

# AVON LIFESCIENCES LIMITED

(Formerly known as Avon Organics Limited)

Office : 'H' Wing, 4th Floor, Tex Centre, Off Saki Vihar Road, Chandivali,  
Andheri (E), Mumbai - 400 072, INDIA. • Tel. : +91-22-4287 1210 • Fax : +91-22-4287 1285  
E-mail : info@avonlifesciences.com • Website : www.avonlifesciences.com • (CIN : L24110TG1993PLC16112)



2 April 2018

Corporate Service Department  
**BSE Limited**  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001  
corp.relations@bseindia.com  
**Scrip: 531541**

**Ref: Avon Lifesciences Ltd**

**Sub.: Annual Report for the Financial Year 2016-17**

Dear Sir,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Annual Report of the Company for the Financial Year 2016-17 duly approved and adopted by the shareholders at the Annual General Meeting held on 31 March 2018.

This is in compliance with the provision of above mentioned regulations and for your information.

Thanking you,

Yours faithfully,  
For Avon Lifesciences Ltd

Rajendra Kaimal  
Director



Filed on online



**24<sup>th</sup> ANNUAL REPORT 2016-17**

**AVON LIFESCIENCES LIMITED**

(Formerly Avon Organics Ltd)

CIN: L24110TG1993PLC016112

Regd. Off. : Survey No. 18, Yawapur Village, Sadasivpet Mandal, Medak Dist., Telangana - 502 291.

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**AVON LIFESCIENCES LIMITED**

*(Formerly Avon Organics Ltd.)*

CIN: L24110TG1993PLC016112

(Information as of 31st March 2017)

<b>Board of Directors</b>	Mr. Ajit Kamath, <i>Non Executive Chairman</i> Mr. Rajendra Kaimal, <i>Non-Executive Director</i>
<b>Registered Office</b>	Survey No. 18, Yawapur Village, Sadasivpet Mandal, Medak Dist., Telangana - 502 291. Phone: 9949828084 ; Fax: 91-08455-251536
<b>Corporate Office</b>	H Wing, 4th Floor, Tex Centre, Off Saki Vihar Road, Chandivali, Andheri (East), Mumbai -400072 Phone: 022-42871210; Fax: 022-28471234
<b>Statutory Auditors</b>	M/s. Mukesh Mehta & Associates, Chartered Accountants, 320, Hammersmith Ind. Premises, Narayan Pathare Marg, Off Sitladevi Temple Road, Mahim (W), Mumbai - 400 016
<b>Manufacturing Facilities</b>	1. Survey No. 18, Yawapur Village, Sadasivpet Mandal, Medak Dist., Telangana - 502 291. (Non-operational) 2. Plot No. E-2, Chincholi Industrial Area Solapur, Maharashtra
<b>Bankers</b>	State Bank of India Punjab National Bank Indian Overseas Bank JM Financial Asset Reconstruction Company Ltd.
<b>Registrars &amp; Share Transfer Agents</b>	XL Softech Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500 034. Phone no.: 040-23545913 /14 / 15.

## NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 24th Annual General Meeting of Avon Lifesciences Limited (formerly known as Avon Organics Ltd) will be held on Saturday, 31<sup>st</sup> day of March, 2018 at 10 a.m. at Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad - 500033, Telangana, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ajit Kamath (DIN: 00032799), who retires by rotation and offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajendra Kaimal (DIN: 00032839), who retires by rotation and offers himself for reappointment.

### **Special Business**

#### **4. Appointment of Statutory Auditors**

To appoint Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the Section 139, 142 and applicable provision of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and other applicable statutory provisions, **M/s. N G Jain & Co.**, Chartered Accountants (Registration No. 103941W) be and is hereby appointed as Statutory Auditor of the Company for a term of five year and to hold office from conclusion of this annual general meeting (AGM) till conclusion of the AGM to be held in the year 2022, subject to annual ratification by members every year, and provisions of the Companies Act, 2013 and that the Board be and is hereby authorized to determine their remuneration and reimbursement of expenses, as may be incurred, in the performance of Audit."

#### **5. Appointment of Dr. Sunil Pitroda as an Independent Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Sunil Pitroda (DIN: 07028212), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, that is, up to March 30, 2023."

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

## 6. Appointment of Mr. Palak Shah as an Independent Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Palak Shah (DIN: 03392059), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, that is, up to March 30, 2023.”

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

## 7. Appointment of Mr. Abhishek Buddhadev as an Independent Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Abhishek Buddhadev (DIN: 07673161), who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, that is, up to March 30, 2023.”

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board  
**For Avon Lifesciences Limited**  
(Formerly known as Avon Organics Ltd)

Sd/-  
**RAJENDRA KAIMAL**  
DIRECTOR

Place: Mumbai  
Date: 7.03.2018

## NOTES

1. The statement pursuant to section 102 of the Companies Act, 2013 relating the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company's Corporate Office situated at 4th Floor, H Wing, Tex Centre, Chandivali, off. Saki Vihar Road , Andheri (E), Mumbai 400 072 not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organisation.

Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting (AGM) are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
6. Members are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to please bring your folio number/demat account number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at the meeting.
7. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
9. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA/Depositories.
10. Members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses with the Depository. Members who hold shares in physical form are requested to register their email addresses with the Registrar & Share Transfer Agent (RTA), M/s. XL Softech Systems Limited, 3, Sagar Society, Rd No.2, Banjara Hills, Hyderabad- 500034, Telangana.

### 11. E-VOTING FACILITY

In compliance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Section 108 of the Companies Act, 2013, Companies (Management and Administration) Rules, 2014 & Secretarial Standards - 2 on general meeting, the Members are informed that the Company is providing Remote e-voting facility (e-voting from a place other than venue of Extraordinary General Meeting) as an alternative mode of voting which will enable the members to cast

their votes electronically on all the resolutions as mentioned in the notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Ltd. (CDSL) to facilitate remote e-voting to the members. The Company has appointed Ms. Riddhi Shah, Practicing Company Secretary, as the Scrutinizer for scrutinizing the remote e-voting process as well as voting at the meeting in a fair and transparent manner.

For the purpose of dispatch of this Notice, shareholders of the Company holding shares in demat / physical form as on 2<sup>nd</sup> March 2018 has been considered. Any person, who acquire shares of the Company and becomes member of the Company after 2<sup>nd</sup> March 2018 may obtain the login details by sending a request to CDSL at helpdesk.evoting@cdslindia.com or to the Registrar and share transfer agents of the company.

The Members whose name appears in the Register of Members/list of Beneficial Owners as received from Depositories as on 26<sup>th</sup> March 2018 ("cut-off date") are entitled to vote on the resolutions set forth in this notice. Person who is not a member as on the said date should treat this notice for information purpose only.

On submission of the report by the scrutinizer, the result of voting at the meeting and e-voting shall be declared. The Results along with the Scrutinizer's Report shall be placed on the Company's website. Result will be declared forthwith on receipt of the Report of the Scrutinizer.

