to the issue opening date.

Other than that locked in as promoter's contribution for three years, the entire pre-issue share capital including excess contribution by the promoters to the extent of 5,80,569 Equity Shares in the present issue will be locked in for a period of one year from the date of allotment in this public issue. The total numbers of Equity Shares, which will be locked in for one year is 34,27,853.

The details of pre-issue holding and their lock-in is as follows:

Name of Promoter	Date of allotment Fully Paid-up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue (Rs.)	Lock-in period
Mr. Pankaj Saraiya	05/03/1999	Subscription to memorandum	100	10	10	-	1 year
	27/03/2000	Cash	29,900	10	10	0.18	1 year
	03/07/2000		1,20,000	10	10	0.72	1 year
	03/01/2003	Bonus	2,25,000	10	10	1.36	1 year
	03/01/2003	Cash	12,000	10	10	0.07	1 year
	20/02/2004		1,85,000	10	10	1.12	1 year
	20/02/2004	Sale	3	10	10	—	—
	31/03/2005	Cash	4,26,290	10	10	2.57	1 year
	31/03/2007	Bonus	6,98,801	10	10	4.21	1 year
	31/03/2007	Cash	4,05,700	10	10	2.45	1 year
	Contribution to be brought in present issue	Cash	33,16,064	10	10	20.00	3 years
	Additional capital to be brought in the present issue		5,80,569	10	10	3.50	1 year
	Sub Total		33,16,064	—	—	20.00	3 year
			26,83,357	—	—	16.18	1 year
Mr. Rupal Saraiya	22/02/1999	Subscription to memorandum	100	10	10	—	1 year
	27/03/2000	Cash	19,800	10	10	0.12	1 year
	03/07/2000		80,000	10	10	0.48	1 year
	03/01/2003	Bonus	1,50,000	10	10	0.90	1 year
	03/01/2003	Cash	8,000	10	10	0.05	1 year
	20/02/2004		83,000	10	10	0.50	1 year
	20/02/2004	Sale	1	10	10	negligible	—
	31/03/2005	Cash	60,400	10	10	0.36	1 year
	12/09/2006	Transfer	99	10	—	Negligible	1 year
	31/03/2007	Bonus	2,80,979	10	10	1.69	1 year
	31/03/2007	Transfer	61,267	10	10	0.37	1 year
	Sub Total		7,43,644			4.49	1 year
Mrs. Shantaben Saraiya	22/02/1999	Subscription to memorandum	100	10	10	negligible	1 year
	06/09/2000	Sale	100	10	10		—
	20/02/2004	Purchase	1	10	10		1 year
	12/09/2006	Cash	100	10	10		1 year
	31/03/2007	Bonus	71	10	10		1 year
Sub Total			172			1 year	

Name of Promoter	Date of allotment Fully Paid-up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue (Rs.)	Lock-in period
Mr. Pratapsinh Saraiya	20/02/2004	Purchased	1	10	10	negligible	1 year
	01/03/2007	Cash	99	10	10		1 year
	31/03/2007	Bonus	70	10	10		1 year
	Sub Total		170				1 year
Mr. Bhupendra Doshi	20/02/2004	Purchased	1	10	10	negligible	
	01/03/2007	Cash	99	10	10		1 year
	31/03/2007	Bonus	70	10	10		1 year
	Sub Total		170				1 year
Mrs. Shilpaben Dhagai	30/08/2005	Purchased	1	10	10	negligible	
	01/03/2007	Cash	99	10	10		1 year
	31/03/2007	Bonus	70	10	10		1 year
	Sub Total		170				1 year
Mr. Rakesh Dhagai	30/08/2005	Purchased	1	10	10	negligible	
	01/03/2007	Cash	99	10	10		1 year
	31/03/2007	Bonus	70	10	10		1 year
	Sub Total		170				1 year
	Total		67,43,917			40.67	

As per clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. However, the term loan sanctioned by Bank of India does not specify any requirement regarding pledge of shares of the Company.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations.

3. Pre & Post Shareholding pattern of the promoter group

Particulars	Present		Post Issue	
	No. of Equity Shares of Rs.10/- each	% of Present Capital	No. of Equity Shares of Rs.10/- each	% of post Issue capital
a) Promoters/Directors <ul style="list-style-type: none"> ● Mr. Pankaj Saraiya ● Mrs. Rupal Saraiya 	21,02,788 7,43,644	73.85 26.12	59,99,421 7,43,644	36.18 4.49
b) Immediate relatives of promoter/ Director (Spouse, parent, child, brother, sister) <ul style="list-style-type: none"> ● Mrs. Shantaben Saraiya ● Mr. Pratapsinh Saraiya ● Mr. Bhupendra Doshi ● Ms. Shilpa Dhagai ● Mr. Rakesh Dhagai 	172 170 170 170 170	— — — — —	172 170 170 170 170	— — — — —
c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	—	—	—	—
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	—	—	—	—
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	—	—	—	—
Total	28,47,284	100.00	67,43,917	40.67

4. Pre and post offer shareholding pattern of the Company

Particulars	Present		Post Issue	
	No. of equity shares	% of present share capital	No. of equity shares	% of Post Issue capital
Promoter/directors & other persons in promoter group	28,47,284	100.00	67,43,917	40.67
Financial Institutions/ Banks/ Mutual funds		—	} 98,36,400	59.33
Private Corporate Bodies		—		
Indian Public		—		
NRIs		—		
Total	28,47,284	100.00	1,65,80,317	100.00

5. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
6. The Company/Promoters/Directors/Lead Manager has not entered into buyback or similar arrangements for purchase of securities issued by the Company.
7. Top ten shareholders as on date of filing of the Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Pankaj Saraiya	21,02,788	73.85
2	Rupal Saraiya	7,43,644	26.12
3	Shantaben Saraiya	172	—
4	Pratapsinh Saraiya	170	—
5	Bhupendra Doshi	170	—
6	Shilpa Dhagai	170	—
7	Rakesh Dhagai	170	—
	Total	28,47,284	100.00

8. Top ten shareholders ten days prior to the date of filing of the Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Pankaj Saraiya	21,02,788	73.85
2	Rupal Saraiya	7,43,644	26.12
3	Shantaben Saraiya	172	—
4	Pratapsinh Saraiya	170	—
5	Bhupendra Doshi	170	—
6	Shilpa Dhagai	170	—
7	Rakesh Dhagai	170	—
	Total	28,47,284	100.00

9. Top ten shareholders two years prior to the date of filing of the Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Pankaj Saraiya	9,98,287	71.32
2	Rupal Saraiya	4,01,398	28.68
3	Shantaben Saraiya	101	—
4	Pratapsinh Saraiya	1	—
5	Bhupendra Doshi	1	—
6	Shilpa Dhagai	1	—
7	Rakesh Dhagai	1	—
	Total	13,99,790	100.00

10. Total number of shareholders as on date is 7.
11. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One share).
12. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
13. An oversubscription to the extent of 10% of the issue can be retained for the purpose of rounding of while finalizing the basis of allotment.
14. Except the subscription of equity shares on preferential basis & participation in the present Issue, there are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
15. There has been no revaluation of assets of the Company in the last five years.
16. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed.
17. Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this prospectus or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.
18. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.

OBJECTS OF THE ISSUE

The Company is raising funds through the public issue for the purpose of setting-up a full fledged manufacturing facility for indigenous manufacture of a particular range of weighing systems.

Avon is distributing A&D's & Tanita's weighing systems since 1999. Avon realized that manufacturing of certain ranges of weighing systems indigenously, would enable Avon to penetrate the market further and consequently expand its market share. It was with this objective that; Avon decided to foray into the manufacturing arena and has made an arrangement with Tanita Corporation for setting up a manufacturing facility with their technical support. However, the Company has not entered into any Collaboration agreement with Tanita, the same will be entered on inspection of proposed manufacturing facility of the Company.

COST OF THE PROJECT

The cost of the Project is envisaged as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1	Land and buildings & other Assets	
	- Factory land and building (including open area and construction in open area)	250.00
	- Residential flats in Baddi	60.00
	- Corporate office at Mumbai	65.00
	- Showrooms-cum-marketing offices	75.00
	- Vehicles	15.00
	Sub - total	465.00
2	Machineries	340.00
3	Dies	80.00
4	Technical collaboration fees to Tanita, Japan	100.00
5	Furniture and Fixtures at factory, corporate office and showrooms	40.00
6	Computers and software and lweb systems	70.00
7	IPO expenses	100.00
8	Contingency Provision	85.00
9	Working capital	450.00
	Total	1,730.00

SOURCE OF FUNDS

Particulars	Amount (Rs. In Lacs)
Initial Public offer	
- Promoters' contribution	436.36
- Public Issue	983.64
Term Loan from Banks	260.00
Internal Accruals	50.00
Total	1,730.00

Out of the said funds promoters have already brought in 387.22 lacs. For details regarding deployment of this funds please refer to page no 26.

DETAILS OF PROJECT COST

The details of utilization of project cost are as under:

1. Land and Buildings & other Assets

- The Company has acquired land and building admeasuring 20982 sq. feet at plot no. 49, Himuda Industrial Area, Bhatoli Kalan, Baddi, Himachal Pradesh for the proposed plant from M/s. Goodwil Polymers, a partnership firm vide agreement for sale dated 14/05/2008. The building consists of Ground Floor (11540 sq. ft.) and First Floor (10168 sq. ft.) and open area of 10802 sq. feet on all sides of building. The building is under construction. The cost of acquisition of land and building is Rs. 265.00 lacs out of which Rs. 199.98 lacs has already been paid out of promoter's contribution and the balance amount of Rs. 65.02 lacs will be paid on completion of construction of building.
- The Company proposes to purchase 10 no. of residential flats admeasuring an average of 500 square feet for the senior-level employees employed at the factory. The average cost per flat is estimated at Rs. 6 lacs.
- The Company proposes to purchase additional office premises in Mumbai. The cost of procuring additional office premises is estimated at Rs.65.00 lacs. The Company has not yet identified the location for the office premises in Mumbai.
- The Company plans to open 4 no. of showrooms for display and sale of its weighing systems in Mumbai, Delhi, Chennai and Hyderabad. An average of 175 sq. feet of space would be procured which would serve as a showroom-cum-marketing office. Further, these showrooms would be procured in the area where the Company would display the various products in an average of 100 sq feet and rest area will be used as the service station. The average cost of acquisition per showroom is estimated at Rs. 18.75 lacs. The Company has not identified the location for the showrooms.
- The Company proposes to procure 1 tempo, 2 maruti vans, 1 omni & 3 motorcycles for the purpose of transportation of goods & staff of the Company through the proceeds of the issue. The total cost for the same is estimated at Rs.15.00 lacs. The Company has not placed any order for the same.

2. Machinery

The details of the machinery to be procured are as under: -

Sr. No.	Description of Machine	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
1	50 KVA sine wave inverter. - 3 phase	Bhawani Digital Systems Pvt Ltd	1	5.51
2	6 KVA Online UPS		2	1.30
3	Digital Oscilloscope - model :- TDS2024B Colour Ltd	Vitronics	1	2.72
4	Digital Oscilloscope - model :- TDS1012B Mono Ltd		2	1.51
5	Quadricol - 1.5 T	Snehaanjali	25	6.89
6	Barcode Printer , Model - SATO CX 400	Karan Marking systems Pvt Ltd	3	0.88
7	Air Curtain	Cecon International	7	0.97
8	Insect Killer		6	0.26

Sr. No.	Description of Machine	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
9	PCB assembly fig	Instel Engineers	5	0.28
10	Redial Lead Cutter & Bender (Motorised)		10	1.16
11	Redial Lead Cutter & Bender		1	0.68
12	Axial Lead Cutter & Bender		1	0.67
13	Axial Lead Cutter & Bender (Motorised)		10	1.21
14	Wire Stripper & Twister		10	1.33
15	Flexible Arm illuminated magnifier - Clamping Type		1	0.09
16	Movable Heavy Base Arm illuminated		1	0.10
17	Transmitted Light Box		1	0.15
18	CNC Machine - SL 30	Hass Factory	1	54.00
19	CNC Lathe LT 20C	ACE Designers Ltd	1	26.07
20	Drilled Machine with accessories	Caple Traders	1	0.83
21	Angle Grinder		2	0.05
22	Metal Cutter , Anale, Rod sheet cutter (Light duty)		2	0.12
23	Metal Cutter , Anale, Rod sheet cutter (Heavy duty)		2	0.16
24	Bench Grinder		2	0.06
25	Surface Grinding Machine - PS075150	Electronica Machine Tools Ltd	1	55.00
26	Hand Operated Hydraulic Press 25 Tons	Quality Machine Tool	1	0.64
27	Power Operated Hydraulic Press 25 Tons		1	1.70
28	Shearing Machine - ROLEX		1	0.59
29	Bench Polishers 2HP - Vijay		2	0.37
30	Precision Shaping Machine - ROLEX		1	2.56
31	3 Phase double ended bench grinder - ELMACO		1	0.20
32	Drilling Machine AS - 38mm light duty		1	0.65
33	Hydraulic Hacksaw machine - HH-7		2	1.15
34	Pillar drilling machine - AS - 25	1	0.34	

Sr. No.	Description of Machine	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
35	AC Arc welding Machine 21 KVA	Quality Machine Tool	2	0.75
36	Spot welding machine - 15 KVA		1	1.50
37	Temperature chamber	Nova Instruments Pvt Ltd	1	1.62
38	Soldering station - Hakko 936	Sumitron	5	0.37
39	Soldering iron - Hakko 454		20	0.27
40	SMD Rework Systems - FR 801		3	2.25
41	SMD Rework Systems - FR 803		2	3.66
42	HAKKOA - 1124 NOZZLE (2.5mm)		5	0.07
43	HAKKOA - 1127 NOZZLE (17.5mm X 17.5 mm)		2	0.34
44	HAKKOA - 1128 NOZZLE (14mm X 20 mm)		3	0.34
45	HAKKOA - 1130 NOZZLE (4.4mm)		5	0.06
46	24 inch Ventilater with FRP base plate	Supreme Fiber Glass Pvt Ltd	10	0.73
47	Finger Print , Smart Card Terminal	Samarth Security System	2	1.24
48	C.C.T.V Systems	ISIS Technology Co. Ltd	1	6.00
49	Kirlosker Cream 500TVA with disel engine	Jaideep Power Solution	1	24.35
50	Semi Automatic Box Strapping - JS - 1	J Pack	2	0.64
51	Fully Automatic Box Strapping Machine - JS - 1FPR		1	3.77
52	Pallet Stretch Wrapping Machine - JSW - 01		1	3.21
53	Sealer & Shrink Tunnel - JSHL - 01 + JSH - 01L		2	0.51
54	Digital Multimeter - RISH multi 18S	Systematic Electronics Pvt Ltd	10	2.68
55	Vaccum Cleaner - ZW30SS	EUREKA FORBES	5	1.26
56	Hushpower Wet & Dry Vac - TRIA WD	IND TRA DECO	1	0.49
57	Mechanical Sweeper - SWP 650		10	1.20
58	Fire Extinguisher 5 Kg	ESSBEE FIRE SERVICES	20	0.41
59	Pedestrian Power Pallet Truck - 320 KN	Gandhi Entrance Automation Pvt Ltd	1	6.79
60	Automatic Sliding Gate - 50 X 50mm		2	4.18

Sr. No.	Description of Machine	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
61	Wave Soldering Machine - EMS Stallion	EMS Technologies Pvt Ltd	1	5.23
62	Over head Crane 5 Ton - ACE-15XW (3 parts)	Action construction Equipment Ltd.	1	19.18
63	12 Tone Hydraulic Mobile Crane - ACE 12XW		1	9.90
64	Beeprog + New (programmer)	Navtek Instruments	1	0.47
65	SEE Prog (Eeprom Programmer)		3	0.20
66	Metal Label Marker (Brandma)	Compete Tools Pvt Ltd	2	1.09
67	Auto Marker for corugated box (3X18)	Royal Enterprises	2	0.28
68	Marktronics markmate	Marks pryor	1	2.76
69	30 Ton MS weight (10 Kg, dinomination)	A to Z sales Corporation	500	2.25
70	30 Ton MS weight (20Kg, dinomination)		750	6.54
71	30 Ton MS weight (50Kg dinomination)	A to Z sales Corporation	200	4.50
72	Standard weights E1 Class (1mg to 200 gm)	Weigtronics	1 sets	1.96
73	Standard weights E1 Class (500/1 kg / 2 kg / 5 kg / 10 Kg)		1 sets	2.02
74	Jig & Fixture	Alfa Enterprises	1	5.63
75	Dia for CD 222		1	0.56
76	Electric fitting with accessories Asian Electrical / Kirtikumar Electric Corporation	Asian Electrical / Kirtikumar Electric Corporation	1	13.25
77	Fully Automatic Calibration system (Customize)	Mass Engineer & suppliers	1	10.86
78	Tools	Local	1	1.13
79	Platform Trolley	City Storage Systems	3	0.23
80	Storage Racks		1	2.33
81	Fully Automatic load cell testing system (Customize)	Hem-Tech Corporation	1	11.08
	Total			340.00

Out of the above orders of machineries worth Rs. 119.97 lacs has already been placed and the total amount has been paid out of promoters contribution.

3. Dies

The Company is proposing to import second hand dies from Tanita. The Company will use these dies in manufacturing process after oiling and refurbishing. The Company proposes to procure 4 dies from the proceeds of the issue and the cost of the dies is estimated at Rs. 20 lacs per dye inclusive of freight rate.

4. Technical collaboration fees to Tanita Japan

Avon will obtain the support from Tanita, Japan for their expertise and technical knowledge on the venture. Avon has agreed to pay one-time technical collaboration fees of Rs. 100 lacs to Tanita Corporation, Japan. Fees will be paid only after completion of their inspection of manufacturing facility and entering into collaboration agreement.

5. Furniture and Fixtures

(Rs. In Lacs)

Sr. No.	Location	Description	Name of the Supplier	Amount
1.	Factory	Chairs, waiting area bench, main desk, locker, flooring tiles, reception rubber wood, etc	Ventura, Godrej Vijay Sales, Krona Liquatec Ltd., etc.	13.82
2.	Mumbai Office	File unit sliding, bookcase, cupboard, conference table, Partition cabin, refrigerator, etc	Ventura, Godrej, Shailesh Furniture, Kum Kum Ceramics	13.25
3.	4 Showrooms	Entrance gate, glass table, glass type 4 round table, L shape anti vibration table, etc	Ventura, Shailesh Furniture, Kum Kum Ceramics	12.93
TOTAL				40.00

The setting up of showrooms and orders for office equipments will be placed only after completion of civil work at plant location.

6. Computers and software systems

The Company proposes to spend Rs.70 lacs on computers and software's at showrooms, factory and offices.

(Rs. In Lacs)

Sr. No.	Description	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
1.	3 COM 24 Port 100/1000 Switch	Data Soft Consultants	1	0.22
2.	3 COM 48 Port 100/1000 Switch	Rajguru Computers	1	0.54
3.	HP C4188 All in one Printer (Print, Scan, Copy)		15	0.85
4.	Windows 2003 Server (Software)		1	0.25
5.	SQL 2005 Server (Software)		1	0.64
6.	Crystal Report Pro (Software)		4	0.89
7.	Coral Draw GS X3		Data Soft Consultants	2
8.	Dual core Intel Xeon 3.0 GHz	1		4.02
9.	IBM 146GB SAS HDD (40K1044)	8		
10.	IBM 2GB RAM KIT (1GB x 2Nos) (39M5785)	4		
11.	IBM Serve 8K Raid Controller Card (25R8064)	1		

Sr. No.	Description	Name of the Supplier	Qty.	Amount (inclusive of tax) (Rs. In Lacs)
12.	IBM RPS FOR X-3500 (39Y8487)	Data Soft Consultants	1	
13.	IBM Intel Dual Core Xeon 3 GHz Processor (40K1236)		1	
14.	IBM 4 Port Expansion Kit (39Y8064)		1	
15.	IBM 24x7 Support (43S0342)		1	0.35
16.	IBM U320 SCSI Controller Card		1	0.11
17.	IBM 400/800 GB External LTO Drive (3580-L33) (Data Back-Up)		1	1.78
18.	3. IBM THINKCENTRE (8985-A12)		35	5.95
19.	IBM 15" TFT Colour Screen		35	3.15
20.	Gajshield Enterprises GS 1100: Firewall + HTTP Virus Scanning + URL Filt		1	0.70
21.	One Time Installation and onsite, online, telephonic support for one year (Service support)		1	0.20
22.	Lenovo 3000 y500 7761-46Q		4	1.92
23.	Canon IRC 3100 N	Canon India Pvt. Ltd	1	2.81
24.	Panasonic KX-TDA 200 Hybrid IP-PBX System	Sanaya Communication Pvt. Ltd	1	1.48
25.	KX-T 7633 : 3 Line		3	0.07
26.	Panasonic KX TDA 0193 card (Key Phone)	Sanaya Communication Pvt. Ltd	1	0.08
27.	Panasonic PA Assistance PRO		1	0.26
28.	Additional Users	1	0.34	
29.	ERP Software	iWeb Technology	1	38.03
30.	Lease Line for Internet	Asian Association	1	4.22
31.	Panasonic PT-LB 50 E (XGA)	Panasonic	1	0.71
32.	High Gain Pull Down Screen		1	0.12
	TOTAL			70.00

The Company will place the orders on completion of construction of factory building and showrooms.

7. IPO expenses

The total IPO expenses are estimated at Rs. 100 lacs, which is 5.78% of the total project cost. The details of IPO expenses are as under:

(Rs. in lacs)

Expenses	Amount
Issue Management Fees , Legal Advisor Fees , Registrar Fees and Broker Fees	33.50
Printing expenses, postage, dispatch expenses, advertisement & publicity expenses	29.00
SEBI Fees, Listing Fees and Other Expenses	31.13
IPO Grading Agency fee	3.37
Project Appraisal and Loan Processing Fees	3.00
Total	100.00

8. Contingency Provision

A contingency provision of 7.11% of capital assets cost and other expenses is provided for.

9. Working capital

The working capital margin money requirement of the project is estimated at Rs. 450 Lacs, based on the calculations for the first full year of operations i.e. 2008-09 of the project. The working capital requirement has been worked out on the following assumptions given below:-

(Rs in lacs)

Sr. No.	Particulars	Period in months (25 days)	Amount
a	Raw Material	55	249
b	Finished Goods	8	36
c	Stock in Process	8	36
d	Receivables	45	291
e	Expenses	25	39
f	Fuel	0	0
	Total		651
g	Less: Purchase Credit	40	181
h	Net Working Capital		470
i	IPO Proceeds		450
j	Internal Accruals		20

The Company has not tied up for the working capital requirement for the proposed project with any bank. The entire Working Capital requirement will be funded through the proceeds of the issue.

Appraisal

The proposed project of the Company has been appraised by Bank of India, Andheri and Mumbai Branch for sanctioning of Rs.260 lacs by way of term loan for the proposed project. The disbursement of the loan will take place after receipt of issue proceeds by the Company.

Schedule of implementation

Implementation schedule –Activity	Scheduled Commencement	Scheduled Completion	Current status
Land acquisition	May 2008	May 2008	Land has already been acquired
Construction of factory sheds, office at Mumbai and showrooms	July 2008	July 2008	Contribution in building at Baddi is in process
Machineries Phase 1 Phase 2	August 2008 October 2008	September 2008 November 2008	Quotations Obtained
Dies	October 2008	October 2008	To be procured from Tanita Health Equipment H.K. Ltd., Hongkong
Technical collaboration with Tanita, Japan	September 2008	November 2008	To be entered after inspection of manufacturing facility by Tanita
Furniture and Fixtures at factory, corporate office and showrooms	November 2008	November 2008	Quotations Obtained
Computers and software systems	October 2008	November 2008	Quotations Obtained

Sources & deployment of Funds

The total expenditure which has been incurred on the project and source of financing the same, as of 19/05/2008 as certified by the M/s. Kiran Matani & Associates, Chartered Accountants (M. No. 16879) vide certificate dated 19/05/2008 is as detailed in the table:

(Rs. in Lacs)

Particulars	Amount invested (as on 19 th May 2008)
Funds Deployed	
IPO Expenses	34.74
Factory Land & Building	199.98
Machineries	119.97
Present Working Capital Requirements	32.53
Total	387.22
Source of Funds	
Promoters contribution to the project	387.22
Total	387.22

Monitoring of Utilisation of Funds

The Board of Directors of Company will monitor the utilization of the proceeds of the Issue and monies received under promoter's contribution. As per regulatory requirements, the Company will disclose the utilisation of the proceeds of the Issue and monies received under promoter's contribution under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. The Company will also, in Balance Sheet, provide details, if any, in relation to all such proceeds of the Issue and monies received under promoters contribution that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. No part of the proceeds of the Issue will be paid by the Company as consideration to Promoters, directors, key management personnel or companies promoted by promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

Information presented in this section is derived from the audited financial statements.

i) Earnings per Share

Year	EPS (Rs)	Wts
2005-06	6.08	1
2006-07	6.03	2
2007-08	6.55	3
Weighted Average EPS	6.30	

ii) P/E Ratio

Price per share	Rs. 10/-
P/E (based on pre-issue EPS as on 31/03/2008)	1.53

iii) Return on Networth

Year	RONW (%)	Wts
2005-06	33.68	1
2006-07	34.01	2
2007-08	31.93	3
Weighted Average RONW	32.92	

iv) Minimum RONW required for maintaining pre-issue EPS of 6.55 as on 31/03/2008 is 55.49%

v) Net Asset Value NAV

Net Asset Value (pre issue) (As on 31 st March, 2008)	Rs. 20.50
Net Asset Value (post Issue)	Rs. 11.80

vi) Comparison with other companies in the Peer Set.

There are no listed companies in India, whose business model is same as that of the Company. Although not comparable, the key ratios of the Company which is also manufacturing weighing machines is as follows:

(Rs. In Crs.)

Company	NAV (Rs.)	EPS (Rs.)	RONW (%)	P/E Multiple based on the price as on 14/05/2008
Avery India#	43.40	6.00	13.60	10.50
Source: Capital market: May 05- 18, 2008; Segment- Engineering & www.bseindia.com				
Avon Weighing Systems Ltd.*	20.50	6.55	31.93	1.53

based on audited accounts as on 31/03/2007

* based on audited accounts as on 31/03/2008.

Conclusion

The equity shares are being issued at a price of Rs. 10/- per share. The issue price is at par with the face value of the shares. The pre issue NAV of the shares as on 31/03/2008 is Rs. 20.50 per share. The present issue of shares is at a PE multiple of 1.53 times which is lower than the average PE multiple in the industry.

Taking into account the above factor and since the issue is made at par, the issue price of Rs.10/- per equity share is justified.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors,
Avon Weighing Systems Ltd,
15, 2nd Floor, B Wing, Kamal Kunj,
Irla Bridge, S.V.Road,
Andheri (W), Mumbai- 58

We hereby confirm that the enclosed annexure, prepared by the Company, states the possible tax benefits available to Avon Weighing Systems Ltd and its shareholders under tax laws presently in force in India. Several of these benefits are dependent of on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence the ability of the Company of its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participating in the issue.

Our confirmation is based on the information, explanation and representation obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws force in India.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future or
- The considering prescribed for availing the benefits, where applicable have been/ would be met.

FOR G.M. PUROHIT & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. M. PUROHIT
Proprietor
Membership No. 031338
Mumbai, 17th May 2008

ANNEXURE TO THE CERTIFICATE

Statement of possible Special Tax Benefits available to M/s. Avon Weighing Systems Limited

Upon setting up plant at Baddi, Himachal Pradesh following benefits will be available to Avon:

1. 100% exemption from payment of Central Excise duty for a period of 10 years from the date of commencement of commercial production.
2. 100% income tax exemption for initial 5 years and thereafter 30% for further period of 5 years.
3. Central Sales Tax @1%.

Statement of possible General Tax Benefits available to M/s. Avon Weighing Systems Limited and its shareholders.

As per the existing provisions of the income tax act, 1961 (the act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to M/s. Avon Weighing Systems Limited and its shareholders. These benefits are available to all companies or to the shareholders of any Company, after fulfilling certain conditions as received in the respecting Act.

A) Benefits available to the Company under the Income Tax Act, 1961

1. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic Company is exempt from income tax.
2. As per the provisions of section 24(a) of the IT Act, Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out) while computing income from House Property.
3. As per the provisions of section 24(b), where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing Income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
4. Under section 115 JAA (2A) of the I.T. Act tax credit shall be allowed in respect of any tax paid under section 115JB (MAT) of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be available for set-off upto 7 years immediately succeeding the year in which the MAT credit initially arose.
5. As per the provisions of section 32 of the IT Act, Company is eligible for claiming depreciation on its tangible and intangible assets as prescribed rates. Further Company

is entitled to 20% additional depreciation on new plant & machinery acquired and install after 31st March, 2005. Subject to condition specified therein.

6. The Company is entitled to claim expenditure incurred, subject to compliance of the certain conditions laid down in section 35(1)(iv) of the Act, in respect of any capital expenditure incurred other than the incurred on the acquisition of any land, on scientific research related to the business of the Company.
7. As per the provisions of section 112(1)(b) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess).
8. As per the provisions of the Section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from income tax if such sale is subject to Securities Transaction Tax.
9. As per the provisions of section 111A, short term capital gains arising from the transfer of equity shares in any Company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax at 10% provided such a transaction is subject to securities transaction tax.
10. In accordance with and subject to the conditions and to the extent specified in section 54 EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital assets (not covered by section 10(36) & section 10(38)) if such capital gain is invested in any of the long term specified assets is transferred or converted in to money at any time within a period of 3 years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.
11. Under section 35D of the Act the Company will be entitled to a deduction equal to 1/5th of the expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive year, beginning with the previous year in which the new unit commence production subject to the stipulated limits.
12. The Company can carry forward and set-off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set-off its unabsorbed business losses for a period upto eight subsequent years for set-off against its business income

B) Benefits available to Resident Shareholders under the Income Tax Act, 1961

1. Under sec 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2004 is completely exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity – oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction tax.

3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains (if shares are held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
4. As per the provisions of Section 112(1) (B) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharges and educational cess). However, as per the provisions to sec 112(1) (B), the long term capital gains resulting on transfer of listed securities or units (not covered by sec. 10(36) & 10(38)) would be subject to tax at the rate of 20% with indexation benefits and 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee)
5. As per the provision of section 111 A Short term gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax at 10% from Income Tax if such transaction is is subject to Securities Transaction Tax.
6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place.

The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income under Section 80C for any assessment year beginning on or after 01/04/2006.

7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholders would be entitled to exemption from long term capital gains on the

sale of shares in the Company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long term capital gains in the year in which such residential house is transferred.

8. As per the provision of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions, However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

C) Benefits available to Non-Resident Indian Shareholders

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 01/04/2004 is completely exempt from tax in the hands of the shareholders of the Company.
2. In the case of share holders being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115D read with section 115E of the act, long term capital gains arising from the transfer of an Indian Company shares (not covered by sec 10(36) & 10(38)) will be subject to tax at the rate of 10% as increased by a surcharge and education cess at the appropriate rate on the tax so computed without any indexation benefit with protection against foreign exchange fluctuation.
3. In case of a share holder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in sec 115 F of the act, the non-resident Indian share holder would be entitled to exemption from long term capital gains (not covered by Section 10(36) & 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub section 1 of section 115F.
4. In accordance with provisions of act section 115G of the act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investment or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII of the act.
5. In accordance with the provisions of section 115H of the act, when the non-resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under section 139 of the Act to the effect that the provision of chapter XII A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

6. As per the provisions of 115I of the act, a non-resident Indian may elect not to be governed by the provisions of the chapter XII A for any assessment year by furnishing return of income for the year under sec 139 of the act declaring therein that the provisions of chapter XII A shall not apply to him for that assessment year and accordingly his total income for the assessment year will be computed in accordance with other provisions of the act.
7. In accordance with and subject to the conditions and to the extent specified in section 112(1)(B) of the act, tax on long term capital gains arising on sale on listed securities or units not covered by sec 10(36) & 10(38) will be, at the option of the concern share holder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
8. As per the provisions of 10(38), long term capital gains arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from income tax if such sale is subject to securities transaction tax.
9. As per the provisions of section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity – oriented mutual fund shall be subject to tax @10% provided such transaction is subject to Securities Transaction Tax.
10. As per the provisions of section 88E, where the business income of a assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gains is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted would become chargeable to tax as long term capital gains in the year in which the specified assets is transferred or converted into money.
12. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gain (not covered by sections 10(36) and 10(38) in the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed in a residential house. If part of net consideration is invested with the prescribed in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years

from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

13. As per first proviso to section 48 of the I.T. Act, in case of a non resident shareholder, in computing capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per Exchange Control Regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which original investment was made. Cost Indexation benefit will not be available in such a case. The capital gain/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was utilized in the purchase of shares.
14. As per the provisions of Section 90(2) of the Act, the provisions of the act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

D) Benefits available to other Non-residents

Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after treaty to the extent they are more beneficial to the Non-Resident.

1. In accordance with and subject to the conditions and to the extent specified in Section 112(1)(b) of the Act, tax on long term capital gains arising on sale of listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
2. As per the provisions of Section 10(38) long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction act.
3. As per provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @10% provided such transaction is subject to Securities Transaction Tax.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of Income Tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36)

and 10(38)) if such capital gain is invested in any of the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified assets is transferred or converted into money.

6. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the act, the shareholders would be entitled to exemption from long term capital gains (not covered by section 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
7. In case of shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gain (not covered by section 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed in period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
8. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Residential.

E) Benefits available to Foreign Institutional Investors ('FII')

1. In case of a share holder being a Foreign Institution Investor (FII), in accordance with and subject to the condition and to the extent in Section 115AD of the Act, tax on long term capital gain (not covered by section 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However, short term capital gains on sale of Equity Shares of a Company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to securities transactions tax shall be taxed @10% as per the provisions of section 111A. It is to be noted that the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act or not available to FII.
2. As per the provision of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
3. As per the provision of section 10(38) long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction tax.

4. As per the provision of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transaction. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in / section 54EC of the act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by section 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.
6. In accordance with and subject to the conditions and to the extent specified in section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by section 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

F) Benefits available to Mutual Funds

1. In case of a shareholder being Mutual Fund, as per the provisions of section 10(23D) of the act, any income of Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under Mutual Funds set up by public sector banks financial institution and Mutual fund authorized by the Reserve Bank of India would be exempt from income tax, subject to conditions as the Central Government may by notification in the official Gazette specify in this behalf.

G) Benefits available to Venture capital companies / Funds

1. In case of a shareholder being a Venture capital Company / fund as per the provisions of section 10(23FB) of the act, any income of venture capital companies/funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

H) Under the Wealth Tax Act, 1957

1. Shares held in a Company will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence Wealth Tax will not be applicable.

I) Under the Gift Tax Act, 1958

1. Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the Company would not be liable for any gift tax.

Note:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007.
2. All the above benefits will be available only to sole/ first named holder in case the shares are held by joint holders.
3. In respect of non-resident, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
5. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

However, a shareholder is advised to consider in his / her / its own case. The tax implications of investment in the Equity Shares, particularly in view the fact that certain recently enacted legislation may not have direct legal precedent or may have different interpretation on the benefits, which an investor can avail.

SECTION III- ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Since the official data for weighing system industry is not available, the information presented in this section has been obtained from the project report as appraised by Bank of India and Company estimates and their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Indian Economy

India's economy is on the fulcrum of an ever increasing growth curve. With positive indicators such as a stable 8-9 per cent annual growth, rising foreign exchange reserves, a booming capital market with the popular "Sensex" index topping the majestic 15,000 mark, India is becoming a preferred destination for foreign investment.

Indian Weighing Industry

Weights and measures may be ranked among the necessities of life to every individual of human society. They enter into the economical arrangements and daily concerns of every family. They are necessary to every occupation of human industry.

Market Characteristics

The electronic weighing systems' market in India is characterized by:

- Technological hiatus; from here on only new applications for the existing technology can be developed, there is no scope for change in the weighing systems' technology for a long time to come.
- Ability to have revenue streams from a number of industry sectors as well as from retail;
- High degree of regulation;
- Large part of the demand generated from new applications as technology in the user industries changes;
- Demand mainly due to atomization of manufacturing, procurement and sales systems;
- Existence of a immense potential market for change (from mechanical balances to electronic balances);
- Significant number of local, small and medium sized manufacturers, distributors and importers; Intense competition;
- Price sensitivity;
- Lack of investment in distribution and after-sales service;
- Untapped potential
 - A vast majority of trade/ retail establishments like grocery stores, granaries, vegetable vendors, small and medium size manufacturing establishments, etc use mechanical balances, instead of electronic balances. Considering the vast number of small and medium traders and commercial establishments in India, conversion of even a small percentage of such establishments from mechanical to electronic balances translates into a huge market.

- There is a tremendous opportunity for organized and innovative marketing in the personal healthcare segment. If this market is tapped in an organized manner the payback could be tremendous. As India has a very large population & people are becoming more & more health conscious & personal weight is most important area in health control.