<p><b>The instructions for shareholders voting electronically are as under:</b></p> <p>(i) The voting period begins on 28<sup>th</sup> March 2018 (9:00 a.m.) and ends on 30<sup>th</sup> March 2018 (5:00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.</p> <p>(ii) (ii)The shareholders should log on to the e-voting website <a href="http://www.evotingindia.com">www.evotingindia.com</a>.</p> <p>(iii) Click on Shareholders.</p> <p>(iv) Now Enter your User ID</p> <p style="margin-left: 20px;">a. For CDSL: 16 digits beneficiary ID,</p> <p style="margin-left: 20px;">b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,</p> <p style="margin-left: 20px;">c. Members holding shares in Physical Form should enter Folio Number registered with the Company.</p> <p>(v) Next enter the Image Verification as displayed and Click on Login.</p> <p>(vi) If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.</p> <p>(vii) If you are a first time user follow the steps given below:</p>	<table border="1"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>For Members holding shares in Demat Form and Physical Form</b></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">PAN</td> <td> <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot indicated in the PAN field.</li> </ul> </td> </tr> <tr> <td style="vertical-align: top;">Dividend Bank Details OR Date of Birth (DOB)</td> <td> <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul> </td> </tr> </tbody> </table> <p>(viii) After entering these details appropriately, click on "SUBMIT" tab.</p> <p>(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in</p>	<b>For Members holding shares in Demat Form and Physical Form</b>		PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot indicated in the PAN field.</li> </ul>	Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>
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<p>the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.</p> <p>(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.</p> <p>(xi) Click on the EVSN for the relevant Avon Lifesciences Ltd on which you choose to vote.</p> <p>(xii) (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.</p> <p>(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.</p> <p>(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.</p> <p>(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.</p> <p>(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.</p> <p>(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password &amp; enter the details as prompted by the system.</p> <p>(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile</p>	<p>(xix) <b>Note for Non – Individual Shareholders and Custodians</b></p> <ul style="list-style-type: none"> <li>• Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.</li> <li>• A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</li> <li>• After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.</li> <li>• The list of accounts linked in the login should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</li> <li>• A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.</li> </ul> <p>(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <a href="http://www.evotingindia.com">www.evotingindia.com</a> under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact CDSL on 1800 200 5533 or <a href="mailto:info@avonlifesciences.com">info@avonlifesciences.com</a></p> <p><b>Other information</b></p> <p>During the above mentioned voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 26<sup>th</sup> March 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.</p> <p>To obtain duplicate copy of the Notice and Postal Ballot in physical form, members may send a request to the Company at <a href="mailto:info@avonlifesciences.com">info@avonlifesciences.com</a> or write to Company at its corporate Office. Members receive email but do not want to avail the e-voting facility, may send a request on said email for physical copy of Notice and Postal Ballot.</p>
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**The e-voting period will commence on 28<sup>th</sup> March 2018 (9:00 a.m.) and will end on 30<sup>th</sup> March 2018 (5:00 p.m.). During the said period, shareholders of the Company, holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter.**

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4 - Appointment of Statutory Auditor**

M/s. Mukesh Mehta & Associates, Chartered Accountants were appointed as the Statutory Auditors at the Annual General Meeting (AGM) of the Company held on 30 December 2014 for a term of three years and accordingly they hold office till the conclusion of this AGM being held for the financial year 2016-17. In terms of Section 139 of the Companies Act, 2013 (the Act), they cannot be reappointed as statutory auditors.

Accordingly, it is proposed to appoint M/s. N G Jain & Co., Chartered Accountants as a statutory auditor of the Company pursuant to the applicable provision of the Act, in place of retiring auditor M/s. Mukesh Mehta & Associates, for a term of 5 years.

As confirmed by the said proposed auditor, they are eligible for their appointment, and their appointment if made would be within the prescribed limits and shall be in accordance with the conditions and criteria as prescribed in section 141 and other applicable provisions of the Act and Rules made thereunder.

Accordingly, the Audit Committee and Board of the Company has considered and recommended for the appointment of M/s. N G Jain & Co., Chartered Accountants as a statutory auditor of the Company as mentioned in the resolution.

The Board recommends the resolution relating to appointment of auditor as set out in the Notice for your approval by way of passing ordinary resolution.

None of the Directors, Key Managerial Personnel of the Company and any of their relatives are not in any way, concerned or interested in this resolution.

**Item No. 5. Appointment of Dr. Sunil Pitroda as an Independent Director of the Company.**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Dr. Sunil Pitroda, be appointed as an Independent Director on the Board of the Company. The appointment of Dr. Sunil Pitroda, shall be effective upon approval by the members in the Meeting. The Company has received a notice in writing from a member proposing the candidature of Dr. Sunil Pitroda for the office of Director of the Company. Dr. Sunil Pitroda is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Dr. Sunil Pitroda that he meets the criteria of independence as prescribed under Companies Act, 2013 and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Dr. Sunil Pitroda possesses appropriate skills, experience and knowledge.

Details of Dr. Sunil Pitroda are provided in the "Annexure B" to the Report pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Dr. Sunil Pitroda setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

## **6. Appointment of Mr. Palak Shah as an Independent Director of the Company.**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Palak Shah, be appointed as an Independent Director on the Board of the Company. The appointment of Mr. Palak Shah shall be effective upon approval by the members in the Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Palak Shah for the office of Director of the Company. Mr. Palak Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Palak Shah that he meets the criteria of independence as prescribed under Companies Act, 2013 and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Palak Shah possesses appropriate skills, experience and knowledge.

Details of Mr. Palak Shah are provided in the "Annexure B" to the Report pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Mr. Palak Shah setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

## **7. Appointment of Mr. Abhishek Buddhadev as an Independent Director of the Company.**

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. Abhishek Buddhadev, be appointed as an Independent Director on the Board of the Company. The appointment of Mr. Abhishek Buddhadev, shall be effective upon approval by the members in the Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Abhishek Buddhadev for the office of Director of the Company. Mr. Abhishek Buddhadev is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Abhishek Buddhadev that he meets the criteria of independence as prescribed under Companies Act, 2013 and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Abhishek Buddhadev possesses appropriate skills, experience and knowledge.

Details of Mr. Abhishek Buddhadev are provided in the "Annexure B" to the Report pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Mr. Abhishek Buddhadev setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

## DIRECTORS' REPORT

To

The Members,

Avon Lifesciences Limited

Your Directors are pleased to present their Report on your Company's business operations along with the Audited financial statements for the financial year ended on 31 March 2017.

The highlights of the Company's performance during the financial year are as below:

### SUMMARY OF FINANCIAL RESULTS

(Rs in Lakhs)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Total Income	599.50	3,296.49
EBITDA/(LOSS)	195.03	522.69
PROFIT/ (LOSS) BEFORE TAX	(1,924)	(1,645.88)
PROFIT/ (LOSS) AFTER TAX	(1,924)	(1,645.88)
EARNINGS PER SHARE (EPS)(IN RS.)	(8.07)	(6.94)

### DIVIDEND

In view of loss incurred during the year under review, your Directors do not recommend any dividend on Equity Shares.

### OPERATIONS REVIEW

There was no operational activity during the year under review. The income of Rs. 599.50 Lakhs includes an amount of Rs. 596.37 Lakhs derived on account of forfeiture of 91,75,000 share warrant money received by the Company on issuance of share warrants, since the allottees did not exercise the option for conversion of share warrants within prescribed period.

The Board had informed the Bombay Stock Exchange, where the securities of the Company is listed, vide its letter 24th October 2016 about certain events which took place in the month of April 2016 and thereafter, which would have material impact on the overall operations and finances of the Company.

The Company continues to operate only in one segment i.e. pharmaceuticals and there is no change in the nature of business of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is provided in a separate section of this Annual Report and form a part of the Board's Report.

### SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

Details regarding subsidiary/ associate Company or joint venture as given in Form MGT - 9.

### DIRECTORS

#### Board of Directors

Mr. Ajit Kamath, Non-Executive Chairman

Mr. Rajendra Kaimal, Non-Executive Director

In accordance with the provisions of section 152(6) of the Companies Act, 2013 (“the Act”) and Articles of Association of the Company, Mr. Ajit Kamath and Mr. Rajendra Kaimal are liable to retire by rotation at the ensuing Annual General Meeting (AGM) and offers himself for re-appointment. The Board recommends his re-appointment.

The Board has recommended that Dr. Sunil Pitroda, Mr. Palak Shah and Mr. Abhishek Buddhadev be appointed as an Independent Directors by the members for a term of 5 (five) consecutive years. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

Brief profiles of the abovementioned Directors are included in a separate “Annexure B” after the Notice, forming part of this Annual Report.

**a. Board meetings**

During the year, Seven Board meetings were held, with gap between Meetings not exceeding the period prescribed under the Act. Details of Board and Board committee meetings held during the year are given in the Corporate Governance Report. Board meeting dates are finalised in consultation with all directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board to take informed decisions. The Board is also apprised of updates, important developments in industry, segments, business operations, marketing, products etc.