Market Segmentation

The weighing systems market can primarily be divided into following broad segments, based on the usage of weighing systems in their respective businesses:

Industry Segment	Application
Gems and Jewellery	Weighing precious gems, diamonds, gold etc. and mixing them in the right proportions to produce jewellery.
Chemicals and pharmaceuticals	Weighing raw materials received, ensuring the correct mix of various raw materials to ensure product quality, packaging, dispatch, accounting, inventory management
New product development and R&D.	Retail Weighing products, purchase as well as sale.
Government	Transports authorities, road development authorities, project consultants, space centers etc
Postal/ Courier	The price of the service is determined by the weight of the documents/ letter and parcels
Hospitals, Health and wellness	For personal health levels, maintaining individual's health, Laboratory weighing
Cement factories,	Testing, R&D purpose, checking of the raw material & finished products & bulk weighing for dispatch\
Construction companies	Checking the raw materials, weighing calculation of cost of the productions, cross checking of material (incoming & outgoing)
Food	Weighing of raw materials, packing materials, mixing for the materials and in R & D
Packing	Raw material checking, thickness of the production weight of the each production
Import house	Checking the import materials and distributes in various center after cross weighing
Export house	Checking the weight of material of export shipment
Airports	Weighing of the baggage cargos, aircraft related accessories.
Iron & Steel	Weighing for heavy raw materials
Oil	Weighing of the raw materials mixing the various oils different weights of little bags, bulk weighing, in R & D
Others	Primarily include government departments (octroi, sales tax, regional transport authorities,) research and development laboratories, automobile manufacturers, transport operators, oil and gas industry etc.,

INDUSTRY GROWTH DRIVERS

- After technical innovations in the weighing systems industry and innovation of the electronic weighing scale, slowly the electronic weighing balance is gaining popularity. Previously electronic weighing balances were used in specific industries like Chemical, Pharmaceutical, R&D Centers as these products are expensive and accurate weighing was important in these industries.
- However, after liberalization and opening up of the Indian economy, electronic balances have become the generally accepted norm across trade participants.
- The gaining popularity of the electronic weighing balance is on account of:
 - Importance of accuracy and consistency – especially in R&D activities, defense, gems and Jewellery industry etc.;
 - Weighing systems instead of weighing scales – electronic weighing systems are compatible and hence the entire process can be automated;
 - Elimination of losses in the retail industry – A minor inaccuracy in weighing systems would lead to significant losses in the retail industry. The retail industry typically operates on very thin net margin. Inaccurate weighing systems would further reduce these already thin margins;
 - Software development – Electronic weighing systems can be programmed too and these make electronic weighing systems more attractive as compared to mechanical weighing balances;
 - Consumer perception – The consumer today is becoming more and more educated and highly demanding. Electronic weighing scales have more credentials instead of mechanical weighing scales.
 - Government intervention – The Central and State Government are contemplating passing legislations to make usage of electronic weighing balances compulsory. Karnataka, a state in Southern India, has banned the use of mechanical weigh balances. Government already started procurement of the electronic weighing balances for their various requirements.

Outlook for the Industry

- The Indian weighing systems industry is currently in its most exciting phase. Consumers and manufacturers are beginning to understand the importance of accuracy in weights and measurements. Earlier the importance of accurate and reliable weighing was felt only in industries requiring extreme precision like defense, pharmaceuticals, chemicals, gems and jewellery, etc.
- Development of software and technological innovations in manufacturing activities has changed the face of the weighing balance industry 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 systems have applications in all industries such as Retail, Automation, logistic & transport, postal & courier, R&D, Health etc.

BUSINESS OVERVIEW

Overview

Avon Weighing Systems Limited is a Company incorporated in India engaged in the business of selling weighing systems in India. Avon is classified as small scale industry.

Avon is the authorized dealer and one of the distributors of A&D and Tanita's weighing systems in India. M/s A&D Company Ltd.(A&D), Japan and Tanita Corporation (Tanita), Japan both are weighing scale manufacturers in the world in their range of products. A&D balances are particularly used in industries where precision weighing is critical; e.g. gems and jewellery, pharmaceuticals and chemicals, research and development laboratories, defense, etc. Tanita & A&D both are independent companies and there is no relationship between these two companies.

Presently Avon is procuring weighing systems directly from A&D and Tanita for marketing it in India. Avon is also carrying assembly work as per client's requirement after importing all the parts from A&D and Tanita. The product range of the Company caters wide range of industry such as pharmaceuticals, chemicals, gems & jewellery, healthcare, retail etc.

To improve the margin, the Company now proposes to enter into the business of manufacturing of weighing system in India with the technical help of Tanita. The Company will manufacture certain Tanita products out of its entire range of products to cater the growing demand of digital weighing systems in India. On installation of the project, production will start with the help of technical know-how of Tanita and products will be sold in Indian market in their brand name "Tanita". The Company has no patent rights to manufacture Tanita's products. Besides this other products of Tanita will also be marketed by Avon.

Details of the Business of the Issuer

a. Location of the Proposed Project

The proposed plant of the Company will be set up at Baddi in Himachal Pradesh on 20982 sq. feet of land. The state government of Himachal Pradesh has provided various incentives for setting up an industrial unit in Baddi. The incentives are as follows:

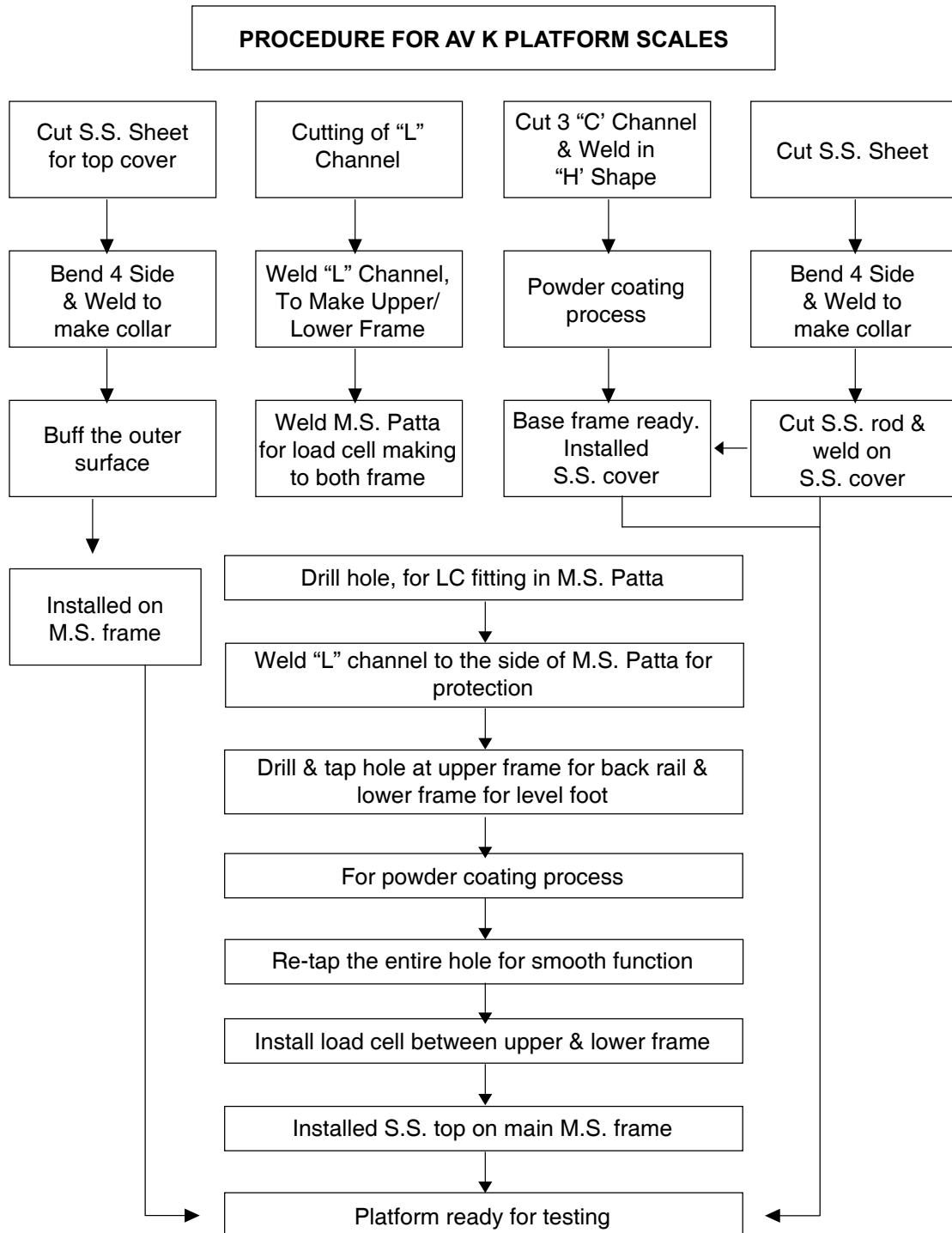
- 100% exemption from payment of Central Excise duty for a period of 10 years from the date of commencement of commercial production.
- 100% income tax exemption for initial 5 years and thereafter 30% for further period of 5 years.
- Capital investment subsidy for 6 years @15% on their investment in plant & machineries subject to a ceiling of Rs. 30 lacs.
- Central Sales Tax @1%.
- Electricity Duty exemption on captive power generated from D.G set/Hydel unit upto 31/03/2009.
- Price preference upto 15% for SSI.

b. Plant, Machinery, Technology, Process, etc.

Plant and Machinery

Presently the Company does not have full fledged manufacturing facility. However the Company has assembly plant at Baddi, Himachal Pradesh.

Manufacturing Process



c. Collaborations, any performance guarantee or assistance in marketing by the collaborators

The Company is presently distributing the products of Tanita and A&D. The Company now proposes to install a manufacturing plant with the technical help of Tanita for manufacturing certain Tanita's products in India. The Company at present has not entered into any collaboration agreement with Tanita. The same will be executed only after inspection by TANITA of facility set up by the Company.

d. Infrastructure facilities for raw materials and utilities like water, electricity etc.

Raw Materials

The main raw materials required for the Company are Load Cell, main Board, micro Processor, weighing indicator, digital display LED / LCD, various kind of MS material MS pipe, MS, L shape MS Plate, MS I BM, SS pipes, SS plates, . The Company purchases the same from Tanita, A&D, Excel Precision Co. Ltd, Ningbo Benui Electric Co. Ltd. and local suppliers. 45 % of the total raw material is imported from Tanita, Japan. The Company has not entered into any agreement with any suppliers of raw material.

Utilities

Power: At present the Company has 5866 KVA power connection sanctioned by Reliance Energy Ltd (REL) at Andheri (W). In the proposed project the Company will require 15000-18000 KVA power which will be sourced from the new connection from Himachal Pradesh Electricity Board. The Company will apply to Himachal Pradesh Electricity Board for sanction of required power on commencement of project.

Water: Water will be required at proposed plant for human consumption only, which will be sourced from District Industrial Corporation of Himachal Pradesh.

Effluent Treatment: There will not be any effluent or wastages from the proposed project. However the Company will procure consent from Himachal Pradesh Pollution Control Board for manufacturing of weighing system at proposed site before commencement of operation.

Manpower: The total manpower directly employed by the Company as on date is 47 personnel. Distribution of the manpower is as follows:

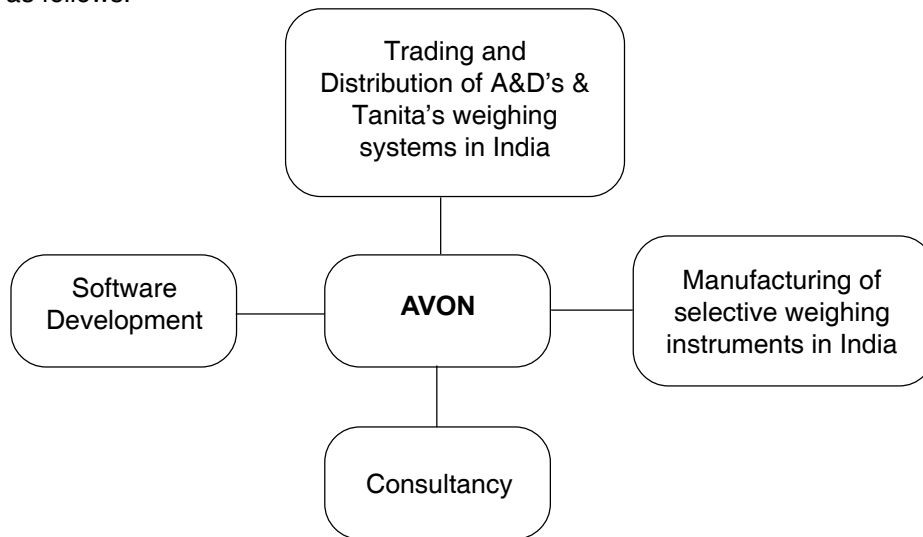
Category	No of Employees
Skilled	
Senior Managers	2
Officers	9
Office staff	8
Factory staff	4
Sales Staff	12
Engineers- Service & Production	3
Unskilled	
Workers	9
Total	47

The Company proposes to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower in due course:

Category	No of Employees
Skilled	
General Manager	1
Senior Managers	7
Supervisors	3
Office staff	17
Factory staff	2
Engineers- Service & Production	9
Software	2
Unskilled	
Workers	14
Total	55

c. Services of the Company

After the commencement of the proposed project the service portfolio of the Company will be as follows:



Distribution

Avon is the distributor of A&D and Tanita’s weighing scale in India. A&D and Tanita both are major weighing scale manufacturer in the world in their range of products. A&D and Tanita’s weighing systems are renowned for their precision and consistency. A&D balances are particularly used in industries where precision weighing is critical such as gems & jewellery, pharmaceuticals & chemicals, research & development laboratories. Tanita’s products are mainly used in hospitals, fitness centres, health spa etc.

Manufacturing

While distributing A&D's & Tanita's weighing systems, Avon also assembles certain weighing products of A&D at Baddi. However the Company proposes to set up full fledged production facility at Baddi in Himachal Pradesh in order to exploit fiscal incentives provided by the State Government of Himachal Pradesh. The factory at Silvasa will be closed down after commencement of proposed plant.

The Company proposes to manufacture following product range at the proposed unit:

- Tabletop balances
- Platform Scales
- Ultra low profile platform scale
- Weigh Bridges
- Tank weighing system
- Low cost scales
- Compact Scales
- Personal health weighing scale
- Body fat monitoring scales
- Mechanical Scales
- Bathroom Scales
- Weighing and batching indicator
- Fully automatic weighing and batching system
- Fully automatic vibrator feeder
- Silo weighing systems
- SQC software (weighing systems)
- Body fat monitoring software

Consultancy

Avon provides consultancy to various industrial houses, on the latest weighing systems and applications. The consultancy services include:

- First hand understanding of practical problems;
- Creation of a database of practical problems faced by the users, which are used in R&D activities;
- Insight on customers' needs, which can be converted to product innovations;
- Creation of new applications for its products;
- Develop a network of industrial users, which can be tapped to market Avon's new products;
- Feedback on new applications and product innovations, leading to further refinement;
- Reduction of production launch cycle;
- Develop a customer centric mindset;
- Develop new business relationships;
- Recognition in the industry and a ready source of references;
- An additional stream of revenue;

Presently Avon is providing these services as a marketing tool for marketing of the products of Tanita and A&D. Avon has provided consultancy services to various industrial users like Godrej Industries Ltd., Sudershan Chemicals, Acrow India Ltd., Cubernetik Technologies Ltd., Arotech Engineers Ltd., Mass Engineers & Suppliers etc. for customizing the products as per their needs.

Software Development (Source: Project report as appraised by Bank of India)

Avon is focused in developing software to enhance the applications of its products. Avon is one of the early movers in developing SQC software and also body fat monitor software, which is mainly used in fitness center and hospitals. This software is used in process-driven industries (particularly pharmaceuticals)

With the integration of production, stores and quality control software development is likely to be one of the major revenue streams for Avon. Avon has also discovered that software development can be effectively leveraged to enhance the sale of weighing systems, by developing newer applications and reducing human intervention in the weighing and measurement process.

Avon is using software development as a tool for pushing sales of its weighing systems. The innovative software developed by Avon enhances/ creates new application for the users of its weighing systems.

Currently, Avon charges a nominal amount to its customers for this software. Avon proposes to focus on software development as a separate profit center.

Avon's Competitive advantage

- ☞ **Constant innovation and introduction of new products:** Avon, A&D and Tanita are constantly engaged in studying the market place and devising innovative products. For example, Tanita has recently started manufacturing a pocket – size, weighing balance, which can weigh a maximum of 200 grams. As per Tanita's market intelligence this product is extremely useful for silver merchants, plastic bottle manufacturers, traveling salesman, purchase officers, etc.
- ☞ **Brand awareness:** Although Avon does not have the financial strength and geographical reach of some of its competitors like Essae-Teraoka, Phoenix, Mettler-Toledo, Sartorius, Sansui, Contech, Avery, Atco etc., the Avon and A&D/ Tanita name is well respected in the industry for their technical capabilities and 'out-of-the-box' solutions. In fact, in certain cases, Avon is the preferred supplier due to its personalized service.
- ☞ **Customization as per client's requirements:** Unlike other competitors in the market, Avon has always been receptive to clients' requirements. Avon has a separate department for development of customized A&D's/ Tanita's products to suit its client's requirements for better administration. Since both the companies are in different range of products and having different market all over the world.
- ☞ **Industry specific capabilities/expertise:** Avon has developed specific industry expertise in providing weighing solutions in pharmaceuticals, chemicals, gems and jewellery industries. Avon has become the preferred supplier of A&D weighing solutions in these industries.

Customers

Novartis India, Sudershan Chemicals Limited, Lupin group, Associated Capsules Limited, Palm pharma are some notable clients whom Avon has served in past.

Competition

The Company will face stiff competition from existing manufacturers such as Omron, Citizen, Essae-Teraoka, Phoenix, Mettler-Toledo, Sartorius, Sansui, Contech & Avery.

Insurance

All Company's fixed and current assets are adequately insured covering all major risks.

Property - Land and Buildings

A summary of properties of Company are given below:

Sr. No.	Location	Built up area (in sq. feet)	Ownership and other details	Purpose
1.	Flat no. 15, 2 nd floor, Kamal Kunj, 'B' wing, Megha Co-op. Hsg. Society, S.V.Road, Andheri, Mumbai - 400058	450	Owned	Registered office
2.	Flat no.14, 2 nd floor, Kamal Kunj, 'B' wing, Megha Co-op. Hsg. Society, S.V.Road, Andheri, Mumbai - 400058	338	Owned	
3.	Shop no. 1 to 12, Babuline Complex, 40-44, S.V. Road, Malad (W), Mumbai	1920	Owned	Godown for weighing instruments
4.	122, Ground Floor, Maurya Apt., Vasai	1200	Rental Leave & License for 33 months commencing from 01/02/2006 to 31/10/2008.	Godown for weighing instruments
5.	Gala No. 2 , Near Sangam Hotel, Sai Road, Tehsil nala garh, District Solan Baddi, Himachal Pradesh – 173205	400	Rental for 3 years from 01/03/2007 at monthly rent of Rs.7500 with 10% increase annually.	For assembling
6.	Plot no. 49, Himuda Industrial Area, Bhatoli Kalan, Baddi, Himachal Pradesh	20982	Owned Land & partially constructed building	Proposed projects

The Company has obtained certificate under Bombay shops and Establishments act 1948 for commercial purposes in respect of registered office mentioned in serial no. 1 & 2. The godown at Malad (W) is a commercial property & relevant certificates of completion and occupancy from Bruhanmumbai Municipal Corporation is in place. The Company has taken on rent a place at Vasai for a period of 33 months which is used for storing the weighing instruments. The Company has acquired a gala at Baddi on rent a land & building at Baddi on ownership basis which are commercial properties.

Intellectual property

The Company has made an application for registration of Trade Mark "AVON" and label mark of Avon on 27/11/2006, confirmation of the same is being awaited. Besides this the Company has not applied for any intellectual property registration.

Purchase of Property

As per appraisal report, out of the total project cost Rs. 465 lacs, an amount of Rs.250 lacs is proposed to be deployed on acquisition of land and construction of factory shed. The Company has acquired land & building admeasuring 20982 sq. ft. at plot no. 49, Himuda Industrial Area, Bhatoli Kalan, Baddi, Himachal Pradesh from M/s Goodwill Polymers, a partnership firm having office at plot no. 4, 1st floor, Kaushal Complex, Baddi, Himachal Pradesh, vide agreement forsale dated 14/05/2008. The cost of land building was Rs. 265.00 lacs out of which Rs. 199.98 lacs have already been paid.