**b. Evaluation of Board, Committees and Directors**

The Board has carried out the annual evaluation of its own performance, and of each of the directors individually. The manner in which the evaluation has been carried out has been explained in detail in the Corporate Governance Report, which forms part of this Annual Report.

**c. Policy on appointment and remuneration of Directors**

The Company has formulated criteria for determining Qualifications, Abilities, Experience and Independence of a Director as also a Policy for remuneration of Directors, Key managerial Personnel and senior management. The details of criteria laid down and the Remuneration Policy are given in the Corporate Governance Report.

**AUDITORS**

**a. Statutory Auditors**

M/s. Mukesh Mehta & Associates, Chartered Accountants were appointed as Statutory Auditors at the Annual General Meeting (AGM) of the Company held on December 30, 2014 for a term of three years, subject to ratification by the members annually. Accordingly, they will cease to hold office at the conclusion of the forthcoming AGM, and in view of section 139(2) of the Companies Act, 2013 will not be eligible for further re-appointment.

It is therefore proposed to appoint M/s. N G JAIN & CO., Chartered Accountants as Statutory Auditor of the Company for a term as mentioned in AGM Notice. The Company has received letter from them to the effect that their appointment if made will be within the prescribed limits and confirming that they are not disqualified for such appointment pursuant to the Companies Act, 2013 and applicable statutory provisions.

Accordingly, the Audit Committee and Board of the Company have considered and recommends to the members for their appointment as a Statutory auditor of the Company at the ensuing Annual General Meeting.

**b. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Riddhi Shah, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure C" comments of the Secretarial Auditor in their report are self explanatory.

**INTERNAL CONTROL SYSTEM AND COMPLIANCE FRAMEWORK**

The Company has a proper and adequate Internal Financial Control System, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

**VIGIL MECHANISM**

The Company has formulated a whistle blower policy with a view to provide a vigil mechanism for the directors and employees of the company to report instances of unethical behavior, fraud or mismanagement.

**RISK MANAGEMENT POLICY**

In accordance with Section 134(3) (n) of the Act, the Company has framed a Risk Management Policy to identify and assess the key risk areas. Your Board has identified any element of risk which may threaten the existence of the Company.

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have a potential conflict with the interest of the Company at large and thus disclosure in Form AOC-2 is not required.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company other than sitting fees payable (if any) to them.

**INFORMATION ON EMPLOYEES**

Information on particulars of employees' remuneration as per Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is reported to be nil as there are no employees who are in receipt of remuneration above the prescribed limit.

The ratio of remuneration of each director to the median employee's remuneration and other details in terms of Sub - Section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable as the Directors did not draw and remuneration from the Company for the Financial Year 2016-17.

**LOANS, GUARANTEES OR INVESTMENTS**

Details of loans, guarantee and investments covered under applicable provisions of section 186 of the Act are given in the notes of the financial statement.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to the provisions of section 135 of the Act, read with CSR Rules, the Company has formed CSR committee.

However due to losses incurred by the Company in this and previous financial year the Company did not undertake any CSR activity.

### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public and there are no outstanding deposits from the public as on 31 March 2017.

### **EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return in form MGT 9 is annexed herewith as “Annexure D”

### **DIRECTORS’ RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended 31 March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to Conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134 of the Act, read with the Companies (Accounts) Rules, 2014 is given as “Annexure A” and forms part of this report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT AND DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY’S OPERATIONS IN FUTURE:

The Board had informed the Bombay Stock Exchange, where the securities of the Company is listed, vide its letter 24th October 2016 about certain events which took place in the month of April 2016 and thereafter, which would have material impact on the overall operations and finances of the Company. Further whenever there is further

development in the subject same shall be promptly informed to the Stock exchange and to the stakeholders.

Due to financial difficulties faced by the Company, there are few ongoing litigations against the Company and its Directors, which are being defended by the Company by way of representation through our Legal Counsels. The company has filed appropriate revision application/ counter application wherever any orders have been passed.

#### **OTHER INFORMATION / DISCLOSURES**

The Company has in place a policy against sexual harassment at work place in line with the requirements of the concern statute. There was no complaint received during the year, nor there are any pending complaints which need to be redressed.

#### **CORPORATE GOVERNANCE**

The Compliance certificate from the auditors regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, shall be annexed with the report.

#### **GRATITUDE & ACKNOWLEDGMENTS**

Your directors wish to place on record their sincere thanks and appreciation to all our customers, suppliers, banks, authorities, members and associates for their co-operation and support at all times, and to all our employees for their unstinted contribution to the Company's business, and look forward to continued support.

For and on behalf of the Board of Directors  
**Avon Lifesciences Limited**  
(Formerly known as Avon Organics Ltd)

Place: Mumbai  
Date: 7.03.2018

Sd/-  
**Ajit Kamath**  
**Chairman**  
DIN: 00032799



## ANNEXURE – ‘A’ TO THE DIRECTORS’ REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31 March 2017 is given here below and forms part of the Board’s Report.

#### A. CONSERVATION OF ENERGY

**(a) Stepstakenorimpactonconservationofenergy:**

The Company is engaged in continuous process of energy conservation through improved operational and maintenance practices.

**(b) The steps taken by the company for utilizing alternate sources of energy: NIL**

**(c) The capital investment on energy conservation equipment: NIL**

#### B. TECHNOLOGY ABSORPTION

**(i) The efforts made towards technology absorption:**

NIL

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

NIL

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NIL**

**(iv) Details of expenditure on Research and Development during the year under review is as under:**

		(Rs. In lakhs)
a)	Capital	NIL
b)	Recurring	NIL
c)	Total expenditure	NIL
d)	Total expenditure as a % of Net Sales	NIL

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

		(Rs. In lakhs)	
Particular	Year 2016-17	Year 2015-16	
Foreign Exchange earned	-	2421.33	
Foreign Exchange used / outgo	-	-	

**ANNEXURE – ‘B’ DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING:**

Name	Mr. Rajendra Kaimal	Mr. Ajit Kamath	Dr. Sunil Pitroda	Mr. Palak Shah	Mr. Abhishek Buddhadev
Date of Birth	23.06.1973	12.12.1969	29.11.1959	08.06.1992	03.08.1991
Date of Appointment	30.05.2013	31.01.2009	31.03.2018 (proposed)	31.03.2018 (proposed)	31.03.2018 (proposed)
Nationality	Indian	Indian	Indian	Indian	Indian
Category	Promoter	Promoter	Independent	Independent	Independent
Designation	Non Executive Director	Chairman & Non Executive Director	Independent Director	Independent Director	Independent Director
Qualification / Experience in Specific Functional Areas	Mr. Rajendra Kaimal, aged 44 years, holds a Bachelors Degree in Commerce from the University of Mumbai. He has completed his Masters in Management Studies from Narsee Monjee Institute of Management Studies, Mumbai and is a Cost Accountant from the Institute of Cost and Works Accountants of India. He has over 14 years of experience in the pharmaceutical industry.	Mr. Ajit Kamath, aged 48 years, holds a Bachelor's degree in Commerce from University of Mumbai. He has more than 16 years of experience in the pharmaceutical industry. He has been involved and instrumental in planning and formulating the overall business strategy and developing business relations for our Company.	Dr. Sunil Pitroda, aged 57 years, holds Bachelor of Medicine, Bachelor of Surgery (MBBS) Degree from the University of Mumbai. He has over 33 years of experience in the Medical and surgical field. His experience in the field of Medicines and understanding of the healthcare vertical will help our Company grow further.	Mr. Palak Shah aged 25 years, is Chartered Accountant by profession, holds Bachelor of Commerce degree from university of Mumbai. He is a successful entrepreneur has experience around 4 years in allied fields such as finance & accounts, taxation and marketing etc.	Mr. Abhishek Buddhadev aged 26 years, is Company Secretary by profession, holds Master of commerce degree from university of Mumbai. He is having 5 years of experience in the field of Secretarial Compliance & Corporate Laws.
Occupation	Service	Service	Business	Business	Service

**ANNEXURE – 'B' DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING:**

Other Directorships/ Directorships held in other companies	1.	Arch Pharmachem Ltd	1.	Arch Investment Private Ltd	1.	Arch Pharmalabs Ltd	1.	Arch Pharmalabs Ltd	NIL
	2.	Arch Impex Private Limited	2.	Arch Herbals Private Limited	2.	Dhara Technosystem LLP			
	3.	Arch Pharmalabs Ltd	3.	Arch Impex Private Limited					
	4.	Arch Life Sciences Limited	4.	Arch Pharmachem Ltd					
	5.	A M R Investments Private Limited	5.	Arch Pharmalabs Limited					
	6.	Arch Finechemicals Limited	6.	Marm Realty Private Limited					
	7.	Arch Infra Ventures Limited	7.	Arch Life Sciences Limited					
	8.	Amra Remedies Limited	8.	A M R Investments Private Limited					
	9.	Arch Agro Industries Private Limited	9.	Arch Finechemicals Limited					
	10.	Amra Renal Care Limited	10.	Arch Infra Ventures Limited					
	11.	Arch Investment Private Limited	11.	Amra Remedies Limited					
	12.	Arch Herbals Private Limited	12.	Arch Agro Industries Private Limited					
			13.	Amra Renal Care Limited					
			14.	Regal Pharma Pte. Ltd. (Singapore)					
Shareholding in the Company	NIL		NIL		NIL		NIL		NIL
Relationship between directors inter-se	NIL		NIL		NIL		NIL		NIL

**Form No. MR-3**  
**ANNEXURE – ‘C’ - SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Avon Lifesciences Limited  
Survey No.18,  
Yawapur Village,  
Sadasivpet Mandal Medak Dist Rict,  
Andhra Padesh - 502 291.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to corporate practices by AVON LIFESCIENCES LIMITED (formerly Avon Organics Ltd.) (herein after called the ‘Company’). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions with certain non-compliance as listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’);
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;–
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit period)**

(vi) Other laws as per the representation made by the Company are as follows;

- Factories Act, 1948
- Industrial Disputes Act, 1947
- Payment of Wages Act, 1936
- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Employees State Insurance Act, 1948
- Environment Protection Act, 1986
- Indian Contracts Act, 1872
- Income Tax Act, 1961 and Indirect Tax Laws
- Pollution Control Laws

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings are generally complied.
- (ii) The Listing Agreements entered into by the Company with BSE Limited in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

1. A Woman Director who was on the board has resigned w.e.f June 9, 2016. As represented by the Company, the Management is in process of appointing a Woman Director on the Board pursuant to the requirements of Section 149 of the Companies Act, 2013.
2. As on March 31, 2017 the Board was not properly constituted pursuant to the LODR. The Company needs to appoint Independent Directors
3. During the audit period under review, the Company is not regular in depositing the undisputed statutory dues including provident fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise-duty, Service Tax, Cess and any other Statutory dues with appropriate authorities as per the Auditor's report.
4. Official Website of Company got updated regularly during the year.
5. The Company has not complied with the provision of Section 148 of Companies Act, 2013 read with rules framed there under and has not filed FORM-I for filing of Cost Audit Report with Central Government. However the management has assured that all such filings will be done in due course.
6. The Company has not appointed Key Managerial Person in the form of Managing Director or Chief Executive Officer as required under Section 203 of the Companies Act, 2013.
7. The Company was in delay for payment of Listing Fees to BSE and paid the same penalty.
8. The Annual General Meeting was not conveyed pursuant to the provisions of the Companies Act, 2013.

I have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and regulations to the Company.

I further report that:

The Board of Directors of the Company is not duly constituted.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. There was no Public/Right/Preference issue of shares / debentures / sweat equity, etc.
2. Redemption / buy-back of securities- NA
3. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 NA
4. Merger / amalgamation / reconstruction, etc. NA
5. Foreign technical collaborations. NA

Further there was no instance of

- (i) Public/Right/ debentures / sweat equity, etc.
  - (ii) Redemption / buy-back of securities
  - (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013
  - (iv) Merger / amalgamation / reconstruction, etc.
  - (v) Foreign technical collaborations.
6. There was no operational activity during the year under review. The Company has forfeited 91,75,000 share warrants, since the allottees did not exercise the option for conversion of share warrants within prescribed period.
  7. The Company had informed the Bombay Stock Exchange, where the securities of the Company is listed, vide its letter 24th October 2016 about certain events which took place in the month of April 2016 and thereafter, which would have material impact on the overall operations and finances of the Company.

Further, my report of even dated to be read along with the following clarifications:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, were followed provide as reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws and regulations and happening
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

**Date: 1.08.2017**

**Place: Mumbai**

**Riddhi Shah**  
**Practicing Company Secretary**  
**COP No.: 17035**

## ANNEXURE – ‘D’ - FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN  
as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.

### I REGISTRATION & OTHER DETAILS:

i	CIN	L24110TG1993PLC016112
ii	Registration Date	3 August 1992
iii	Name of the Company	Avon Lifesciences Limited
iv	Company Limited by shares Indian Non-Government Company	Company Limited by shares Indian Non-Government Company
v	Address of the Registered office and contact details	Survey No. 18, Yawapur, Sadasivpet(M), Medak, Hyderabad, Pin Code: 502291 022-4610 4900
vi	Whether Listed Company	Yes, Listed on BSE Limited
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Phone : 040 23545913/14/15, Fax: 040 23553214, email: xlfield@gmail.com

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
i	Pharmaceutical products	21002 & 21005	-

### III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
i	<b>HOLDING COMPANY</b>	Not applicable			
ii	<b>DIRECT SUBSIDIARIES</b>	Not applicable			
iii	<b>STEP DOWN SUBSIDIARIES</b>	Not applicable			
iv	ARCH PHARMALABS LIMITED	U24231MH1993PLC150891	ASSOCIATE	44.95%	2(6)

**IV (i) SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
<b>(1) Indian</b>								
a) Individual/HUF	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0
c) State Govt. (s)	0	0	0	0	0	0	0	0
d) Bodies Corporates	10709100	0	10709100	45.14	10709100	0	10709100	44.95
e) Banks/ Financial Institutions	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>10709100</b>	<b>0</b>	<b>10709100</b>	<b>45.14</b>	<b>10709100</b>	<b>0</b>	<b>10709100</b>	<b>44.95</b>
<b>(2) Foreign</b>								
a) NRI- Individuals	0	0	0	0	-	0	0	0
b) Other Individuals	0	0	0	0	-	0	0	0
c) Bodies Corp.	0	0	0	0	-	0	0	0
d) Banks/ Financial Institutions	0	0	0	0	-	0	0	0
e) Any other...	0	0	0	0	-	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>10709100</b>	<b>0</b>	<b>10709100</b>	<b>45.14</b>	<b>10709100</b>	<b>0</b>	<b>10709100</b>	<b>44.95</b>
<b>B. PUBLIC SHAREHOLDING</b>								
<b>(1) Institutions</b>								
a) Mutual Funds/UTI	0	0	0	0	-	0	0	0
b) Banks/ Financial Institutions	157500	100	157600	0.66	157500	100	157600	0.66
C) Cenntal govt	0	0	0	0	-	0	0	0
d) State Govt. (s)	0	0	0	0	-	0	0	0
e) Venture Capital Fund	0	0	0	0	-	0	0	0





**(ii) SHARE HOLDING OF PROMOTERS**

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	ARCH PHARMALABS LIMITED	10709100	45.14%	0	10709100	44.95%	0	0
	<b>Total</b>	<b>10709100</b>	<b>45.14%</b>	<b>0</b>	<b>10709100</b>	<b>44.95%</b>	<b>0</b>	<b>0</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY IF THERE IS NO CHANGE)**

SI No.	Name of the Shareholder	Shareholding		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. Shares at the beginning of the year (01.04.2016)	% of total shares of the company				No. of shares	% of total shares of the company
1				Not Applicable				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):**