There were no transactions relating to the said property between the vendor of property and the Company or Promoter/Director of the Company during the past two years. Besides this except as stated in this Prospectus and save in respect of the property purchased oracquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the issue (if any), there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue.

KEY INDUSTRY REGULATIONS AND POLICIES

Standards of Weights & Measures Act in Detail

Salient features of the Standards of Weights and Measures Act, 1976 are as follows:

- Establishment of the weights and measure based on the SSI units, as adopted by the CGPM and recognized by the OIM.

Unit	Abbreviation
Mass	Kilogram (kg), gram (g), milligram (mg)
Length	Metre (m), centimetre (cm), milli metre (mm)
Area	Square metre (m ²)
Capacity	Kilo litre (kl), litre (l or L), milli litre (ml)
Temperature	Degree Celsius (°C) of Degree Kelvin (°K)
Volume	Cubic metre (m ³), Cubic Centi-metre (cm ³) cubic milli metre (mm ³)

- Provides to prescribe specification of measuring instruments used in commercial transaction, industrial production and measurement involved in public Health and Human safety. The specifications are given in the Standard of weights and Measures (General) Rules 1987.
- Regulation of inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures;
- Regulation of pre-packed commodities sold or intended to be sold in the course of inter-state and commerce;
- Approval (before manufacture) of models of weights and measuring instrument intended to be manufactured after the commencement of the proposed legislation;
- Control and regulation of export and import of weights and measures and commodities in packaged form;
- Establishment of an Indian Institute of Legal Metrology to provide training in legal metrology to inspectors and others;
- Surveys and collection of statistics for facilitating planning and enforcement of the proposed legislation.
- Inspection of weighing and measuring instruments during their use to prevent fraudulent practices.
- Powers of inspectors to search, seize and forfeiture of non-standard weight or measure
- Power to file case in the court for prosecution
- Power to compound certain cases before or after the institution of the prosecution cases.
- Appeal provisions
- Prescribe fee for various service rendered
- Power to make rules for implementing the provisions of the Act.

Indian Environment Regulations:

The three major statutes in India that seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act,

1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (PCBs) are vested with diverse powers to deal with Water and Air Pollution have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

The management, storage and disposal of hazardous waste is regulated by the Hazardous waste Management Rules, 1989 made under the Environment Protection Act, 1986. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Others:

Apart from the above, other laws and regulations that may be applicable to the Company include the following:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Industries (Development and Regulation) Act, 1951;
- Factories Act, 1948;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Payment of Bonus Act, 1965;
- Payment of Wages Act, 1936;
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Shops and Commercial Establishments Act; and
- Environment (Protection) Act, 1986, and Environment (Protection) Rules, 1986.

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act and presently attract an ad-valorem excise duty at the rate of 16% and also an education cess of 2% over the duty element.

Customs Regulations

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. The customs duty on iron and steel items falling under Chapter 72 of the Custom Tariff Act, 1975 has been reduced sharply during the last five years. The current custom duty on non-alloy steel is 5%. The peak rate of custom duty on iron and steel items falling under Chapter 72 items was brought down from 40% to 20% on January 1, 2005. The current basic custom duties on imports of raw materials range up to 10%.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

The Company was incorporated as a Private Ltd. Company on 04/03/1999 under the name and style of Avon Weighing Systems Pvt. Ltd. with Registrar of Companies, Maharashtra, Mumbai. The main objects of the Company in brief were to 1) to acquire the business of Avon Enterprises and 2) to carry on the business of manufacturing, assembling all kinds of weighing instruments etc.

Avon Enterprises, a partnership firm was promoted by a young, first-generation entrepreneur, Mr. Pankaj Saraiya, in the year of 1995. 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 major manufacturers of various kind of electronic weighing balances/systems in the world. In the beginning of 1996, A&D Company Japan ('A&D'), one of the major weighing systems producer in the world, appointed Avon Enterprises as its Indian distributor.

The Company entered into Deed of Declaration of Assignment of Business on 31/03/1999 with Shri Pankaj P. Saraiya and Smt. Shantaben P. Saraiya both carrying on business in partnership in the name and style of M/s Avon Enterprises. Pursuant to the above assignment the Company therein has become the sole owner of the entire business of Avon Enterprises.

The Company was converted into public limited Company on 25/04/2004 with the name 'Avon Weighing Systems Ltd'. The Registered office of the Company is situated at 15/B, 2nd Floor, Kamal Kunj, S.V. Road, Irla Bridge, Andheri (W), Mumbai – 400 058

Since then Avon has grown from strength to strength. From a turnover of Rs. 26 lakhs in 2000, Avon has achieved a turnover of Rs.3910.49 lacs - during the year ended 31/03/2007.

MAIN OBJECT OF THE COMPANY

The main objects of the Company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

1. To take over the existing partnership firm M/s. Avon Enterprises in all its entirety including all its assets and liabilities and on such takeover, the firm shall stand dissolved.
2. To carry on in India or elsewhere the business to manufacture, assemble, fabricate, alter, convert, design, develop, import, export, buy, sell, let on hire, install, market and to act as agent, stockist, distributor or otherwise deal in all kinds of weighing instruments, equipments, apparatus, components, systems, devices, implements, fittings, tools, tackles, spare parts and accessories of all descriptions and to render services as consultants engineers and provide technical know-how for the manufacture, production or marketing of all or any of the above products and to undertake the repairing and maintenance of such machines.

CHANGES IN THE MEMORANDUM OF ASSOCIATION

Date of Shareholders Approval	Nature of changes in the Memorandum of Association
10/03/2000	Increase in Authorized capital from Rs.5 Lacs to Rs. 10 Lacs
30/06/2000	Increase in Authorized capital from Rs.10 Lacs to Rs. 25 Lacs
01/11/2001	Change in registered office from 5E Vaibhav, S.V. Road , Mumbai to 15, 2 nd floor, B- wing, Kamal Kunj, S.V. Road, Irla Bridge, Andheri West, Mumbai – 400 058
30/03/2002	Increase in Authorized capital from Rs.25 Lacs to Rs. 100 Lacs
25/03/2004	Increased authorized Capital from Rs. 100 Lacs to Rs. 250 Lacs
25/05/2004	Company was converted from a Private Limited Company to a Public Limited Company
27/12/2006	Increase in Authorized Capital from Rs. 250 Lacs to Rs. 2000 Lacs

SUBSIDIARIES OF THE COMPANY

There is no subsidiary of the Company.

SHAREHOLDERS AGREEMENT

There is no agreement between any shareholder and the Company

OTHER AGREEMENTS

The Company has entered into an agreement on 01/04/2007 with A&D Company having its principal office at 3-23-14, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-0013 Japan; for acting as selling agent of non-exclusive product line of A&D

The brief terms of this agreement are as follows:

- i. Avon will not handle products manufactured or sold by others that directly compete with the products covered in the agreement in the designated territory, without the consent A&D.
- ii. Products manufactured by A&D Company as a private brand and provided to a third party will not be regarded as the products.
- iii. A&D will provide discounts off the official supplier's export price lists.
- iv. Avon agrees to purchase a specified amount of the products (amount to be in Japanese Yen) for the period stated. A&D will give the agent a 30 day grace period before changes take effect in case of the supplier makes changes in the Export Price Lists.
- v. The final selling prices to customers will be arranged by Avon and will include any foreseeable additional costs for matters such as: sales promotion, repair and maintenance, advertising, sales representatives, etc.

MANAGEMENT

BOARD OF DIRECTORS

Name, Age, Designation, Address, Occupation and DIN No.	Qualification	Date of appointment / Reappointment (Term Period)	No. of equity shares of Avon Weighing Systems Ltd. held	Other Directorships
Mr. Pankaj P. Saraiya (35 years) Chairman and Managing Director 5-E, Vaibhav, 140, S.V. Road, Irla, Vile Parle (W), Mumbai – 400 056 Occupation: Business DIN No.: 00002659	B.Com	25/06/2004 (5 years)	21,02,788	Nil
Mrs. Rupal Pankaj Saraiya (37 years) Whole time Director 5-E, Vaibhav, 140, S.V. Road, Irla, Vile Parle (W), Mumbai – 400 056 Occupation: Business DIN No.: 00002641	B.Com	25/06/2004 (5 years)	7,43,644	Nil
Mrs. Shantaben P. Saraiya (65 years) Director 5-E, Vaibhav, 140, S.V. Road, Irla, Vile Parle (W), Mumbai – 400 056 Occupation: NIL DIN No.: 00002743	SSC	01/04/2004 (liable to retire by rotation)	172	Nil
Mr. Ramesh M. Joshi (64 years) Independent Director D-1303, Panchsheel Heights Mahavir Nagar, Kandivali (W), Mumbai-400 067 Occupation: Senior Consultant DIN No.: 00002683	B.A. & LLB	23/03/2005 (liable to retire by rotation)	Nil	<ul style="list-style-type: none"> ● ICE Securities & Services Ltd ● Vkrangere Software Ltd. ● Indfund Management Ltd. ● Sahara AMC Ltd.
Mr. Anmol Sekhri (57years) Independent Director Flat No.11, Vijay Raj, 229, S.V.Road, Bandra, Mumbai – 400 050. Occupation: Professional DIN No.: 00003258	B.E.(hons) in Electrical Engineering	23/03/2005 (liable to retire by rotation)	Nil	<ul style="list-style-type: none"> ● Anmol Sekhri Consultants Pvt. Ltd. ● Sekhri Wealth Advisors P. Ltd.
Mr. Devang Vyas (49 years) Independent Director 2, Sonika Apartments, Gulmohar Cross Road Lane 9, JVPD scheme, Mumbai-400 049 Occupation: Practicing Company Secretary DIN No.: 01196309	B.Com, LL.B., F.C.S., A.C.I.S (U.K) A.A.S.M	08/01/2007 (liable to retire by rotation)	Nil	Nil

BRIEF BIOGRAPHY OF THE DIRECTORS

Mr. Pankaj Saraiya, aged 35 years has 15 years of experience in the weighing systems industry. He is a commerce graduate. He started his career in 1992 as 'Marketing Executive' with Roman Weighing Scale. He joined Atco Industries Ltd. in 1993 and then in Sartorius in 1994. All these companies are in the business of weighing scale distribution. After gaining knowledge in electronic weighing balances he started his own business through a partnership firm "Avon Enterprises" in the year 1995 which was subsequently converted into private limited company and then become a public limited company in the name of Avon Weighing Systems Ltd. Under his leadership, Avon managed to get an exclusive dealership from A&D Company Japan, which is one of the major manufacturer of weighing systems in Japan. He is presently the Managing Director of Avon. He handles core areas of management and guides the activities of the Company.

Mrs. Rupal Saraiya, aged 37 years is the wife of Mr. Pankaj Saraiya. She is a commerce graduate. She started her career with Avon and is presently acting in the capacity of Whole-Time Director in Avon. She is primarily responsible for the marketing activities of Avon including communication and negotiation with A&D & Tanita.

Mrs. Shantaben Saraiya, aged 65 years, is the mother of Mr. Pankaj Saraiya. She is a one of the founder member of the Company. She has obtained Secondary School Certificate. She is the non executive Director of the Company.

Mr. Ramesh M Joshi, aged 64 years is a Bachelor of Arts & Laws from university of Nagpur. He started his career with RBI in 1963 and served for a period exceeding over 37 years spanned across various departments under various capacities. He was placed on deputation with SEBI in 2001 as Executive Director and retired from SEBI in December, 2002. He is an independent Director of the Company.

Mr. Anmol Sekhri, aged 57 years is a B.E. (hons) in Electrical Engineering from Birla Institute of Technology, Pilani. He was actively involved in Evaluation, Surveys, feasibility studies, valuation of large major projects. He is founder of Anmol Sekhri & Associates engaged in the business of valuation of assets, due diligence, market survey etc. He is also member of well known organization such as CII, FICCI, Bombay Chambers of Commerce & Industry, Institution of Engineers, Asian Securitisation forum etc. He is an independent Director of the Company.

Mr. Devang Vyas, aged 49 years is a B.com, LL.B., F.C.S., A.C.I.S.(U.K), A.A.S.M. He is a Practicing Company Secretary. He has 20 years of experience in Company Law, Merchant Banking and Corporate finance. He is an independent Director of the Company.

MANAGEMENT

The functions of the Company are within the overall control and superintendence of Board of Directors of the Company. The Chairman and the Managing Director of the Company is Mr. Pankaj P. Saraiya who is in-charge of overall day to day functions of the Company. He is assisted by the key managerial personnel and the Whole Time Director of the Company, Mrs. Rupal P. Saraiya. The Board of Directors consists of independent directors and various committees are formed under the corporate governance requirements to look into respective functions.

BORROWING POWERS

Borrowing powers of the board is increased upto Rs. 25 crores. Resolution was passed as on 28/04/2005.

COMPENSATION OF CHAIRMAN AND MANAGING DIRECTOR

Remuneration to Managing Director

Mr. Pankaj P. Saraiya, has been appointed as Managing Director of the Company for a term of five years w.e.f. 25/06/2004. The Company is required to pay a monthly remuneration, which shall be inclusive of perquisites and subject to renewal of the remuneration committee from time to time as the committee decides. Accordingly, the remuneration committee enhanced remuneration payable to Mr Pankaj P. Saraiya upto Rs. 90,000/- per month in their meeting held on 20/10/2006.

Remuneration to Whole Time Director

Mrs. Rupal P. Saraiya, has been appointed as Whole Time Director of the Company for a term of five years w.e.f. 25/06/2004. The Company is required to pay a monthly remuneration, which shall be inclusive of perquisites and subject to renewal of the remuneration committee from time to time as the committee decides. Accordingly, the remuneration committee enhanced remuneration payable to Mrs. Rupal P. Saraiya upto Rs. 90,000/- per month in their meeting held on 20/10/2006.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to Avon Weighing Systems Limited upon the listing of the Company's Equity Shares on the Stock Exchange(s). The Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchange(s) prior to listing. The Company is complying with the relevant provisions relating to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration and the Investor Grievance Committee. The Company believes in adopting the best Corporate Governance practices, based on the below mentioned principles in order to maintain utmost level of transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the Board and the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and redressal of Investor Compliances; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the Company.

1. Board of Directors

The board of Directors of Avon Weighing Systems Limited consists of the following Directors:

Name of Director	Designation	Status
Mr. Pankaj Saraiya	Managing Director	Executive Director
Mrs. Rupal Saraiya	Whole-Time Director	Executive Director
Mrs. Shantaben Saraiya	Director	Non-Executive Director
Mr. R. M. Joshi	Director	Non-Executive & Independent
Mr. Anmol Sekhri	Director	Non-Executive & Independent
Mr. Devang Vyas	Director	Non-Executive & Independent

The Company has formed relevant committees as below:

2. Audit Committee

In terms of provisions of Companies Act, 1956 & requirements 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 31/03/2007:

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

The terms of reference to the Audit Committee are as follows:

- To review reports of the Internal Audit Department and recommend to the Board to decide about the scope of its working including the examination of major items of expenditure.
- To meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
- To review the auditor's report on the financial statements and to seek clarification thereon, if required, from the auditors.
- To review the weakness in internal controls, if, any reported by the internal and statutory auditors and report to the Board the recommendations relating thereto.
- To act as a link between the statutory and internal auditors and the Board of Directors.

3. Investor Grievance Committee

The Board constituted the Investor Grievance Committee on 08/08/2007. The Shareholding Committee comprises of the following Directors.

1. Mr. Pankaj Saraiya (Chairman)
2. Mr. R. M. Joshi
3. Mr. Devang Vyas

The committee shall oversee share transfers and monitor redressal of shareholder, depositor and investor complaints. The committee shall also review the processes and service standards adopted by the in-house share department/Registrar and Transfer Agent, the complaints received by the Company and their resolution

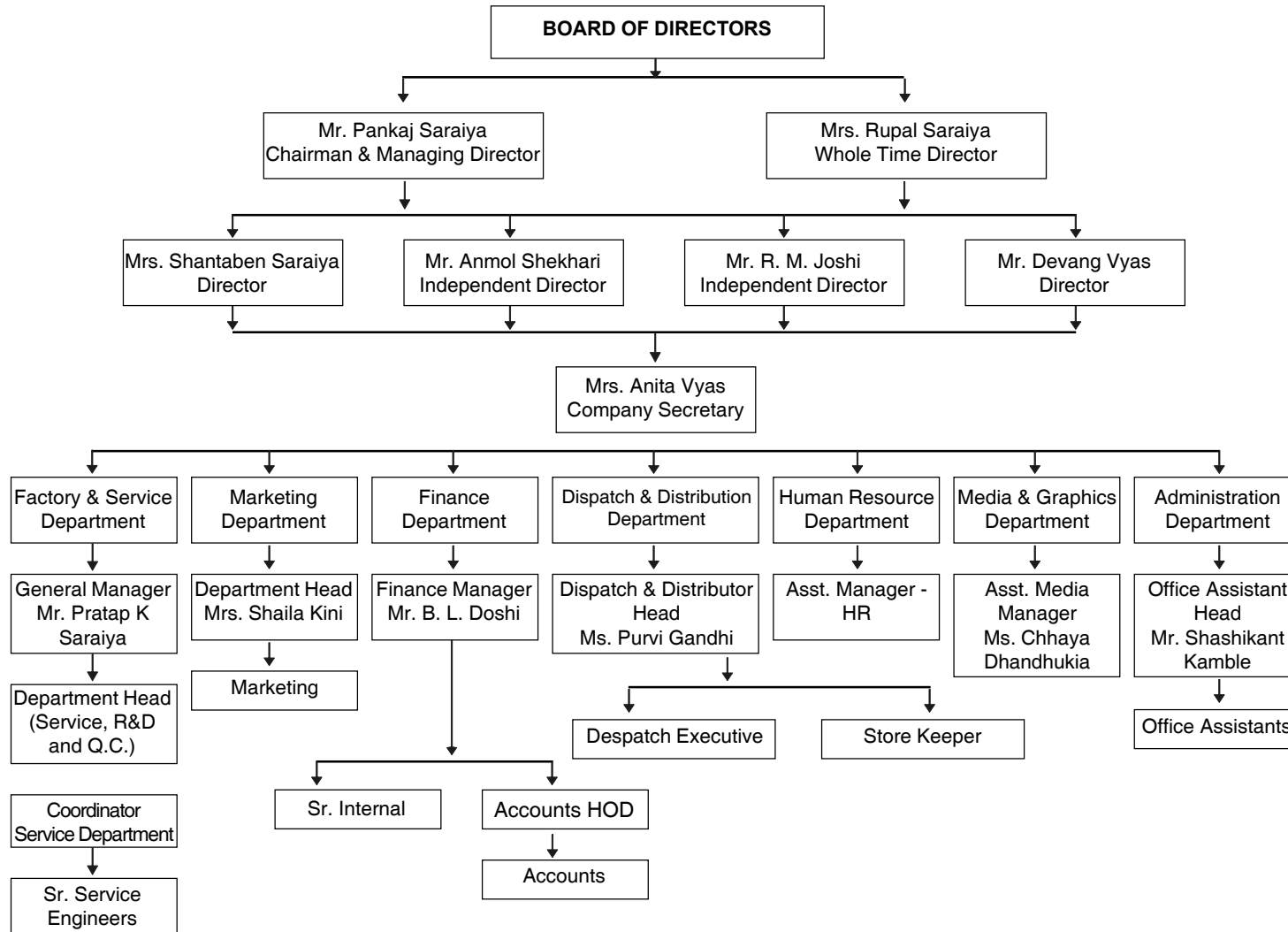
INTEREST OF PROMOTERS/DIRECTORS

All the Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the articles. The Directors may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners.