SI. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	BLUE PEACOCK SECURITIES PVT LTD	0	0.00	333055	1.40
2.	UGRABHAI VANARSHIDAS PATEL	0	0.00	288000	1.21
3.	SANJAY LUTHRA	230723	0.97	268723	1.13
4.	MEHUL HASMUKH BHAI SHAH	0	0.00	173200	0.73
5.	ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CO	157500	0.66	157500	0.66
6.	SYKES & RAY EQUITIES (I) LTD.	4162	0.02	145853	0.61
7.	NINU S KHANNA	140000	0.59	140000	0.59
8.	JAYANTILAL G MEHTA	125000	0.53	125000	0.52
9.	SHAKTIMAN STEEL CASTINGS PVT LTD	100000	0.42	100000	0.42
10.	RAMESH G MEHTA	0	0.00	100000	0.42

**(v) Shareholding of Directors & KMP**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. Shares	Cumulative Shareholding during the year	No of shares	% of total shares of the company
<b>Mr. Ajit Kamath</b>	-	-	-	-
<b>Mr. Rajendra Kaimal</b>	-	-	-	-
At the end of the year	-	-	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	-	-	-	-
At the End of the year	-	-	-	-

**V INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT**

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,120,552,284	156,032,788	0	1,276,585,072
ii) Interest due but not paid	250,222,970	0	0	250,222,970
ii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>1,370,775,254</b>	<b>156,032,788</b>	<b>0</b>	<b>1,526,808,042</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	98,630,297	0	0	98,630,297
Reduction	(200,345,231)	0	0	(200,345,231)
Net Change	(101,714,934)	0	0	(101,714,934)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	953,671,751	156,032,788	0	1,109,704,539
ii) Interest due but not paid	315,388,569	0	0	315,388,569
ii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>1,269,060,320</b>	<b>156,032,788</b>	<b>0</b>	<b>1,425,093,108</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit others (specify)	-	-
5	Others, please specify Provident and other Funds Performance Bonus	-	-
	<b>Total (A)</b>	-	-

### B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Ajit Kamath	Mr. Rajendra Kaimal	
1	Independent Directors			
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	<b>Total (1)</b>	-	-	-
2	Other Non Executive Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify.	-	-	-
	<b>Total (2)</b>	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-
	<b>Overall Cieling as per the Act.</b>	1 % of the Net Profits of the Company		

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel (Amount in Rs.)		
		Chief Financial Officer	Company Secretary	Total
<b>1</b>	<b>Gross Salary</b>	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. (Gross CTC)	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as a % of profit - others, specify	-	-	-
5	Others, please specify Provident and other Funds Performance Bonus	-	-	-
	<b>Total</b>	-	-	-

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>		There was delay in payment of Annual Listing fees to the BSE Ltd and there were some instances of delayed compliances under the provisions of SEBI (LODR) Regulation, 2015, the Company has paid penalty as may be charged by BSE Ltd in this connection.			
Penalty					
Punishment			N.A		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			N.A		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			N.A		

For and on behalf of the Board of Directors  
**AVON LIFESCIENCES LIMITED**

Place : Mumbai  
Date : 30/05/2017

**Ajit Kamath**  
Chairman

**Rajendra Kaimal**  
Director

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## GLOBAL PHARMACEUTICAL MARKET

Global growth is projected at 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies. In 2015, global economic activity remained subdued. Growth in emerging markets and developing economies - while still accounting for over 70 percent of global growth - declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) Lower prices for energy and other commodities, and (3) A gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. Manufacturing activity and trade remain weak globally, reflecting not only developments in China, but also subdued global demand and investment more broadly - notably a decline in investment in extractive industries. In addition, the dramatic decline in imports in a number of emerging market and developing economies in economic distress is also weighing heavily on global trade. Global trade flows have slowed significantly in recent months, with total volumes of imports and exports projected to grow by only 2.6 per cent in 2015, the lowest rate since the Great Recession. The source of the global slowdown in trade is primarily rooted in weaker demand from developing economies and a sharp decline in imports demanded by economies in transition. Global monetary policy has remained generally accommodative in the face of weakening growth and subdued inflationary pressures in many parts of the world. A larger-than-expected slowdown in China, the second largest economy in the world, is likely to have substantial ripple effects on the rest of the global economy.

In context with India, the full-year GDP growth for the fiscal year ending March 2016 settled at 7.6%, up from 7.3% for year March 2015, As stated in AR 2013-15 in the previous year, slightly higher than an official estimate of 7.5% (figures calculated with base year of 2011-12). The Reserve Bank of India has projected India's GDP growth for 2016-17 at 7.6%. The International Monetary Fund has slightly trimmed India's growth projections for 2016 and 2017 at 7.4%, a drop of 0.1% from its previous forecast

**India: Overview, trends and prospects** The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80% of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume. India enjoys an important position in the global pharmaceuticals sector. The Indian pharmaceutical industry is estimated to grow at 20% Compound Annual Growth Rate (CAGR) over the next five years. The Indian pharma industry, which is expected to grow over 15% per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5% in the same period. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion. As on March 2014, Indian pharmaceutical manufacturing facilities registered with the US Food and Drug Administration (FDA) stood at 523, highest for any country outside the US. Domestic pharmaceutical market grew at a CAGR of 12 per cent year-on-year in February 2016, broadly in line with the average of 12.9% since April 2015. India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30% a year and reach US\$ 100 billion by 2025. The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions. The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines. Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows: Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers. The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of active pharmaceutical ingredients (API), nearly 85 per cent of which come from China. The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian

pharmaceutical companies. As depicted in the above picture the Indian pharmaceutical market size is expected to grow to US\$ 55 billion by 2020, driven by increasing consumer spending, rapid urbanisation, and rising healthcare among others.

## **RISKS AND CONCERNS**

All businesses are subject to certain element of risks, internal as well as external. The internal risks are controllable risks and Avon attempts to identify such risks and formulate actions to mitigate the effect of such risks. The external risks like change in government policies etc are not within the control of the Company. Particularly the global as well as the Indian Pharmaceutical industry continues to be regulated by various regulatory agencies. Stringent regulatory norms, delay in obtaining regulatory approvals for key products, patent litigations, currency fluctuations, pricing guidelines in the domestic market are certain risks that can affect the Company's business.

Emerging markets are increasingly pivotal in the growth of the pharmaceutical industry. Pharmaceutical companies operating in these markets, whether global or domestic players, are exposed to market-specific social risks that affect public health and may also pose material financial risks.

## **Finance**

There was no operational activity during the year under review. The income of Rs. 599.50 Lakhs includes an amount of Rs. 596.37 Lakhs derived on account of forfeiture of 91,75,000 share warrant money received by the Company on issuance of share warrants, since the allottees did not exercise the option for conversion of share warrants within prescribed period.

The Board had informed the Bombay Stock Exchange, where the securities of the Company is listed, vide its letter 24th October 2016 about certain events which took place in the month of April 2016 and thereafter, which would have material impact on the overall operations and finances of the Company.

## **INTERNAL AUDIT AND CONTROL**

Avon believes that sound internal control systems are necessary prerequisite to good governance. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of the Company's operations and the security of its assets.

Avon's internal control systems and procedures are designed to enable the reliable reporting of financial statements, reporting timely feedback on the achievement of operational or strategic goals and ensure compliance with laws and regulations. In addition to the statutory audit, the financial and operating controls at various locations of the Company are reviewed by internal auditors who report significant findings to the Audit Committee of the Board. Compliance with various laws and regulations are also monitored.

## **Human Resource Development and Industrial Relations**

Avon's HR function is aligned with the overall growth vision of the Company and continuously works on areas such as recruitment and selection policies, disciplinary procedures, reward/recognition policies, learning and development policies and all round employee development. Avon provides a safe and rewarding environment that attracts and retains a talented team and where employees are engaged in delivering exceptional results to the customers and investors.

Harmonious relations continued to prevail throughout the year. The focus is on maintaining a high level of motivation and on leadership development and the number of employees are maintained according to business development.