Changes in the directors during the last three years and reasons thereof:

Sr. No.	Name	Date of Change	Reason for change
1	Mr. R M Joshi	26/09/2005	Appointed as additional (independent) director
2	Mr. Anmol Shekri	26/09/2005	Appointed as additional (independent) director
3	Mr. Devang Vyas	08/01/2007	Appointed as additional (independent) director

MANAGEMENT ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

The list of Key Managerial Personnel's is as follows:

Name, Age, Designation & Address	Qualification	Years of experience in the Company	Date of appointment	Previous employment & total experience	Remuneration per Annum (Rs. in Lacs)
Mrs. Antia Vyas (45) Company Secretary 52 A, Krishnakunj, Nr. Yamuna Nagar, Lokhandwala, Andheri (W) Mumbai - 400 053.	B.Com. L.L.B, FCS.	1.8 Years	15/09/2006	Whole-Time Practice (19Years)	2.64
Mr. Pratapsinh Saraiya (67) General Manager 5-E, Vaibhav 140, S.V.Road, Irla Vile Parle (W) Mumbai- 400 056.	Diploma in Electrical Engineering (D.E.E)	4 Years	01/04/2004	M/s. Bombay Suburban Electric Supply Ltd . (44 years)	1.98
Mr. Pares Chheda (37) Q.C. Manager 20/4, Sai Aradhana Apartment, Phirozshah Road, Santacruz (W), Mumbai - 400 054.	Diploma in Electronic & Telecommuni- cation	12 Years	01/04/1996	Diamond Processing Corporation (16 years)	2.46
Mr. Vishal Pawar (27) Sr. Service Engineer ½ John fellow meena chawal, Shivkrupa nagar, Bhandup (e) Mumbai - 400 042 (Electronics)	B.E.	3.11 Years	12/05/2004	Penta Electronics System (5 Years)	1.08
Mrs. Shaila Kini (27) Marketing Head 8/412, MHB Colony Khernagar, Bandra (E) Mumbai -400 051	Diploma in Computer Technology	4.3 Years	22/12/2003	Industrial & Trade Links (6.7 years)	1.92
Mrs. Sharmila S. Deorukhkar (29) Internal Auditor 304-B, Pancham, Swarganga Apts., Bolinj Road, Virar (West), Mumbai- 401303	C.A. Final Gr – I / M.Com.	1.10 years	01/06/2006	M/s. Morries Securities Pvt. Ltd (9 Years)	1.74

Name, Age, Designation & Address	Qualification	Years of experience in the Company	Date of appointment	Previous employment & total experience	Remuneration per Annum (Rs. in Lacs)
Mrs. Veena Patil (25) Head -Accounts Dept. Panchvati Co-op. HSG.Soc. A-3, G-7 M.M.Rd, Andheri (E) Mumbai-400 057	B.Com	2.1 years	02/02/2006	Sunita Tools Pvt. Ltd (7 Years)	1.86
Mrs. Pallavi Gavandi (27) Business Development Manager Santosh Sadan, Paspoli Village, Vihar Lake Road, Near Nitie, Powai, Mumbai-400 087	B.Com	1.3 Years	02/01/2007	Path Fincap Inc (9 years)	3.06
Ms.Purvi Gandhi (30) Dispatch & Distribution Head A/404, Shreepal Nagar, Behind Saibaba Nagar, Borivali (W), Mumbai-400 092	B.Com	4 Years	12/03/2004	J.P.Electronics (10 Years)	1.74
Mr. Bhupendra Doshi (71) Finance Manager 3, Gandhi Terrace, Kama Lane, Ghatkopar (W) Mumbai-400 086	B.Com	4 Years	01/04/2004	Tata Enterprise (56 Years)	1.98

Mr. Pratapsinh Saraiya and Mr. Bhupendra Doshi both hold 170 equity shares each of the Company. Besides this no persons mentioned above as Key Managerial Personnel hold any equity shares of the Company. None of the above key managerial personnel is related with Promoter and Director of the Company.

CHANGES IN KEY MANAGERIAL PERSONNEL

Changes in the key managerial personnel during the past three years are as follows:-

Sr. No.	Name	Designation	Date of Change	Reason
1	Mrs. Ranjana Gaggar	Company Secretary	27/08/2005	Appointed
2	Ms. Sujita Patki	PR & Advertising Manager	31/01/2006	Resigned
3	Mrs. Veena Patil	Accounts Head	01/02/2006	Appointed
4	Ms. Sulbha Khisti	Accounts Head	03/03/2006	Resigned
5	Mrs. Ranjana Gaggar	Company Secretary	02/05/2006	Resigned
6	Mrs. Sharmila S. Deorukhkar	Internal Auditor	01/06/2006	Appointed
7	Mr. Manoj Kumar	Accounts Manager	19/08/2006	Resigned
8	Mrs. Anita Vyas	Company Secretary	15/09/2006	Appointed
9	Ms. Pallavi Gavandi	Marketing Executive (Retail)	01/01/2007	Appointed
10	Mr. Yogesh Solshe	Sr. Service Engineer (Factory)	31/01/2008	Resigned

There was no Company secretary for the Company during the period from 03/05/2006 to 15/09/2006.

EMPLOYEE STOCK OPTION SCHEMES

There has been no Employee Stock Option Scheme/Employee Stock Purchase Scheme in existence as on date.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

BONUS OR PROFIT SHARING PLAN FOR KEY MANAGERIAL PERSONNEL

There is no Bonus or profit sharing plan for the key managerial personnel of the Company

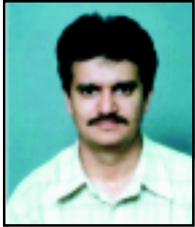

PROFIT OR BENEFIT TO EMPLOYEES /KEY MANAGERIAL PERSONNEL OF THE COMPANY

Besides normal remuneration there is no profit or benefit for the employees/Key managerial of the Company

RELATIONSHIP WITH DIRECTORS/PROMOTERS OF THE COMPANY.

Mr. Pratapsinh Saraiya is the father of Mr. Pankaj Saraiya and Mr. Bhupendra Doshi is the father of Mrs. Rupal Saraiya.

PROMOTERS

	<p>Mr. Pankaj Saraiya, aged 35 years has 15 years of experience in the weighing systems industry. He is a commerce graduate. He started his career in 1992 as 'Marketing Executive' with Roman Weighing Scale. He joined Atco Industries Ltd. in 1993 and then in Sartorius in 1994. All these companies are in the business of weighing scale distribution. After gaining knowledge in electronic weighing balances he started his own business through a partnership firm "Avon Enterprises" in the year 1995 which was subsequently converted into private limited company and then become a public limited company in the name of Avon Weighing Systems Ltd. Under his leadership, Avon managed to get an exclusive dealership from A&D Company Japan, which is one of the major manufacturer of weighing systems in Japan. He is presently the Managing Director of Avon. He handles core areas of management and guides the activities of the Company.</p> <p>Residential Address : 5/E, Vaibhav, plot No. 140, Irla, S.V. Road, Vile Parle (West), Mumbai – 400 056.</p> <p>PAN AMZPS1044F</p> <p>Passport No. E 5273399</p>
	<p>Mrs. Rupal Saraiya, aged 37 years is the wife of Mr. Pankaj Saraiya. She is a commerce graduate. She started her career with Avon and is presently acting in the capacity of Whole- Time Director in Avon. She is primarily responsible for the marketing activities of Avon including communication and negotiation with A&D & Tanita.</p> <p>Residential Address : 5/E, Vaibhav, plot No. 140, Irla, S.V. Road, Vile Parle (West), Mumbai – 400 056.</p> <p>PAN AMZPS1068D</p> <p>Passport No. U 437108</p>

The above details of the promoters have been submitted to Bombay Stock Exchange Ltd. at the time of filing of Prospectus

RELATED PARTY TRANSACTION AS PER THE FINANCIAL STATEMENTS

For details please refer page no. 72 of this Prospectus.

OTHER VENTURES OF THE PROMOTERS

There are no other ventures promoted by the promoters of the Company.

INTEREST OF PROMOTERS

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

DIVIDEND POLICY

The Company has consistently declared and paid dividend for the last 7 years

FY 2007-08	FY 2006-07	FY 2005-06	FY 2004-05	FY 2003-04	FY 2002-03	FY 2001-02
13.5%	13%	12%	7%	5%	2%	2%

PART II
SECTION IV- FINANCIAL INFORMATION
AUDITOR'S REPORT

To,

The Board of Directors,
Avon Weighing Systems Ltd,
15/B, 2nd Floor Kamal Kunj,
S.V Road Irla Bridge,
Andheri (West),
Mumbai 400058.

Dear Sirs,

1. We have examined the financial information of **Avon Weighing Systems Limited** ("the Company") as attached to this report, and as approved by the Board of Directors of the Company, which has been prepared in terms of the requirements of -
 - (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
 - (ii) Securities and Exchange Board of India (Disclosure And Investor Protection) Guidelines, 2000 ('the Guidelines') issued by The Securities and Exchange Board of India ("SEBI") on January 19,2000 in pursuance of Section 11 of SEBI Act, 1992 the SEBI Guidelines and amendments made thereto, to the extent applicable ,
 - (iii) In pursuance to your mandate dated 18th July, 2007 wherein you have requested us to examine the Financial Information referred to above and proposed to be included in the Offer Document of the Company in connection with its proposed public issue of Equity shares.
2. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and the terms of our engagement agreed with you, we further report that:
 - a. The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2008, March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004 examined by us, as set out in Annexure 1 to this report, are after making such adjustments and regrouping as in our opinion were appropriate.
 - b. The Restated Summary Statement of Profit and Loss of the Company for the year ended March 31, 2008, March 31, 2007, March 31, 2006, March 31 and 2005, March 31, 2004 examined by us, as set out in Annexure 2 to this report, are after making such adjustments and regrouping as in our opinion were appropriate.
 - c. Based on our examination of these "Restated Summary Statements", we state that:
 - a. The "Restated Summary Statements" have to be read in conjunctionwith the Significant Accounting Policies and Notes given in Annexure 4 & 5 of this report.
 - b. The "Restated Summary Statements" have been adjusted for material amounts in the respective financial years to which they relate.

- c. There are no extra- ordinary items that need to be disclosed separately in the “Restated Summary Statements”.
- d. There are no qualification inthe auditors’ report that require adjustment to the “Restated Summary Statements”.
3. We have also examined the following financial information set out below prepaid by the management and approved by the Board of Directors relating to the Company for the year ended March 31, 2008; March 31, 2007; March 31, 2006; March 31, 2005 and March 31, 2004.

Details of Other Financial Information Annexure Reference	Annexure
Statement of Cash Flow – Restated	3
Significant Accounting Policies for Avon Weighing Systems Limited	4
Notes to Financial Information for Avon Weighing Systems Limited	5
Schedule of Investments (Quoted & Unquoted)	6
Statement of Dividend Paid	7
Statement of Accounting & Other Ratios	8
Statement of Taxation	9
Statement of Other Income	10
Statement of Outstanding Loans	11
Statement of Sundry Debtors	12
Capitalisation Statement	13
Schedule of Loans & Advances	14

4. This report is intended solely for the use of **Avon Weighing Systems Limited**, for the purpose of inclusion in the Offer Document in connection with the proposed Public Issue of the company. This report may not be used or relied upon by, or disclosed, referred to or communicated by yourself (in whole or in part) to, any third party for any purpose other than the stated use, except with our written consent in each instance, and which consent, may be given, only after full consideration of the circumstances at that time

For **G. M. Purohit & Co.**,
Chartered Accountants

Place: Mumbai
Date: 19th May, 2008

G. M. Purohit
Proprietor
Membership No 031338

ANNEXURE – 1

STATEMENT OF ASSETS & LIABILITIES – RESTATED

(Rs. in Lacs)

		As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05	As at 31-Mar-04
A	Fixed Assets					
	Gross Block	294.69	391.29	290.13	142.99	94.53
	Less : Depreciation	74.71	64.35	52.71	36.99	22.86
	Net Block	219.98	326.94	237.42	106.00	71.67
	Capital Work-in-progress	5.80	15.27	12.17	15.00	—
	Total Fixed Assets	225.78	342.21	249.59	121.00	71.67
B	Investments	—	0.02	0.10	—	—
C	Deferred Tax Asset	2.59	0.29	—	—	—
D	Current Assets, Loans and Advances :					
	Inventories	362.47	205.45	148.34	69.01	79.71
	Sundry Debtors	4144.99	610.86	932.97	889.31	210.12
	Cash and Bank Balances	121.70	337.45	271.56	51.22	16.49
	Loans and Advances	1284.79	1107.79	658.77	76.38	27.53
	Total Current Assets	5913.95	2261.55	2,011.64	1,085.92	333.85
E	Total Assets (A+B+C+D)	6142.32	2604.07	2,261.33	1,206.92	405.52
F	Liabilities and Provisions					
	Secured Loans	1700.62	863.27	579.90	277.25	153.64
	Unsecured Loans	15.52	232.87	35.93	5.39	—
	Deferred Tax Liability	—	—	6.57	4.62	2.32
	Current Liabilities and Provisions	3842.49	1085.64	1,386.20	732.24	131.52
	Total Liabilities and Provisions	5558.63	2181.78	2,008.60	1,019.50	287.48
G	Net Worth (E-F)	583.69	422.29	252.73	187.42	118.04
	Represented by Shareholders Funds :					
H	Share Capital	284.73	284.73	139.97	139.97	91.30
I	Share Application Money	18.25	—	—	1.30	4.29
J	Reserves	280.71	137.56	112.76	46.15	22.45
	Net Worth (H+I-J)	583.69	422.29	252.73	187.42	118.04

Note: The above statement should be read with the significant accounting policies and notes to the accounts for restated financial statements as appearing in Annexure 4 & 5 to the report.

ANNEXURE - 2
STATEMENT OF PROFIT AND LOSS - RESTATED

(Rs. in Lacs)

	2007-08	2006-07	2005-06	2004-05	2003-04
INCOME :					
Sales:-					
(a) Of Products manufactured by the Company	127.24	97.24	98.08	96.02	64.16
(b) Of Products traded in by the Company	4819.67	3813.25	2,137.91	1,050.03	746.59
Total Gross Sales	4946.91	3910.49	2,235.99	1,146.05	810.75
Net Sales	4946.91	3910.49	2,235.99	1,146.05	810.75
Other Income	105.43	56.80	106.91	37.46	41.88
Increase/ (Decrease) in Inventories	161.45	50.16	79.87	(12.29)	(28.65)
Total Income	5213.79	4017.45	2,422.77	1,171.22	823.98
EXPENDITURE :					
Raw Materials Consumed	82.69	48.53	55.23	49.63	35.56
Cost of Traded Goods Sold	4192.80	3168.11	1862.34	730.10	452.21
Direct Expenses	147.56	137.63	93.69	75.59	123.87
Payments to & provision for employees Administration & Selling Expenses	95.40	67.08	59.04	47.99	27.11
Interest & Financial charges	150.65	188.19	148.13	164.85	129.52
Provision for Doubtful debts	251.58	172.88	45.24	32.97	22.94
Depreciation	5.79	3.67	4.08	4.34	—
	12.39	13.40	15.72	14.12	6.81
Total Expenditure	4938.86	3799.49	2,283.47	1,119.59	798.02
Net Profit before Tax	274.93	217.96	139.30	51.63	25.96
Less: Taxation	90.00	80.50	50.00	20.13	10.28
Net Profit after Tax	184.93	137.46	89.30	31.50	15.68
Less: Transfer to General Reserve	30.00	20.00	10.00	2.75	1.75
Less: Provision for Deferred Tax Liability	(2.30)	(6.85)	1.95	2.30	1.58
Add : Balance brought forward	103.07	98.27	39.93	20.70	12.34
Less : Provision for Fringe Benefit Tax	0.85	0.69	0.50	—	—
Profit Available for Appropriation	259.45	221.89	116.78	47.15	24.69
APPROPRIATIONS :					
Dividend Paid	38.44	18.25	16.80	6.39	3.39
Issue of Bonus Shares	—	98.01	—	—	—
Corporate Tax on Proposed Dividend	4.80	2.56	1.71	0.83	0.60
	43.24	118.82	18.51	7.22	3.99
Balance carried to Balance Sheet	216.21	103.07	98.27	39.93	20.70
Total	259.45	221.89	116.78	47.15	24.69

Note: The above statement should be read with the significant accounting policies and notes to the accounts for restated financial statements as appearing in Annexure 4 & 5 to the report.

ANNEXURE - 3
CASH FLOW STATEMENT – RESTATED

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004- 05	2003-04
A Cash flow from operating activities					
Net profit before tax and extraordinary items	274.93	217.96	139.30	51.63	25.96
Adjustments for :					
Depreciation	12.39	13.40	15.72	14.12	6.81
Interest/Dividend Earned	(22.25)	(20.99)	(5.49)	(0.35)	(0.04)
Interest expenses	251.58	172.88	45.24	32.97	22.94
(Profit)/Loss on sale/discard of Fixed Assets (Net)	(1.53)	1.20	—	—	—
	240.19	166.49	55.47	46.74	29.71
Operating Profit before working capital changes	515.12	384.45	194.77	98.37	55.67
Adjustments for :					
Trade and other receivables	(3868.16)	(126.90)	(626.06)	(728.03)	(33.51)
Inventories	(157.03)	(57.11)	(79.32)	10.70	33.38
Trade payables and others	2652.41	(300.56)	653.96	600.72	(2.95)
	(1215.75)	(484.57)	(51.42)	(116.61)	(3.08)
Cash generated from Operations	(700.64)	(100.12)	143.35	(18.24)	52.59
Direct taxes refund/ (paid)	(8.84)	(81.19)	(52.24)	(18.40)	(10.28)
Net Cash from Operating Activities (A)	(709.48)	(181.31)	91.11	(36.64)	42.31
B Cash flow from Investing Activities					
Purchase of Fixed Assets	(4.89)	(104.56)	(147.14)	(48.45)	(44.89)
Sale & Adjustment of Fixed Assets	101	0.44	2.83	(15.00)	—
Purchase of Investments	—	—	(0.10)	—	—
Sale/Redemption Proceeds of Investments	0.03	0.08	—	—	—
Capital Work in Progress	9.47	(3.10)	—	—	—
Interest & Dividend received	22.25	20.99	5.49	0.34	0.04
Net Cash (used in)/from Investing Activities (B)	127.86	(86.15)	(138.92)	(63.11)	(44.85)
C Cash flow from financing Activities					
Proceeds from issue of share Capital/ Calls in arrears/share Application money	18.25	46.74	(1.30)	45.68	31.09
Proceeds from Borrowings	620.01	480.30	333.20	129.00	(11.47)
Dividend & Tax thereon paid	(20.80)	(20.80)	(18.51)	(7.23)	(3.99)
Interest paid	(251.58)	(172.88)	(45.24)	(32.97)	(22.94)
Net Cash used in Financing Activities(C)	365.86	333.36	268.15	134.48	(7.31)
Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	(215.76)	65.90	220.34	34.73	(9.85)
Opening Balance -Cash & Cash Equivalents	337.46	271.56	51.22	16.49	26.34
Closing Balance -Cash & Cash Equivalents	121.70	337.46	271.56	51.22	16.49

ANNEXURE - 4

Significant Accounting Policies for AVON WEIGHING SYSTEMS Limited

1. Basis of Accounting:

The accounts of the company are prepared under the Historical Cost Convention and in accordance with applicable accounting standards and the provisions of the Companies Act, 1956.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

2. Fixed Assets & Depreciation:

2.1 Fixed Assets:

Fixed Assets are stated at Cost of Acquisition inclusive of all incidental expenses incurred towards acquisition and installation thereof.

2.2 Depreciation:

Depreciation on fixed assets is provided on Written down value method at the rates and in the manner prescribed under schedule – XIV of the Companies Act, 1956. Depreciation on fixed assets acquired during the year is provided from date the said Assets have been put to use as certified by the management. However no depreciation is provided on companies property at Malad.

3. Inventories:

Inventories are valued as follows:

Raw material	—	at the lower of cost or net realizable value
Manufactured Finished Goods	—	at the lower of cost or net realizable value
Trading Finished Goods	—	at the lower of cost or net realizable value

4. Sales:

Sales are accounted inclusive of Sales Tax.

Manufactured sales include sales of spare parts from Silvassa Branch.

Maintenance & Services are accounted inclusive of service tax.

Interest income is recognized on time proportion basis.

5. Employee's Retirement Benefits:

Company's Contribution to provident fund is charged to Profit & Loss Account on accrual basis. Liabilities for Gratuity benefits are charged to Profit & Loss Account on the basis of actuarial valuation.

6. **Investments:**

Investments are stated at cost unless there is a diminution in the Value of Investments.

7. **Foreign Currency Transaction:**

Transaction in foreign currency is recorded at the exchange rate prevailing on the date of the transactions. Transactions are not covered by forward exchange contract. Any income or expenses on account of exchange difference either on payment or on translation are recognized in the profit and loss account except in cases where these relate to acquisition of fixed assets, the same are adjusted in the cost of the fixed assets.

8. **Pre-received Income:**

Pre-received income from service contract charges have been apportioned on the basis of number of days services outstanding on the last date of the F.Y.

9. **Taxation:**

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of the Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence of, on timing differences, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods.

10. **Proposed Dividend:**

Dividend proposed by the Board of Directors is provided for in the account & disbursed on approval in the Annual General Meeting.

11. **Provisions, Contingent Liabilities & Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

12. **Impairment Of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

ANNEXURE - 5**Notes to Financial Information of AVON WEIGHING SYSTEMS LIMITED**

(Rs. in Lacs)

	07-08	06-07	05-06	04-05	03-04
1) Managerial Persons Remuneration Remuneration to Managing Director (exclusive of contribution to Gratuity Fund on actuarial valuation). Salaries	10.80	9.90	9.00	8.00	—
Remuneration to Directors (exclusive of contribution to Gratuity Fund on actuarial valuation). Salaries	17.64	15.18	13.95	8.71	4.80
Total	28.44	25.08	22.95	16.71	4.80

Notes: -

- The remuneration paid to the Managing Director is computed as per the provisions of Section 198 of the Companies Act, 1956 read along with the provisions of Schedule XIII thereto.
- As per the terms of appointment applicable during the year, no amount is payable to the Managing Director as commission.
- The products traded by the company includes sales in Intermediary Trade Transactions amounting to Rs. 1790.46 lacs for the financial year 2005-06, Rs. 3095.03 Lacs for the F.Y. 2006-07 & Rs. 2283.77 Lacs for the F.Y. 2007-08.
- The Company has carried out the Intermediary Trade Transactions in the course of import & export of goods & earned a profit of Rs. 190 Lacs for the F.Y. 205-06, Rs. 370 Lacs for the F.Y. 206-07 & Rs. 294 Lacs for F.Y. 2007-08.
- Major components of Deferred Tax Assets and Deferred Tax Liabilities:
The Company has recognized deferred tax arising on account of timing difference, being the difference between the taxable income and accounting income, that originated in one period and is capable of reversal in one or more subsequent period(s) in compliance with Accounting Standard (AS-22) – Accounting for Taxes on Income issued by Institute of Chartered Accountant of India.

(Rs. in Lacs)

Particulars	07-08	06-07	05-06	04-05	03-04
Deferred Tax Liability : Arising on account of timing difference between Depreciation as per Income Tax Act, 1961 and Companies act, 1956 & Other Items.	—	—	6.57	4.62	2.32
Deferred Tax Asset : Arising on account of timing difference between Depreciation as per Income Tax Act, 1961 and and Companies act, 1956 & Other items	2.59	0.29	—	—	—

- 5) Income Tax Assessment of the Company was completed till the assessment year 2006-07. However assessment for the assessment year 2007-08 is pending. No provision has been made in the accounts for additional income tax liability for the assessment year 2006-07 and 2007-08 on account of non payment of self assessment tax for the assessment year 2006-07 and 2007-08 and for short payment of advance tax for the assessment year 2008-09. Amounts unascertained.
- 6) **Disclosure of related parties/related party transactions:**
- a) Key Management Personnel:
- (i) Mr. Pankaj Saraiya
- (ii) Mrs. Rupal Saraiya
- b) The following transactions were carried out during the year with the related parties in the ordinary course of business :

(Rs. in Lacs)

Particulars	Directors					Relatives of Directors				
	07-08	06-07	05-06	04-05	03-04	07-08	06-07	05-06	04-05	03-04
Remuneration	28.44	25.08	22.95	16.71	4.80	3.96	3.72	3.48	7.80	—
Application Money Received	18.25	40.58	—	45.68	2.99	—	0.04	—	—	1.30
Repayment of Loan by issue of Equity Shares	—	6.13	—	—	26.80	—	—	—	—	—
Repayment of Loan	23.12	100.24	23.66	—	—	—	—	12.59	—	—
Loan Received during the year	25.44	101.91	22.72	—	—	—	—	12.59	—	—

7) **Contingent Liabilities:**

Contingent Liabilities may arise due to delayed/ non- compliance of certain fiscal statutes
Amount unascertainable

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Guarantee given to the banks for the personal loan taken by Director of the company	25.00	25.00	20.00	20.00	Nil
Outstanding Bank Guarantees	Nil	793.34	713.76	12.38	Nil

ANNEXURE 6**SCHEDULE FOR INVESTMENTS (QUOTED AND UNQUOTED) FULLY PAID FOR COMPANY**
(Rs. in Lacs)

	As at 31-Mar-08	As at 31-Mar-07	As at 31-Mar-06	As at 31-Mar-05	As at 31-Mar-04
Long Term Investments					
A Book Value of Quoted Investments in Equity Shares	—	—	—	—	—
B Book Value of Unquoted Investments in Equity Shares	—	0.02	0.10	—	—
Grand Total (A+B)	—	0.02	0.10	—	—

ANNEXURE -7**STATEMENT OF DIVIDEND PAID**

(Rs. in Lacs)

	2007-08	2006-07	2005-06	2004-05	2003-04
Equity Shares					
Number of Equity Shares	28,47,284	28,47,284	13,99,690	13,99,690	9,13,000
Face Value per Share (Rs.)	10	10	10	10	10
Paid up Value per Share (Rs.)	10	10	10	10	10
Rate of Dividend (%)	13.50%	13%	12%	7%	5%
Total Dividend (Rs. in Lacs)	43.24	18.25	16.80	6.39	3.39
Corporate Dividend Tax on above	4.80	2.56	1.71	0.83	0.60

ANNEXURE 8**ACCOUNTING RATIOS**

(Rs. in Lacs)

	Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
A	Accounting Ratios					
	Earning per Share - Basic and diluted [as per AS-20]	6.55	6.03	6.08	2.67	1.81
B	Net Asset Value per Share	20.50	14.83	18.06	13.39	12.93
C	Return on Net Worth	31.93%	34.01%	33.68%	16.50%	11.94%

**ANNEXURE - 9
STATEMENT OF TAXATION**

(Rs. in Lacs)

	Financial Year	2007-08	2006-07	2005-06	2004-05	2003-04
A	Tax Rates					
	Normal Tax Rates	33.66%	33.66%	33.66%	36.59%	35.88%
	Minimum Alternative Tax (MAT) u/s 115JB of the Income-tax Act, 1961	11.33%	11.33%	8.42%	7.84%	7.69%
B.	Tax payable on Normal Income					
	Profits before tax as per Audited Accounts	274.93	217.96	139.30	51.63	25.96
	Adjustments on account of Timing Differences	(7.73)	5.15	7.50	(2.11)	(1.41)
		267.20	223.11	146.80	49.52	24.55
	Tax on Normal Income	90.82	75.10	49.41	18.12	8.81
C.	Minimum Alternative Tax paid as per the provisions of Section 115JB as per rates applicable	Nil	Nil	Nil	Nil	Nil

Note: Above data are compiled as per Income Tax Return Furnished under Section 139(1) of the Income Tax Act, 1961. Income Tax Return for financial year 2007-08 is yet to be filed.

**ANNEXURE - 10
SCHEDULE OF OTHER INCOME**

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Repairs & Maintenance charges	6.12	5.96	5.44	6.61	2.11
Service Contract charges	8.22	3.88	6.04	1.88	3.53
Commission Received	12.35	5.65	—	6.99	16.98
Discount & sundry balance w/off	1.06	2.40	5.05	0.69	0.24
Service tax received	1.18	1.39	0.71	—	—
Interest recd.	22.25	20.99	5.49	0.35	0.04
Compensation received against Exhibition/Advertisement	9.93	—	59.14	—	—
Foreign Exchange Fluctuation	28.82	12.08	12.72	0.11	0.51
Exhibition Income	0.29	0.03	12.18	19.96	18.02
Miscellaneous Income	13.68	4.42	0.14	0.87	0.45
Profit on Sale of Asset	1.53	—	—	—	—
	105.43	56.80	106.91	37.46	41.88

ANNEXURE - 11
DETAILS OF OUTSTANDING LOANS AS AT 31st Mar, 2008
SECURED LOAN:-

(Rs in Lacs)

Particulars	Sanctioned	Outstanding As on 31.03.2008	Margin	Rate of Interest/ Commission
Term Loan A. Banks : Bank of India Term Loan A/c- II (Available only upon the successful issue of the companies proposed IPO) Refer Note 1 below	260.00	N.A.	25%	For rupees loan same as above for FCL to be decide by HO
Bank Borrowings : (Fund Based) Cash Credit Facilities: 1. against hypothecation of stocks 2. against hypothecation of Book Debts	250.00 100.00	} 220.62	25% 35%	Existing @ 0.75% over BPLR i.e. presently @ 14% p.a. Proposed @ 1.25% over BPLR present 14.50%. Existing @ 0.75% over BPLR i.e. presently @ 14% p.a. Proposed @ 1.25% over BPLR presently 14.50%
Export Packing Credit	730.00	600.00	25% against confirmed orders and 10% against L/C's	As per extant guidelines on Export credit
WCDL	880.00	880.00	—	Repayable in 12 bimonthly installments over period of 24 months
Total Limit Sanctioned	2,220.00	1700.62		

NOTES TO SECURED LOANS

1. Term Loan A/c from Bank of India is secured by way of Equitable Mortgage over the Factory building, office premises, plant & machinery, Residential Flats and corporate office (all proposed to be built/ purchased by the company, as per the proposed project). The

said fixed assets will be at different locations but mostly in Baddi, Himachal Pradesh. The term loan to be released only upon the successful issue of the company's proposed IPO.

2. Cash Credit Facility are jointly secured by hypothecation on Stock, Book Debts and other Current Assets with Collateral charge on Company's Fixed Assets, Office Premises and Personal Guarantee of the Directors.
3. Fund/Non Fund based Working Capital facilities are secured/to be secured by hypothecation of Inventories and Book debts and by a second charge on immovable properties which are proposed to be acquired.
4. Working Capital Demand Loan has been restructured by Bank of India on 14.01.08 by converting overdue of Rs. 880 Lacs out of cash credit account, unpaid bill under L.C. and unpaid interest into WCDL repayable in 12 bimonthly installment over period of 24 months.

UNSECURED LOAN:-

(Rs in Lacs)

Particulars	Sanctioned	Outstanding As on 31.03.2008	Margin	Rate of Interest/ Repayment of Schedule
Bank of India Borrowings (Non Fund Based) Against L/C Import	250.00	NIL	20%	18% p.a./ 180days
Citi Bank (NA)	10.00	5.53	—	19% / Rs. 92,160/- p.m. 12 EMI
	15.00	7.67	—	20%/ Rs. 1,38,235/- p.m. 12 EMI
Bank of India Borrowings (Non Fund Based) Inland guarantee	20.00	—	20%	As per H.O. guidelines from time to time
From Directors	—	2.32		
Total	295.00	15.52		

**ANNEXURE - 12
SUNDRY DEBTORS**

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Debts outstanding for a period exceeding six months					
Considered Good	1863.30	280.38	58.66	57.19	57.33
Considered Doubtful	19.59	13.80	10.13	6.06	1.71
Less : Provided for	19.59	13.80	10.13	6.06	1.71
	1863.30	280.38	58.66	57.19	57.33
Other Debts Considered Good	2281.69	330.47	874.31	832.12	152.79
	4144.99	610.86	932.97	889.31	210.12

The list of Sundry Debtors outstanding for the period exceeding six months and considered good has been determined by the management and relied upon by the auditors. The auditors have not performed and procedures.

**ANNEXURE - 13
CAPITALISATION STATEMENT**

(Rs. in Lacs)

Particulars	Pre-Issue as at 31/03/2008	Post Issue
Borrowings :		
Short-term Debt**	615.52	615.52
Long-term Debt	1100.62	1360.62
Total Debt	1716.14	1976.14
Shareholders' funds:		
Share Capital	284.73	1658.03
Reserves	280.71	280.71
Share Application Money	18.25	—
Total Shareholders' Funds	583.69	1938.74
Total Capitalization	2299.83	3933.13
Long-term Debt/Equity ratio	1.89:1	0.70:1
Total Debt/Equity ratio	2.94:1	1.01:1

** Short term debt includes export packing credit, Unsecured Loan of Rs. 25 lacs from Citi Bank (NA).

ANNEXURE - 14
SCHEDULE OF LOANS & ADVANCE

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Advance to Suppliers	586.68	544.30	456.46	1.10	2.32
Advance Income Tax & TDS	8.12	3.88	4.60	6.07	0.09
Discount Receivable from Grains & Industrial Product	424.80	365.32	—	—	—
Commission Receivable	17.13	5.65	—	22.33	0.92
Compensation Receivable for Marketing	62.36	57.56	59.14	20.00	—
Advertisement	10.12	—	—	—	—
Service Tax – set off	4.93	1.05	0.26	—	—
Prepaid Expenses	35.00	28.79	99.99	8.69	8.76
Loans to Others	45.36	34.62	—	—	—
Loans to Staff	0.15	0.20	0.21	—	0.22
Deposits	76.31	35.36	32.84	16.97	14.36
Interest accrued on FDR/SDR	9.13	5.73	—	—	—
Other Advances	4.70	25.33	5.27	1.22	0.86
TOTAL	1284.79	1107.79	658.77	76.38	27.53

Note: The list of advances to suppliers outstanding for the period exceeding six months and considered good has been determined by the management and relied upon by the auditors. The auditors have not performed any procedures.

Changes in Accounting Policies

There have been no changes in accounting policies since inception.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

a. Overview of the Business of Avon Weighing Systems Ltd. / Business Outlook:

Avon Weighing Systems Limited is engaged in the business of selling weighing systems in India.

Avon is the authorized and one of the distributors of A&D and Tanita's weighing systems in India. M/s A&D Company Ltd.(A&D), Japan and Tanita Corporation (Tanita), Japan both are the major weighing scale manufacturers in the world in their range of products. A&D & Tanita's weighing systems are renowned for their precision and consistency. A&D's balances are particularly used in industries where precision weighing is critical; gems and jewellery, pharmaceuticals and chemicals, research and development laboratories, defense, etc.

Presently Avon is procuring weighing systems directly from A&D and Tanita for marketing it in India. Avon is also carrying assembly work at its Silvasa plant as per client's requirement after importing all the parts from A&D and Tanita. The product range of the Company caters wide range of industry such as pharmaceuticals, chemicals, gems & jewellery, healthcare, retail etc.

b. Significant Development subsequent to last financial period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially or adversely affect or is likely affect the trading or profitability of the Company, or the value of its assets, or its ability to pay liabilities within next twelve months.

c. Factors that may affect Results of Operations

Except as otherwise stated in this prospectus, the Risk Factors given in this prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting industrial activity;
- Increasing competition in the industry;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.
- Foreign exchange rate fluctuations

d. Discussion on Results of Operations

Analysis of Financial Performance of Avon Weighing Systems Limited

The following discussion of our financial condition and results of operations for the financial year ending March 31, 2007, 2006, 2005 and 2004 respectively including the notes thereto and the reports thereon which appear in this prospectus.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

(Rs. In lacs)

Particulars	For the year ended 31 st March						
	2008	% change from previous year	2007	% change from previous year	2006	% change from previous year	2005
Income							
Operational Income	4946.91	26.50	3910.49	74.89	2235.99	95.10	1146.05
Other Income	105.43	85.62	56.80	(46.87)	106.91	185.40	37.46
Increase/(Decrease) in Stock	161.45	221.87	50.16	(37.20)	79.87	749.88	(12.29)
Total Income	5213.79	29.78	4017.45	65.82	2422.77	106.86	1171.22
Expenditure							
Raw Material Consumed	82.69	70.39	48.53	(12.13)	55.23	11.28	49.63
Purchase (Trading)	4192.80	32.34	3168.11	70.11	1862.34	155.08	730.10
Direct Expenses	147.56	7.21	137.63	46.90	93.69	23.96	75.58
Payments to & provisions for Employees	95.40	42.22	67.08	13.62	59.04	23.05	47.98
Administrative and Selling Expenses	150.65	(19.95)	188.19	(27.04)	148.13	(10.14)	164.85
Provision for doubtful charges	5.79	57.77	3.67	(10.05)	4.08	(5.99)	4.34
Profits before Interest, Depreciation and Tax (PBIDT)	538.90	33.31	404.24	101.86	200.26	102.82	98.74
Interest & Financial Charges	251.58	45.52	172.88	282.14	45.24	37.22	32.97
Depreciation	12.39	(7.54)	13.40	(14.76)	15.72	11.33	14.12
Total Expenditure	4938.86	29.99	3799.49	66.39	2283.47	103.96	1119.59
Net profit/(Loss) before tax	274.93	26.14	217.96	56.47	139.30	169.80	51.63
Net Profit/(Loss) after tax	184.93	34.53	137.46	53.93	89.30	168.73	33.23

Financial performance for FY 2007-08 vs. FY 2006-07

- i. **Sales:** The turnover of the company during F. Y. 2007-08 was Rs 4946.91 Cr. against turnover of Rs. 3910.49 lacs for the F.Y. 2006-07 a rise of 26.50%. The sales of the company increased substantially because of the enhanced orders and demand for the products of the Company due to aggressive marketing strategies.