## **CAUTIONARY STATEMENT**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimate, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.*

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance pertains to system, by which companies are directed and controlled ethically, keeping in mind enhancement of long-term sustainable interests of stakeholders. It refers to blend of law, regulations, ethical and voluntary practices, which enable the Company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders, while respecting and balancing the interests of other stakeholders and the society at large.

The Board of Directors fully supports and endorses Corporate Governance practices as enunciated in SEBI (Listing Obligations and Disclosure Requirements) 2015 as applicable from time to time.

#### Code of Conduct:

The Board has laid down a Code of Conduct for all Board members and Senior Managerial personnel of the Company. The Code of Conduct is available on the web site of the Company at <http://avonlifesciences.com>

All the Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct and a declaration to that effect signed by the Chairman has been obtained.

#### Profile of members of the Board of Directors being appointed/re-appointed:

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting as required under LODR is annexed to the Notice convening the Annual General Meeting which forms part of this Annual Report.

### 2. BOARD OF DIRECTORS:

The Board as on 31 March 2017 consists of 2 Non-Executive Promoter Directors.

Details of composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting (AGM), number of other Directorships and Committee Memberships as on 31 March 2017 are given below:

Sr. No	Name, Designation and DIN of Directors	Category	No. of Board Meetings Attended	No. of Directorships held in other Companies	Attendance at last AGM	No. of Committee positions held in other Companies.	
						Chairman of Committee	Member of Committee
1	Mr. Ajit Kamath	Non-Executive (Promoter)	7	14	YES	2	0
3	Mr. Rajendra Kaimal	Non-Executive (Promoter)	7	12	YES	1	1

#### Number of Board Meetings:

During the year, Seven (7) Board Meeting were held and the details are given below:

Sr No.	Date	Board Strength	No. of Directors Present
1	25 April 2016	5	5
2	30 May 2016	5	5
3	5 September 2016	4	4
4	24 October 2016	2	2
5	29 October 2016	2	2
6	11 November 2016	2	2
7	24 February 2017	2	2



### 3. COMMITTEES OF THE BOARD:

As per the requirement of the Companies Act, 2013 read with Rules and SEBI (Listing Obligations and Disclosure Requirements) 2015. The Board of Directors has constituted four Committees i.e. Audit Committee, Stake Holder Relationship Committee, Remuneration and Nomination Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Stake Holder Relationship Committee, Remuneration and Nomination Committee are placed before the Board for their information and noting. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these Committees are given below:

#### a) **Audit Committee**

##### **Composition, meetings and the attendance during the year**

Six (6) meetings of the Audit Committee were held on 30 May 2016, 5 September 2016, 24 October 2016, 29 October 2016, 11 November 2016 and 24 February 2017. The details of composition of the Committee and their attendance at the meetings are given below:

As on 31 March 2017 the Composition of the committee was not in compliance with as per SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 177 of the Companies Act, 2013

Members of the Audit Committee have requisite financial and Management expertise and have held or hold senior positions in reputed Organizations.

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. Ajit Kamath	Chairman	Non-Executive (Promoter)	6
Mr. Rajendra Kaimal	Member	Non-Executive (Promoter)	6

##### **Terms of Reference**

The terms of reference to this committee, inter alia covers all the matters specified under SEBI (Listing Obligations and Disclosure Requirements) 2015 as well as in Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors, from time to time. The Audit Committee has also powers inter alia to investigate any activity within its terms of reference and the Committee lays emphasis on adequate disclosures and compliance with all relevant statutes.

#### b) **Nomination & Remuneration Committee:**

##### **Composition, meetings and the attendance during the year**

During the financial year 2016-17, there were no meeting of the Remuneration and Nomination Committee was held. The details of composition of the Committee and their attendance at the meeting are given below:

As on 31 March 2017, the Composition of the committee was not in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and section 178 of the Companies Act, 2013.

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. Rajendra Kaimal	Chairman	Non-Executive (Promoter)	N.a
Mr. Ajit Kamath	Member	Non-Executive (Promoter)	N.a

**c) Stake Holder Relationship Committee:**

**Composition, meetings and the attendance during the year**

Four (4) meetings of the Stake Holder Relationship Committee were held on 24 October 2016, 29 October 2016, 11 November 2016 and 24 February 2017. The details of composition of the Committee and their attendance at the meetings are given below:

As on 31 March 2017, the Composition of the committee is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and section 178 of the Companies Act, 2013.

Name	Designation	Category	No. of Meetings Attended
Mr. Ajit Kamath	Chairman	Non-Executive (Promoter)	4
Mr. Rajendra Kaimal	Member	Non-Executive (Promoter)	4

No complaints have been received during the year. No investor grievance remained unattended/pending for more than 30 days.

**d) Corporate Social Responsibility Committee (CSR):**

During the financial year 2016-17, no meeting of the committee was held, since the occasion for it did not arise.

**Terms of reference –**

To Decide, Formulate and recommend the CSR policy to the board which shall indicate the activities to be undertaken by the Company, recommend the amount of expenditure to be incurred on the activity and monitor the CSR policy of the Company from time to time.

**e) INDEPENDENT DIRECTORS MEETING:**

As on 31 March 2017 the Company did not had any independent director on its board.

**4. GENERAL BODY MEETINGS:**

a) Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:

Year	Day, Date and Time of the Meeting	Venue	Details of Special Resolutions passed
2016	Monday, 12 <sup>th</sup> day of February, 2018, 10:00 a.m.	Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033	No Special Resolution was passed.
2015	Wednesday, 30 <sup>th</sup> September, 2015, 10:00 a.m.	Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033	No Special Resolution was passed.
2014	Tuesday, 30 <sup>th</sup> December, 2014, 10.00 a.m.	Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033	i. Authorisation to borrow under section 180 (1) (c) of the Companies Act, 2013 ii. Authorisation to mortgage the assets of the Company under Section 180 (1) (a) of the Companies Act, 2013

## 5. DISCLOSURES:

- a) There were no transactions of material nature with its related parties that may have the potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note to the Financial Statements.
- b) There were some instances of non-compliance and penalties/strictures imposed by Stock Exchanges or SEBI or any other statutory authority. However the Company is taking all possible steps to bring online the compliances with various applicable laws.
- c) The Board of Directors of the Company has adopted and put in place a Whistle Blower Policy and no personnel have been denied access to the audit committee.

### d) **Compliance with Accounting Standards:**

In preparation of the Financial Statements, the Company has followed the Accounting Standards applicable to the Company.

### e) **CEO/CFO Certification Director Certification:**

Pursuant to the regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Chairman and Non - Executive Director has issued a certificate to the Board, for the year ended 31 March 2017.

### f) **Internal control system and their adequacy:**

The Company has adequate internal control procedures commensurate with its size and nature of business. The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls and risk management.

## 6. MEANS OF COMMUNICATION

**Financial Results:** The quarterly, half-yearly and annual results of the Company are submitted to the Stock Exchanges on which the company's shares are listed in accordance with the Listing Regulations.

**Annual Report:** Annual Report of the Company containing, inter-alia, Audited Financial Statements, Directors' Report, Report on Corporate Governance, Auditors Report and other important information is circulated to the members and others entitled thereto for each financial year. The Management Discussion and Analysis Report forms part of the Annual Report.

## 7. GENERAL SHAREHOLDERS' INFORMATION

- |   |   |
|---|---|
| <b>1. Date, Time and Venue of AGM:</b>  | Saturday, 31 <sup>st</sup> March 2018<br>at 10 a.m. Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500 033, Telangana. |
| <b>2. Financial Calendar</b>  | 1st April to 31st March   |
| <b>3. Board Meetings for Quarterly Results:<br/>(tentative and subject to change)</b> |   |
| • Quarter ending June 30, 2017  | - On or before 14 <sup>th</sup> August 2017   |
| • Quarter ending September 30, 2017   | - On or before 14 <sup>th</sup> November 2017   |
| • Quarter ending December 31, 2017  | - On or before 14 <sup>th</sup> February, 2018  |
| • Quarter ending March 31, 2018   | - On or before 30 <sup>th</sup> May, 2018   |

• Annual General Meeting for the Financial Year March 31, 2018	- On or before September 30 <sup>th</sup> , 2018
<b>4. Book Closure dates</b>	N.A.(both days inclusive)
<b>5. Dividend Payment Date</b>	No dividend has been recommended by the Board for the financial year 2016-2017.
<b>6. Listing on the stock exchanges</b>	The Bombay Stock Exchange Limited (BSE)
<b>7. Payment of Listing fees</b>	Annual listing fees have been paid as per the requirements of Listing Agreement.
<b>8. International Securities Identification Number.</b>	INE881A01015
<b>9. Corporate Identification Number</b>	L24110AP1993PLC016112
<b>10. Stock Code: BSE</b>	531541
<b>11. Registered Office</b>	Survey No.18, Yawapur Village, Sadasivpet, Medak Dist., Telangana. Tel : 9949828084; Fax: 040-23404438
<b>12. Corporate Office</b>	H Wing, 4 <sup>th</sup> Floor, Tex Centre, Off Saki Vihar Road, Chandivali, Andheri (East), Mumbai – 400 072.
<b>Exclusive e-mail Id for investors</b>	info@ avonlifesciences.com
<b>13. Registrars and Share Transfer Agents</b>	XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad- 500 034. Phone no. (040)23545913, 14, 15.
<b>14. Plant Locations</b>	Survey No.18, Yawapur Village, Sadasivpeth Mandal, Medak Dist, Telangana (In Operative).  Plot No. E-2, Chincholi Industrial Area, Solapur, Maharashtra.
<b>15. Address for Correspondence</b>	Shareholder correspondence should be addressed to the Company's R & T Agent or to the secretarial department of the Company.

**16. Dematerialisation of shares And liquidity:**

Trading in equity shares of the company became mandatory from July, 2001. As on 31 March 2017, 2,23,57,584 Equity shares equivalent to 93.84 % of the paid up share capital of the company are in dematerialized form. The company's shares are currently traded in Z group on the BSE Ltd.

**17. Outstanding GDR/ADR/Warrants or any**

As on 31.03.2017, the Company has not issued any of these types of securities, convertible instruments, conversion date and likely impact of Equity.

**18. Share Transfer System**

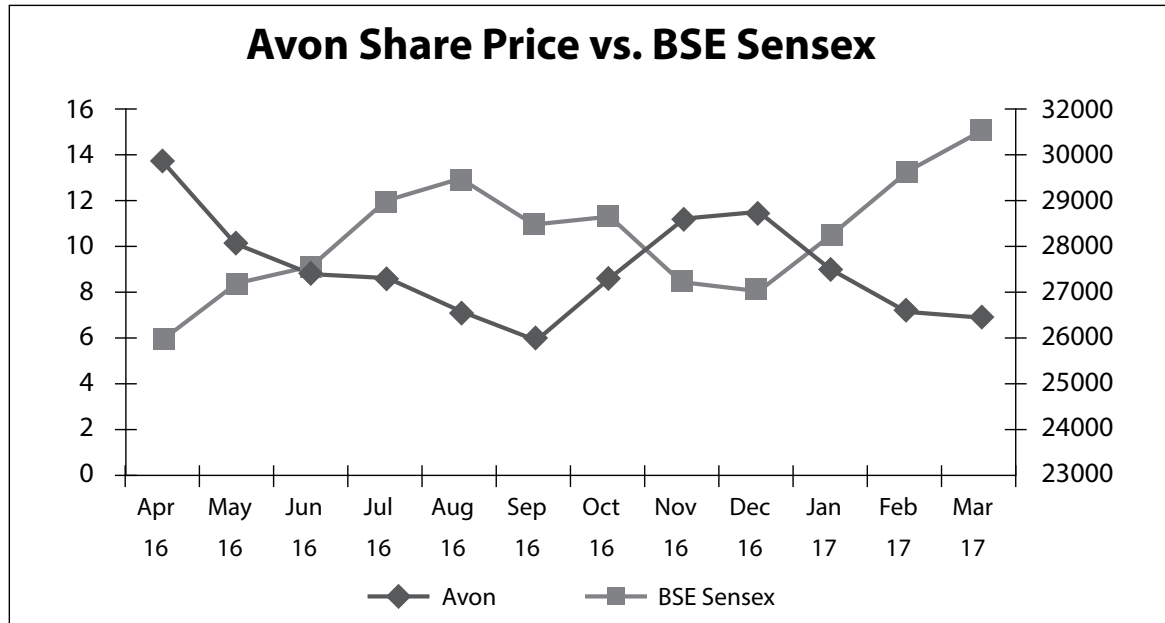
Shares sent for physical transfer or dematerialization requests are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

Bad deliveries are promptly returned to Depository Participants (DPs) under advice to the shareholders.

**19. Stock Market data relating to shares listed**

Month	Bombay Stock Exchange (Amt. In Rs)	
	High Price	Low Price
Apr 16	31.5	13.5
May 16	13.16	9.7
Jun 16	12.3	6.4
Jul 16	9.99	7.92
Aug 16	9	6.56
Sep 16	7.73	6.42
Oct 16	8.59	6.44
Nov 16	11.16	8.71
Dec 16	12.22	10.6
Jan 17	11.77	8.61
Feb 17	9.45	7.2
Mar 17	9.09	7.05

Chart showing comparison of Avon Share Price (closing – monthly) with BSE Sensex (closing – monthly):



**20. Distribution of Shareholding as on 31st March, 2017.**

No. of Equity shares	Shareholders		No. of Shares	
	Number	% of Holders	Number	% of shares
Upto 5,000	4362	67.89	8581150	3.60
5,001 - 10,000	799	12.44	6908360	2.90
10,001 - 20,000	474	7.38	7580350	3.18
20,001 - 30,000	187	2.91	4899990	2.06
30,001 - 40,000	108	1.68	3937320	1.65
40,001 - 50,000	102	1.59	4875230	2.05
50,001 - 1,00,000	177	2.75	13545580	5.69
1,00,001 & above	216	3.36	187922020	78.88
<b>Total</b>	<b>6425</b>	<b>100.00</b>	<b>238250000</b>	<b>100.00</b>

## **CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

To

The Shareholders,

I hereby declare that all the Board Members and the senior management personnels have affirmed compliance with the code of conduct adopted by the company and have submitted declarations in this behalf for the year ended 31 March 2017.

**Place : Mumbai**

**Date :7.03.2018**

**Ajit Kamath**

**Chairman & Non Executive Director**

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## **CERTIFICATE FROM CHAIRMAN**

I, Ajit Kamath, Director of the Company, to the best of my knowledge and belief, certify that:

- a. I have reviewed the financial statements and the cash flow statement for the year under review and certify that:
  - i. these statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violate of the company's code of conduct.
- c. I am responsible for establishing and maintaining internal controls for financing reporting and have evaluated the effectiveness and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.
- d. I have indicated to the auditors and audit committee that -
  - i. there are no significant changes in internal control over financial reporting during the year.
  - ii. there are no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
  - iii. there are no frauds of which i was aware, that involves management or other employees who have a significant role in the company's internal control system.

**Place : Mumbai**

**Date :7.3.2018**

**Ajit Kamath**

**Chairman & Non Executive Director**

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## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

### **AVON LIFESCIENCES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **AVON LIFESCIENCES LIMITED** ('the Company'), for the year ended 31 March, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that there are some instances of delay in compliance and some non compliances with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for MUKESH MEHTA & ASSOCIATES**  
**Chartered Accountants**  
**Firm's registration number : 116309W**

**Place :Mumbai**  
**Date : 30.05.2017**

**Mukesh Mehta**  
**Proprietor**  
**Membership number 100407**



## AUDITOR'S REPORT

To

The Members of Avon Lifesciences Limited

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Avon Lifesciences Ltd, which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In so far as it relates to the Balance Sheet, of the statement of affairs of the company as at 31<sup>st</sup> March 2017.