- ii. **Other Income:** The other income of the Company increased by Rs 48.62 Lacs during F.Y. 2007-08, which is approx 85.60% than previous year. The other income increase in 2007-08 was on account of compensation receivable against advertising expenses, forex gain due to exchange rate fluctuation and commission income on direct import order.
- iii. **Interest and Financial Charges:** The Interest and Financial Expenses have gone upto Rs 251.58 Lacs during F. Y. 2007-08 from Rs. 172.88 Lacs for F.Y. 2006-07. During F.Y. 2006-07 approx for first six months the bank limit was Rs. 1191 lacs which doubled in second half year i.e. to Rs. 2245 lacs. This limit of Rs. 2245 is continued for full year in F.Y. 2007-08 due to such limit enhancement, Bank interest amount & Bank charges for enhancement of limit amount was increased compare to F.Y. 2006-07.

Financial performance for FY 2006-07 vs. FY 2005-06

- i. **Sales:** The turnover of the Company during F.Y. 2006-07 was Rs. 3,910.49 lacs against turnover of Rs. 2,235.99 lacs for the F.Y. 2005-06, a rise of 74.89%. Hence, the sales of the Company increased substantially i.e. about 75% during F.Y. 2006-07 compared to F.Y. 2005-06 because of this export project.
- ii. **Other Income:** The other income of the Company decreased by Rs. 50.11 lacs during FY 2006-07, which is approx. 46.87% less than previous year. The other income increased in 2006 was on account of compensation received against exhibition which is not received in 2007.
- iii. **Interest and Financial Charges:** The Interest and Financial Expenses have gone up to Rs. 172.88 lacs during F.Y. 2006-07 from Rs. 45.24 lacs for FY 2005-06. During F.Y. 2005-2006 the Company has opened One Advance Payment Export performance Bank Guarantee against one of the big project of Export to Singapore; hence the Company has put all interest & financial expenses under prepaid expenses such as Bank Commission, Bank Interest, EPC Bank Interest against limit etc. as operational expenses, which the Company has reversed during F.Y. 2006-07. Therefore interest & financial Expense hikes during F.Y. 06-07 & simultaneously prepaid expenses decreased. Hence our sales also tremendously increased i.e. about 75% during F.Y. 06-07 compare to F.Y. 05-06 because of this export project.
- iv. **Profit after Tax:** During F.Y. 2006-07 the Profit after tax of the Company rose by 53.93% than previous year. The reasons for increase in profit were because of turnover which increased by 74.89 % in F.Y. 2006-07 as compared to F.Y. 2005-06.

Financial performance for the FY 2005-06 vs. Financial Year 2004-05

- i. **Sales:** During F.Y. 2005-06 the turnover of the Company was increased by 95.10% from previous year. The trading sales of the Company during this F.Y. 2005-06 was Rs. 2,235.99 lacs as compared to previous year of Rs. 1,146.05 lacs, which leads to increase in turnover of the Company.
- ii. **Other Income:** The Company has earned other income of Rs. 106.91 lacs for the F.Y. 2005-06 as against other income of Rs. 37.46 lacs for F.Y. 2004-05 on account of heavy income generated from Exhibition by Rs. 61.23 lacs.

- iii. **Interest and Financial Expenses:** The Interest and Financial Expenses have gone up to Rs. 45.24 lacs during F.Y. 2005-06 from Rs 32.97 lacs during F.Y. 2004-05 on account of availment of additional working capital facilities (Fund based & Non Fund based) for trading activity.
- iv. **Profit after tax:** The Profit after tax is at Rs. 89.30 lacs for the year ended on 31/03/2006 against Rs. 33.23 lacs for the year ended 31/03/2005. The profit has gone up due to increase in contribution of trading activity of Company during this period.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this prospectus, which may be called “unusual” or “infrequent”.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Discontinuation of fiscal benefits by Himachal Pradesh State Government for setting up a manufacturing plant at Baddi, Himachal Pradesh will have major impact on the margins of the Company. Besides this as mentioned in the Prospectus there are no significant economic changes that materially affected or likely to affect income from continuing operations.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

As described in this Prospectus, there are no known trends or uncertainties that have or had or are expected to have a materially adverse impact on revenue or income of the Company from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

As described in this Prospectus, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase / decrease in turnover are only on account of increase in sales prices and volume.

6. Total turnover of each major industry segment in which the Company operated

There are no published data available to the Company for total turnover of the weighing system Industry.

7. Status of any publicly as announced new products a business segment

The Company has not publicly announced any new products. The Company is a distributor of weighing systems of A&D and Tanita in India. The Company is now proposing to set up a manufacturing plant in India with the technical help of Tanita. Till date the Company has not drawn any significant income from manufacturing activity.

8. The extent to which the business is Seasonal

The business of the Company is not seasonal.

9. Dependence on single or few suppliers / customers

The Company is authorized distributor for products of A&D and Tanita in India. Further, the major parts of weighing scales required for proposed project will also be are sourced from Tanita. Therefore, the Company is significantly dependent on A&D and Tanita for supply of weighing scales and its parts.

10. Competitive conditions

For details of competitive conditions please refer to Section titled, "Business Overview" on page no. 43 of this Prospectus.

VI. LEGAL AND OTHER INFORMATION

A) OUTSTANDING LITIGATION, DEFAULTS AND MATERIAL DEVELOPMENTS

a. Outstanding Litigations involving Avon Weighing Systems Limited:

Non payment or delayed payment of certain statutory dues;

There certain non payment or delayed payment of certain statutory dues by the Company. Any further delay or non payment of there statutory dues may attract financial penalties from the respective government authorities. There has been delay in depositing with appropriate authorities undisputed statutory dues including Provident Fund, ESIC, Income tax, Sales tax and any other material statutory dues by the Company. Further, the Company has not deposited the sey assessment tax (Income tax) for the assessment year 2006-2007 amounting to Rs. 51,46,040/- & A.Y. 2007-2008 amounting to Rs. 81,04,850/-. Further more the undisputed Sales tax of Rs. 9,89,490/-, PF of Rs. 1,71,187/- and ESIC of Rs. 38,677/- for the period F.Y. 2007-08 not been paid by the Company.

The Company certifies that, besides this there are no:

- Pending litigations against the Company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the Company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956).
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and there business ventures.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/ Directors other than those mentioned in this Prospectus and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.

In the opinion of the Company there have been no material developments after the date of latest balance sheet, which would have an impact on the performance and the prospects of the Company other than what has been set out in this Prospectus.

b. Outstanding Litigations involving Promoters/Directors of Company

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks/ financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoters and director of the Company.

B) GOVERNMENT/ STATUTORY & BUSINESS APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further approvals from any Government authorities/RBI are required by the Company to undertake the business of the Company. It must be distinctly understood that, in granting these licenses, the Government of India and/or RBI does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

The Company has obtained necessary approvals and registrations from various authorities in relation to its business activities; which include:

- i) Permanent Account Number (AACCA0545M);
- ii) Certificate of Registration under the Central Sales Tax Act, 1956 (Reg. No.: 401202C1548) CST TIN 27770003647C and Value Added Tax, 2005 (Reg. No.: 401202S1922) VAT TIN 27770003647V;
- iii) Certificate of Importer-Exporter Code (IEC- 0395045037) issued by Government of India, Ministry of Commerce, Office of Jt. Director General of Foreign Trade;
- iv) Certificate of Registration (No.:35-618-102) with the Employees' State Insurance Corporation under Employees' State Insurance Act., 1948;
- v) Certificate of Registration (No.: MH 144787) under Employees Provident Fund & Miscellaneous Provisions Act, 1952;
- vi) Certificate of Registration- VAT HP VAT Rules 2005 (No. 9784) and CST (Regn. No. 9823);
- vii) Registration under the Profession Tax Rules (PR/R/1/29/19887);
- viii) Certificate of exemption from Sales Tax and CST notification DNH ST/ 4-1-99;
- ix) License (no.LD/MH/A031) for sales of weighing scales, from Sub-Controller, State of Maharashtra, Mumbai division;
- x) License (no.LR/MH/A031) for repairing of weighing scales, from Sub-Controller, State of Maharashtra, Mumbai division;
- xi) Certificate for registration (no.KW-11/006987) as a commercial establishment under Bombay shops and Establishments Act 1948 from Bruhanmumbai Municipal Corporation.

Besides this the Company also obtained following licenses/approvals:

- i. The Company has obtained registration as Small Scale Industry, license no. 020911102 for manufacturing electronic and weighing scales, balance by assembly only issued by Director, SSI, Dadra and Nagar Haveli, Silvassa.

- ii. Model approval certificate dated 02/12/1999 issued by Government of India, Ministry of Food & Consumer Affairs, Weights and Measures Unit under the Standards of Weights and Measures (Approval of Models) Rules, 1987 in favour of M/s Avon Enterprises approving the following model(s):

Sr. No.	Details	Class	Approval Mark
1.	Table Top SK Series	AC Class III	IND/09/99/77
2.	Platform Type AV Series	AC Class III	IND/09/99/78

Trademarks

The Company has applied for registration of certain trademarks the details of which are as follows:

Sr. No.	Name of Trademark	Application Number and Class	Date of Application	Status
1	"Avon"	1507528	27/11/2006	The application filed with the Trade Marks Registry and the same is pending for registration.
2	Lable Mark of Avon	1507529	27/11/2006	The application filed with the Trade Marks Registry and the same is pending for registration.

Approvals for proposed Projects

The Company proposes to setup a manufacturing plant at Baddi, Himacahal Pradesh. The various approvals/consents/ registrations required for the proposed plant and its present status is as follows:

Nature	Status
Manufacturing License	The Company has made an application to Weights and measurement Dept. on 13/09/2007.
Consent for Pollution Control	The Company has made an application on 07/08/2007 to HP State Environment Protection and Pollution Control Board, Baddi For renewal of consent which was expired on 19/07/2007.
Power	The Company has made an application on 07/04/2007 for supply of power at Baddi along with requisite fee. Since the location is yet to be finalized, the Company has not received power release certificate from them.

Besides this, the Company needs to obtain Model Approval Certificate from Ministry of Consumer Affairs, Weights & Measurement Unit, New Delhi for each of the products manufactured. The Company will apply for this certificate after commencement of manufacturing process.

Patents

No patent is applicable as the products marketed by the Company are not patented in India. The products manufactured by assembling are also not patented.

SECTION VI- REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The shareholders of the company, vide a special resolution passed under section 81 and 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting held on 01/08/2007, have authorised the Board of Directors for issue of upto 1,73,00,000 equity shares of Rs.10/- each aggregating to Rs.17.30 crores. The Board of Directors of the company pursuant to a resolution passed at the Meeting held on 20/08/2007 have decided to offer 1,37,33,033 equity shares of Rs. 10/- each at par aggregating to Rs. 1373.30 lacs. Out of which 38,96,633 equity shares will be issued to the promoters and the balance 9,83,400 equity shares of Rs.10/- each will be issued through Public Issue.

PROHIBITION BY SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

In terms of clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, Avon Weighing Systems Ltd. is eligible to make a Public Issue of equity shares as explained below:

- Net Tangible Assets of the Company are more than Rs. 3 Crores for past three years (of 12 months each) and further not more than 50% of the same is held in monetary assets.
- Networth of the Company has been more than Rs. 1 crore in each of the past three years.
- The Company has a track record of distributable profits as per section 205 of the Companies Act, 1956 for atleast three out of immediately preceding five years.
- The proposed Offer size does not exceed five times the pre-offer Networth as per the audited accounts for the years ended on 31/03/2007.

The distributable profits as per Section 205 of the Companies Act, 1956, Networth, net tangible assets and monetary assets for the past three years are as follows:

(Rs. in Lacs)

Particulars	31st March 2005	31st March 2006	31st March 2007	31st March 2008
Distributable Profits	7.17	16.80	18.25	38.44
Net Tangible Assets	459.68	862.86	1502.85	2299.83
Networth	186.12	252.73	422.29	583.69
Monetary Assets	51.22	271.56	337.46	121.70
Monetary Assets as a percentage of Net Tangible assets (%)	11.14	31.47	22.45	5.29

In accordance with clause 2.2.2A of the SEBI guidelines, Avon undertakes that the number of allottees i.e. person receiving allotment in the issue shall be at least 1000; otherwise, the entire application money will be refunded forthwith.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 20/09/2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

- (i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.**
- (ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (a) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (c) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.**

- (d) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- (e) **WE CERTIFY THAT WRITTEN CONSENT FROM THE SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**
- (f) **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1810, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Avon Weighing Systems Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LTD (BSE) (DESIGNATED STOCK EXCHANGE)

Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/BP/IPO-IP/1322/2007-08 dated 20/11/2007 permission to the Company to use the Exchange’s name in this Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed.

“The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

DISCLAIMER CLAUSE OF CARE (IPO GRADING AGENCY)

CARE’s IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE’s IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

CAUTION STATEMENT

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

FILING

A copy of Draft Prospectus has been filed with SEBI, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai– 400 051, and Bombay Stock Exchange, Mumbai (BSE), where the equity shares of the Company are proposed to be listed. A copy of the prospectus has been filed with Registrar of Companies Maharashtra, Mumbai located at Event Bldg, Marine Lines, Mumbai.

LISTING

The Equity shares of the Company are proposed to be listed on Bombay Stock Exchange Ltd (BSE). The Company has received in-principle approval from BSE vide their letter nos. DCS/IPO/BP/IPO-IP/1322/2007-08 dated 20/11/2007 for listing of the equity share being issued in terms of this Prospectus.

If the permissions to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company, Lead Manager to the Issue, Registrar to the Issue, Bankers to the Issue and Legal Advisor to act in their respective capacities, obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai under Section 10 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

Save as stated elsewhere in the Prospectus, the Company have not obtained any expert opinions.

EXPENSES OF THE ISSUE.

The split of issue expenses is as under:-

Expenses	Amount (Rs. in lacs)	% of total issue expenses	% of total issue size
Issue Management Fees, Legal Advisor Fees, Registrar Fees and Broker Fees	33.50	33.50	2.44
Printing expenses, postage, dispatch expenses, advertisement & publicity expenses	29.00	29.00	2.11
SEBI Fees, Listing Fees and Other Expenses	31.13	31.13	2.27
IPO Grading Agency Ice	3.37	3.37	0.25
Project Appraisal and Loan Processing Fees	3.00	3.00	0.22
Total	100.00	100.00	7.28

Fees payable to Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the Company and the Lead Manager, a copy of which is available for inspection at the registered office of Avon Weighing Systems Ltd.

Fees payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed amongst the Company and the Registrar to the Issue, a copy of which is available for inspection at the registered office of Avon Weighing Systems Ltd.

UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognised Stock Exchanges in India in the broker's column.

PREVIOUS ISSUE DETAILS

The Company has not made any issue of equity shares to the public prior to the present Public Issue.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any Equity Shares for a consideration otherwise than for cash.

PROMISE V/S PERFORMANCE

The Company has not made any issue of equity shares to the public prior to the present Issue.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the Company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the Company are not listed on any stock exchange.

INVESTOR GRIEVANCE REDRESSAL SYSTEM

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mrs. Anita Vyas, as the Compliance Officer. She will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted. The Company assures that the Board of directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence.
2.	Non-receipt of Share Certificate/ Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/ investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

CHANGE IN AUDITORS

There has been no change in the Auditors of the Company during the past three years.

CAPITALISATION OF RESERVES OR PROFITS

Till date, the Company has issued 13,55,131 Equity Shares by capitalizing its reserves or profits.

REVALUATION OF ASSETS

The Company has not revalued its asset since the last five years.

SECTION VII- OFFERING INFORMATION

TERMS OF THE ISSUE

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment or other documents and the guidelines issued from time to time by the Government of India and Securities & Exchange Board of India.

RANKING OF EQUITY SHARES

The equity shares being offered shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the other equity shares of the Company in all respect.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Prospectus at a price of Rs. 10 per share. At any point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to the applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed Company under the Companies Act and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see "Main Provisions of Articles of Association of the Company".

MARKET LOT

In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised form/mode, the tradable lot shall be 1 equity share.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares transferred/allotted, if any, shall vest. A person being a nominee, entitled to the equity shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be

entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares ; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lot shares arising out of the issue as the equity shares of the Company will be listed/ traded in compulsory demat mode.

ISSUE PROCEDURE

Application Form

Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so completed. The prescribed application forms will have the following colours:

Category	Colour of Application Form
Indian public, NRIs applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI.	Red

Who can apply?

Applications can be made by:

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and SEBI regulations, if any);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Insurance companies registered with the Insurance Regulatory and Development Authority;
10. Provident funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
11. Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
12. Trusts/ Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in the Equity Shares;
13. NRIs on a repatriation basis or non-repatriation basis subject to applicable laws;

14. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares;
15. Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;
16. Multilateral and bilateral development financial institutions; and
17. National Investment Fund set up by resolution Folio No. 2/3/2005-DD-II dated November 23, 2005 or Government of India published in the Gazette of India.

Note: The LM shall not be entitled to subscribe to the Issue in any manner. However, associates and affiliates of the LM, may subscribe for Equity Shares in the Issue, where the allotment is on a proportionate basis.

The information below is given for the benefit of the investors. The Company and the LM are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to ensure that Equity Shares applied for under any single application form, from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Minimum and Maximum Application Size

Applications should be for minimum of 500 Equity Shares and in multiples of 500 Equity Shares. A single applicant cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

Retail Individual Applicant: The application must be for a minimum of 500 Equity Shares and in multiples of 500 Equity Shares thereafter, so as to ensure that the total application amount payable by the Applicant does not exceed Rs. 1,00,000/-

Other than Retail Individual Applicant: The application must be for a minimum of such number of Equity Shares such that the application amount exceeds Rs. 1,00,000 and in multiple of Rs. 500 Equity Shares. The maximum application size shall not exceed the size of the Issue subject to regulations as applicable to the Applicant.

Option to Subscribe in the Issue

Equity Shares being offered through the Prospectus can be applied for in dematerialized form only. However the investor shall have the option to hold the Equity shares in physical form or demat form. After the allotment in the proposed issue, allottees may request their respective Depository Participant for rematerialisation of shares if they wish to hold the shares in physical shares.

Availability of Prospectus and Application Forms

The memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, the Lead Manager to the Issue, the Registrar to the Issue, and at the collection centers of the Bankers to the Issue as mentioned on the application form.

NRIs/FIIs can obtain the Application Form from the Registered Office of the Company as well as from the office of the Lead Manager.

Application by Mutual Funds/ Scheduled Banks/Indian and Multilateral Development Financial Institutions

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares. In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Scheduled Banks and Indian and Multilateral Development Financial Institutions can apply in this public issue based upon their own investment limits and approvals.

Application by NRIs

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment on repatriable basis and such NRI applicants shall use the form meant for NRI/FII (Red in colour). The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour).

Applications by NRIs for an amount of not more than Rs. 100,000/- would be considered under the Retail Portion for the purposes of allotment. In case of applications by NRI/FII, a single applicant can make an application for a number of Equity Shares, which should not exceeds the number of shares issued to Public.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The allotment of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company.

In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub- account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals, in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off-shore derivative instruments, such as Participatory Notes, Equity-Linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any Stock Exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities, in the countries of their incorporation or establishment, subject to compliance of "know your client" requirements. An FII or sub account shall also ensure that no further downstream issue or transfer of any instrument referred to herein above is made to any other person other than a regulated entity.

In case of applications by FII's in NRI/FII Portion, number of Equity Shares applied should not exceed issue size.

Application by SEBI Registered Venture Capital Funds And Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI, in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only upto 33.33% of the investable funds by way of subscription to an initial public offer. In case of applications by NRI/FII, a single applicant can make an application for a number of Equity Shares, which should not exceeds the number of shares issued to Public.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations, and the Company and the LM shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore. In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

In case of Applications made by provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

In case of Applications made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company and the LM may deem fit.

Applications by NRI's/ FII's (on a Repatriation Basis):

1. Allotment/transfer of the Equity Shares to NRI's /FII's shall be subject to prevailing RBI guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
2. In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or banks, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Accounts of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by Bank Certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
3. In case of application by FIIs on repatriation basis, the payments must be made out of funds held in Special Non Resident Rupee account, along with documentary evidence in support of the remittance like FIRC, bank certificate etc. from the authorized dealer. Payment by bank draft should be accompanied by a Bank Certificate confirming that the bank draft has been issued by debiting to Special Non Resident Rupee account.
4. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue as mentioned in the application form.
5. Refunds/ dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges/ commission. In case of applicants who remit their application money from funds held in NRE/FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE/FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency into Indian Rupees and vice versa.

6. Applicants in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the red coloured forms meant for applications on repatriable basis.
7. The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in the Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Terms of Payment

The entire Issue Price of Rs. 10/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the Applicants.

Filing of the Prospectus with the RoC

A copy of the Prospectus will be filed with the Registrar of Companies, Maharashtra, Mumbai in terms of Section 56, Section 60 of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (DIP) Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper with wide circulation at Mumbai.

General Instructions for Applicants

1. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the Eighth Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
2. IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED

THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

3. Bank Account Details of Applicant

Investors should note that on the basis of name of the Applicant, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Investors such as address, bank account details for printing on refund orders or give credit through ECS and occupation (hereinafter referred to as "Demographic Details"). Hence, Investors should carefully fill in their Depository Account details in the Application Form. These Demographic Details would be used for all correspondence with the Applicants including mailing of the refund orders/ECS credit for refunds/allotment advice and printing of Company particulars on the refund order and the Demographic Details given by the Applicants in the Application Form would not be used for these purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

4. By signing the Application Form, the Applicant would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.
5. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
6. Applications by NRI's on non-repatriation basis can be made using the Application Form meant for Resident Indians out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.
7. Refund Orders/ECS refunds for credits/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ intimation for ECS refunds of credits /allotment advice may get delayed, if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company nor the Registrar nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any such interest for such delay.
8. The Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the Refund Orders/ECS refunds for credits/Allotment Advice, the demographic details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic details as given in the Application Form instead of those obtained from the Depositories.

9. In case no corresponding record is available with the Depositories, which matches three parameters, namely, name(s) of the Applicant(s) (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

Payment Instructions

1. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Money Orders/ Postal Orders will not be accepted.
2. Outstation cheques or bank drafts, cheques/ drafts drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments shall be rejected.
3. A separate cheque/ Bank draft must accompany each Application Form.
4. In case of Applications by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Applications by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. All cheques/bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked:

Category of Application	Cheques / Bank Drafts favouring
Indian Public including NRIs applying on non-repatriation basis.	"Avon - Public Issue - R"
NRIs/ FIIs on repatriation basis	"Avon - Public Issue - NR"

Submission of Completed Application Forms

All applications duly completed and accompanied by cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue or the Registrars to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to

the Registrar to the Issue, Datamatics Financial Services Limited, superscribing the envelope "Avon Weighing Systems Limited - Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only.

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

OTHER INSTRUCTIONS

Joint Applications in the case of individuals

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

Multiple Applications

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

Section 269 SS of Income Tax Act, 1961

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

PAN/GIR Number

The applicants, or in the case of a application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a circular no. MRD/DoP/Cir-05/2007 DATED April 27, 2007 requiring that with effect from July 2, 2007, the PAN would be the sole identification number for participants transacting in the

securities market, irrespective of the amount of transaction. In case the PAN has not been allotted, mention "Applied for" or "Not Applicable" in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the application is liable to be rejected on this ground. In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN which has not yet been allotted each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Applicant and each of the Joint Applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address and (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Please note that photocopy of PAN Card is not required to enclose with the application form.

Right to Reject Applications

In case of all categories of Applicants, the Company has a right to reject Applications based on technical grounds. Consequent refunds shall be made in the manner as mentioned in the paragraph titled "Mode of Making Refunds" beginning on page no. 111 of the Prospectus at the Applicant's sole risk.

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Age of First Applicant not given;
3. Application by minors;
4. PAN Number not given;
5. Application for lower number of Equity Shares than specified;
6. Application at a price less than the offer price;

7. Application at a price higher than the stated price;
8. Application for number of Equity Shares, which are not in multiples of 500.
9. Category not ticked;
10. Multiple applications;
11. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
12. Application Form does not have Applicant's depository account details;
13. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form;
14. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
15. Applications not duly signed by the sole/joint Applicants;
16. Applications by OCBs;
17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's; or
18. Application for number of shares which is more than the shares offered to public.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in the Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). The ISIN No. granted to the equity shares of the Company is INE207101016.

In this context, two tripartite agreements have been signed between the Company, the Registrar to the Issue and the Depositories:

1. An Agreement dated 16/04/2007 between the Company, NSDL and the Registrar to the Issue; and
2. An Agreement dated 23/04/2007 between the Company, CDSL and the Registrar to the Issue.
 - i. All allottees in the Issue can seek allotment only in dematerialised mode. However, an allottee shall have the option to hold the Equity Shares in physical or dematerialized form. After the allotment in the proposed issue, the allottees may request their respective DPs for rematerialisation of shares, if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.
 - ii. An Applicant applying for Equity Shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL registered with SEBI, prior to making the Application.

- iii. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification Number) appearing in the Application Form.
- iv. Equity shares allotted to successful Applicants in the electronic account will be credited directly to the beneficiary account (with the Depository Participant).
- v. Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- vi. The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- vii. Application will be liable to be rejected if incomplete or incorrect details are given under the heading(s) pertaining to details to enable allotment in dematerialized form in the Application Form.
- viii. The Applicant is responsible for the correctness of the Applicants Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
- ix. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- x. The trading of the Equity Shares of the Company would be in dematerialised form for all investors.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicant's Depository Account details, number of Equity Shares applied for, date of Application Form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders, etc.

Disposal of Applications and Application money

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 30 days of the Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) and applicants residing at 43 centres where clearing centres are managed by State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS). For further details regarding mode of making refunds, refer paragraph titled "Mode of Making Refunds" beginning on page no. 111 of the Prospectus.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500/- by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500/-, if any, by registered post or speed post, except for Applicants who have opted to receive refunds through the ECS facility.

Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

The Company shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS, as applicable, only at the sole or First Applicant’s sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of the finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, the Company further undertakes that:

- a. allotment shall be made only in dematerialised form within 30 (thirty) days of the Issue Closing Date;
- b. despatch of refund orders within 30 (thirty) days of the Issue Closing Date would be ensured; and
- c. The Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 30 (thirty) days time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 30 (thirty) days time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein,**
 - or**
 - b. otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**
- shall be punishable with imprisonment for a term which may extend to five years.”**

Basis of Allotment

In the event of the present issue of Equity Shares being over-subscribed, the allotment shall be on a proportionate basis and basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with designated Stock Exchanges. The Executive Director/ Managing Director of the Stock Exchange along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

Procedure and Time Schedule for Allotment of Equity Shares and Demat Credit of Equity Shares

The Company, in consultation with the LM, will determine the basis of allotment based on the Applications received and subject to the confirmation by the BSE. SEBI Guidelines require the Company to complete the allotment to successful Applicants within 30 days of closure of the Issue. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 500 Equity Shares.

In the event of Issue being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 500 Equity Shares as explained below:

1. A minimum 50% of the Net Issue to the Public will be made available for allotment in favour of Retail Individual Investors, that is those individual applicants (including HUF's) who have applied for Equity Shares of or for a value of not more than Rs.100,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the

above category, the balance Equity Shares would be added to any other category/categories and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/ Managing Director of the Designated Stock Exchange along with the Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

2. The balance of the Net Issue to the Public shall be made available to investors including Corporate Bodies/ Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs.100,000/-, irrespective of number of Equity Shares applied for.
3. The Unsubscribed portion of the Net Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the Equity Shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each Applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 500 Equity Shares per Applicant, the allotment shall be made as follows:
 - i. Each successful Applicant shall be allotted a minimum of 500 Equity Shares; and
 - ii. The successful Applicants out of the total Applicants for that category shall be determined by draw of lots in such a manner that the total number of Equity Shares allotted in that category is equal to the number of shares worked out as per (5) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 500 Equity Shares but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All Applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the Equity Shares allotted on a proportionate basis to any category is more than the Equity Shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Applicants in that category.
11. The balance Equity Shares, if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of Equity Shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 500 Equity Shares, which is the minimum application size in the Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10% of the Net Issue to the Public.

Letters of Allotment or Refund Orders

The Company shall give credit to the Beneficiary account with Depository Participants within two (2) working days of finalisation of the basis of allotment of the Equity Shares. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertake that:

- i. Allotment of Equity Shares, only in dematerialized form, shall be made within 30 days from the Issue Closing Date;
- ii. Dispatch of refund orders shall be done within 30 days from the Issue Closing Date; and
- iii. The Company shall pay interest at 15% per annum (for any delay beyond the 30 days time period as mentioned above), if refund orders are not dispatched and/or demat credits are not made to investors within the 30 day time period prescribed above.

Mode of making Refunds

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at the his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

- I Direct Credit – For investors having their Bank Account with the Bankers to the Issue for refund, the refund amount would be credited directly to their Bank Account with the Banker to the Issue for refund.
- II RTGS – Investors desirous of taking direct credit of refund through RTGS will have to provide the IFSC code in the Application form.
- III ECS - Payment of refund would be done through ECS for applicants residing at one of the 15 centres, namely Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, where clearing houses for ECS are managed by Reserve Bank of India and other 43 centers managed by State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur. This would be subject to availability of complete Bank Account Details including MICR code from the depository.

For all the other applicants excepts for whom payment of refund is possible through I, II and III, the refund orders would be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/Registered Post for refund orders exceeding Rs. 1500.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/ refund orders have not been despatched to the applicants (or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 30 days from the date of the closure of the issue.

Undertakings by the Company

The Company undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the promoter's contribution in full, wherever required, shall be brought in advance before the issue opens for public subscription;
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.

Utilisation of issue proceeds

The Board of Directors of the Company certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in the balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company further certify that:

- i. the utilization of monies received under promoters contribution shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. the details of all unutilized monies out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on foreign ownership of Indian securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per the sector specific guidelines of the GoI, FDI in small scale undertaking is restricted up to 24% of the total post issue capital. However there is no bar on higher equity holding for foreign investment if the Company is willing to give up its small scale status.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

As per the RBI regulations, OCBs cannot participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of total issued capital of the Company in case such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of the Company.

The above information is given for the benefit of the applicants. The Company and the lead Manager to the Issue are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII- OTHER INFORMATION
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

SHARES

5. (a) Subject to the provisions of section 80 of the Act, the Company shall have the power to issue preference shares which, are liable to be redeemed and the redemption of preference shares may be effected in accordance with the terms and conditions of their issue and falling that in such manner as the directors may think fit.
- (b) Whenever the Company has, with the previous approval of the members, issued any securities entitling the holders thereof to apply for shares in the capital of the Company, the members of the Company shall be bound to ensure that the share capital of the Company will be adequate to absorb the increase in the capital that would arise consequent to such holders exercising their right to apply for and be allotted shares in the Company. For this purpose, the members of the Company are bound to cause the authorized capital of the Company to be suitably increased and shall exercise their voting rights to vote unanimously in favour of the resolution to be passed by the Company in general meeting for increasing its authorized capital, such resolution to be passed prior to the date on which (or the period during which) such option is exercisable by the holders of such instruments. Towards that objective, the members acknowledge that any votes cast by a member against such a resolution shall be disregarded and be deemed to be invalid.
- (c) Subject to the provisions of section 86 of the Act the Company shall have power to issue Share Capital with differential voting rights as to dividend or voting and the resolution authorizing such issue shall prescribe the manner, terms and conditions of issue.
- (d) The Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depositories, as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Clause 5 (e):

(A) FURTHER ISSUE OF SHARES:

1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased shares capital then:
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and offer if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. **PROVIDED THAT** the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to clause (a) of sub-clause (1) hereof in any manner whatsoever
- (a) If a special resolution to that effects is passed by the Company in General Meeting, or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed;
- (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that Government in this behalf; and

- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

(B) SHARES AT THE DISPOSAL OF THE DIRECTORS:

Subject to the provisions of section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at a par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall deemed to be fully paid shares provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(C) LIMITATION OF TIME FOR ISSUE OF CERTIFICATES:

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

(D) ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED:

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the directors shall prescribe. Provided that no fee shall be charged for issue of new certificates

in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutates mutandis apply to debentures of the Company.

(E) DIRECTORS MAY REFUSE TO REGISTER TRANSFER:

Subject to the provisions of section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Director shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

(F) INSTRUMENT OF TRANSFER:

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(G) NO FEE ON TRANSFER OR TRANSMISSION:

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

(H) PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST:

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the account so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rates, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

(I) COMPANY'S LIEN ON SHARE/DEBENTURES:

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

(K) UNPAID OR UNCLAIMED DIVIDEND:

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Avon Weighing Systems Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the General Revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No Unclaimed or unpaid dividend shall be forfeited by the Board.

6. The Company shall have power to buy-back its own shares or other securities subject to the provisions of section 77A, 77AA and 77B of the Act and the guidelines as may be laid in this regard, from time to time.

TRANSFER AND TRANSMISSION OF SECURITIES

7. The provisions of Table A in relation to transfer and transmission of shares shall, mutatis mutandis, apply to the transfer of or the transmission by operation of law of the right to all securities of the Company.

SEAL

11. The Directors shall provide a common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given and every deed or other instrument to which the Seal of the Company is required to be affixed shall, be affixed in the presence of at least one Director or the Manager or the Secretary or such other person as the Board/Committee of the Board may appoint for the purpose, who shall sign every instrument to which the seal is so affixed in his presence; Provided that the certificates of shares or debentures shall be

sealed in the manner and in conformity with the provisions of the companies (Issue of Share Certificates) Rules, 1960 or any statutory modification thereof for the time being in force.

INDEMNITY

14. a. Every Director, Managing Director, Whole time Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed by the Company as Auditors shall be indemnified out of the assets of the Company against all liabilities incurred by him as such Director, Managing Director, Whole time Director, Manager, Secretary, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the court.
- b. Subject to the provision of the Companies Act, no Director, Auditor or other officer of the Company shall be liable for the Acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for other conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or Company to or with whom any moneys, securities, or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatsoever, which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECURITY

15. a. No member or other person (not being a director) shall be entitled to visit or inspect any works of the Company without the permission of the Directors or any other person authorised on that behalf by the Director to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade secret process or of any other matter which may relate to the conduct of the business of the Company which in the opinion of Directors, would be inexpedient in the interest of the Company to disclose
- b. Every Director, Manager, Auditor, Treasurer, Trustee, Member of Committee, Officer, Servant Agent, Accountant or other persons employed in the business of the Company shall if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company, with the customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or law or by the person to whom such matters relate, except so.

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Prospectus may be inspected at the Registered Office of the Company between 10.00 a.m. and 4.00 p.m. on any working day from the date of this Prospectus until the closing of the subscription list.

A. MATERIAL DOCUMENTS

1. Copy of Memorandum of Understanding dated 22/08/2007 between Avon Weighing Systems Ltd. and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 17/09/2007 between Datamatics Financial Services Ltd, Registrar to the Issue and Avon Weighing Systems Ltd. the Company.
3. Tripartite agreement between the NSDL, Company and the Registrar dated 16/04/2007.
4. Tripartite agreement between the CDSL, Company and the Registrar dated 23/04/2007.

B. DOCUMENTS FOR INSPECTION

1. Certificate of Incorporation as Avon Weighing Systems Private Limited dated 04/03/1999.
2. Certificate of change of name under the Companies Act, 1956 dated 25/05/2004.
3. Copy of Memorandum and Articles of Association of Avon Weighing Systems Ltd.
4. Balance Sheets and Annual Returns of the Company for the financial years ending March 31, 2008, 2007, 2006, 2005 and 2004.
5. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 01/08/2007 passed at the Extra Ordinary General Meeting of the Company authorizing present issue of equity shares.
6. Copy of certificate dated 19/05/2008 issued by G. M. Purohit & Co., Chartered Accountant & Statutory Auditors of the Company reporting financials of Avon Weighing Systems Ltd. in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement & accounting ratios.
7. Copy of letter dated 17/05/2008 received from G. M. Purohit & Co., Chartered Accountant & Statutory Auditors of the Company regarding tax benefits accruing to the Company and its shareholders.
8. Copy of project report as appraised by Bank of India.
9. Copy of Certificate of sources & deployment of funds dated 19/05/2008 issued by M/s Kiran Matani & Associates, Chartered Accountants.

10. Copy of sanction letter dated 04/07/2007 received from Bank of India regarding grant of Term Loan.
11. Copies of undertakings from Avon Weighing Systems Ltd.
12. Copies of Consents from Lead Manager to the Issue, Registrar to the Issue, Auditors, Promoters, Directors, Company Secretary & Compliance Officer, Bankers to the Company and Bankers to the Issue.
13. Agreement with Pankaj Saraiya & Rupal Saraiya.
14. Copies of Form 2, Form 5, Form 20B, Form 23, Form 25C and Form 32 on respective dates.
15. Copies of Quotations obtained and purchase orders placed.
16. Due Diligence Certificate dated 20/09/2007 to SEBI from Keynote Corporate Services Limited.
17. Due Diligence report dated 14/05/2008 from Legal Advisors to the issue, S.R. Legal Advocates & Consultants.
18. Report of the IPO grading agency, CARE, furnishing the rationale for its grading, disclosed in this Prospectus.
19. Copy of letter no. Avon/Let/Ss(06) dated 21/09/2007 from Keynote Corporate Services Limited addressed to Bombay Stock Exchange Limited with respect to filing of Draft Prospectus with the Stock Exchange.
20. In-principle approval dated 20/11/2007 from BSE for listing of securities offered through this prospectus.
21. SEBI observation letter No. CFD/DIL/NB/JAK/120097/2008 dated 12/03/2008 issued by Securities and Exchange Board of India.
22. Copy of letter from Keynote Corporate Services Limited dated 21/09/2007 addressed to Securities and Exchange Board of India.
23. SEBI's letter dated 04/10/2007 addressed to Keynote Corporate Services Limited.
24. SEBI's letter dated 08/01/2008 addressed to Keynote Corporate Services Limited.

PART III
DECLARATION

The Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Board of Directors of the Company further certify that all the statements in this Prospectus are true and fair.

Yours Faithfully,

By the order of Board of Directors

AVON WEIGHING SYSTEMSLTD.

Sd/-

Pankaj Saraiya

(Managing Director)

Sd/-

Rupal Saraiya

(Whole Time Director)

Sd/-

Shantaben Saraiya

Sd/-

Ramesh M. Joshi

Sd/-

Anmol Sekhri

Sd/-

Devang Vyas

PLACE: Mumbai

DATE: 27-05-2008