- ii. In so far as it relates to the Profit & Loss Account , the profit of the company for the year ended on that date: and
- iii. In so far as it relates to the Cash Flow , the Cash Flow Statement of the company for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i. The company has disclosed the impact of pending litigation on its financial statements refer annexure to the auditor's report paragraph 7 to the financial statement for matter of Income Tax.
    - ii. The provisions as required under the applicable law or accounting standards for material foreseeable losses if any on the long term contracts including derivative contracts are not applicable to the company.
    - iii. There has been no such requirement for transferring amounts, required to be transferred the Investor Education and Protection Fund transfer by the company.
    - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in specified bank notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the Company.

**for MUKESH MEHTA & ASSOCIATES**  
**Chartered Accountants**  
**Firm's registration number : 116309W**

**Place :Mumbai**  
**Date : 30.05.2017**

**Mukesh Mehta**  
**Proprietor**  
**Membership number 100407**

## **ANNEXURE – A TO THE AUDITORS’ REPORT**

The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that :

- (i) (a) The Company has maintained proper records showing full particulars, including details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner at regular intervals. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company the immovable properties are held in the name of the company.
- (ii) In respect of its inventories:
  - (a) The inventories has been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) On the basis of our examination of records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book stocks were not material.
- (iii) (a) The Company has not granted any loans to the bodies corporate covered in the register under section 189 of the Companies Act, 2013 ('the Act').
- (b) The company has given interest free loan to Associate Concern of the company. In the said loans, the maximum amount outstanding at any time during the year was Rs. 51,015 and the year end balance was Rs. 51,015.
- (c) The company has taken unsecured interest free loans from the bodies corporate covered in the register maintained under section 189 of the Act and the amount outstanding at the end of the year is Rs. 3171.40 lacs (Previous year Rs. 3171.40 lacs).
- (iv) In our opinion and according the information and explanations given to us and on the basis of our examination of the records of the company, the company has not given loans, made investments or given guarantees which are covered by the provisions of Section 185 and 186 of the act.
- (v) The Company has not accepted any deposits from the public except equity shares warrant 1,00,000 issued at the price of Rs. 26/- per share including premium of Rs. 16/- per shares during previous year ended 2016-17. hence the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the act and the rules framed there under are not applicable to the company.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act, to the company and such accounts and records have been made and maintained by the company.
- (vii) According to the records of the company, the company is not regular in depositing the undisputed statutory dues including provident fund, Employees’ State Insurance, Profession Tax, Income Tax, TDS, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate govt and semi govt authorities. There are

arrears of outstanding such undisputed statutory dues at the last day of the financial year concerned for a period of more than six months from the date they became payable.

<b>Particulars</b>	<b>Amount in Rs.</b>
<b>ESIC</b>	31,418
<b>Provident Fund</b>	66,86,009
<b>Professional Tax</b>	6,26,065
<b>TDS</b>	13,81,040
<b>Service Tax</b>	7,41,487
<b>Excise Duty</b>	14,97,195
<b>Income Tax</b>	3,27,54,530

- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has delay /defaulted in repayment of dues along with the interest thereon with the banks as at the end of the financial year.
- (ix) The Company does not raised any money by way of initial public offer or further public offer (including Debt instruments). We report that no funds raised on short term basis have been used for long term investment by the company. Thus, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not provided any remuneration thus the provisions of section 197 read with Schedule V to the Act is not applicable to the company.
- (xii) In our opinion and according the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under consideration.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As informed to us, the company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

**for MUKESH MEHTA & ASSOCIATES**  
**Chartered Accountants**  
**Firm's registration number : 116309W**

**Place :Mumbai**  
**Date : 30.05.2017**

**Mukesh Mehta**  
**Proprietor**  
**Membership number 100407**

## **ANNEXURE – B TO THE AUDITORS’ REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.**

We have audited the accompanying standalone financial statements of M/s. Avon Lifesciences Ltd, which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information and internal financial controls of the company.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**for MUKESH MEHTA & ASSOCIATES**  
**Chartered Accountants**  
**Firm's registration number : 116309W**

**Mukesh Mehta**  
**Proprietor**  
**Membership number 100407**

**Place :Mumbai**  
**Date : 30.05.2017**

**BALANCE SHEET AS AT 31.03.2017**

(Amt in Rs.)

	Note	As at 31.03.2017		As at 31.03.2016	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	1	238,250,000		237,250,000	
Reserves and Surplus	2	(424,060,381)		(233,275,277)	
Money received against Share Warrants		0	(185,810,381)	60,287,500	64,262,223
<b>Non Current Liabilities</b>					
Long Term Borrowing	3	266,942,047		392,825,538	
Long Term Liability	4	317,140,209		317,140,209	
Deferred tax liabilities (Net)	5	29,900,649	613,982,905	29,900,649	739,866,396
<b>Current Liabilities</b>					
Short Term borrowings	6	1,112,641,036		956,310,253	
Trade payables	7	595,991,756		583,412,485	
Other current liabilities	8	364,341,600		239,783,521	
Short term provisions	9	21,084,268	2,094,058,660	21,084,268	1,800,590,527
<b>TOTAL</b>			<b>2,522,231,184</b>		<b>2,604,719,146</b>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Fixed Assets					
Tangible Assets	10	810,061,259		877,884,537	
Intangible Assets		0		0	
Capital Work in Progress		22,506,617		22,506,617	
Intangible assets under development		0	832,567,876	0	900,391,154
Non Current Investment	11		121,930,256		121,930,256
Long Term Loans and Advances	12		51,015		51,015
<b>CURRENT ASSETS</b>					
Inventories	13	554,633,536		554,633,536	
Trade Receivables	14	887,409,539		897,343,840	
Cash & Cash equivalents	15	1,309,736		5,909,321	
Short terms loans and advances	16	24,294,852		24,463,856	
Other Current Assets	17	100,034,375	1,567,682,037	99,996,169	1,582,346,721
<b>TOTAL</b>			<b>2,522,231,184</b>		<b>2,604,719,146</b>
Significant accounting policies and Notes on Financial statements	1 to 25				

Notes referred to above and thereto form an integral part of the Balance Sheet

 As per our report of even date  
 for **Mukesh Mehta & Associates.**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Mukesh Mehta**  
 Proprietor  
**Mem.No. 100407**  
**FRN: 116309W**  
 Place : Mumbai  
 Date : 30/05/2017

**Ajit Kamath**  
 Chairman

**Rajendra Kaimal**  
 Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2017**

(Amt in Rs.)

	Note	For the Year ended 31.03.2017	For the Year ended 31.03.2016
<b>INCOME</b>			
Revenue from Operations	18	0	325,434,126
Other Income	19	59,950,093	4,214,604
<b>TOTAL</b>		<b>59,950,093</b>	<b>329,648,730</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	20	(0)	111,017,646
(Increase)/Decrease in stocks	21	0	83,941,775
Payments & benefits to employees	22	31,138,987	42,693,266
Financial charges	23	144,064,446	143,737,147
Depreciation and amortisation expenses	10	67,823,278	73,119,134
Other Expenses	24	9,308,486	39,727,321
<b>TOTAL</b>		<b>252,335,197</b>	<b>494,236,290</b>
<b>Profit/(loss) before tax</b>		(192,385,104)	(164,587,560)
Less : Exceptional Items		0	0
Less:Deffered Tax		0	0
<b>Profit/(loss) after tax</b>		<b>(192,385,104)</b>	<b>(164,587,560)</b>
<b>Earning per equity share of face value of Rs.10/- each Basic and Diluted ( in Rs)</b>		<b>(8.07)</b>	<b>(6.94)</b>
Significant accounting policies and Notes on Financial statements	1 to 25		

Notes referred to above and thereto form an integral part of the Balance Sheet

As per our report of even date  
for **Mukesh Mehta & Associates.**  
Chartered Accountants

For and on behalf of the Board of Directors

**Mukesh Mehta**  
Proprietor  
**Mem.No. 100407**  
**FRN: 116309W**  
Place : Mumbai  
Date : 30/05/2017

**Ajit Kamath**  
Chairman

**Rajendra Kaimal**  
Director



## Notes on Financial Statements for the year ended 31st March' 17

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
<b>1 SHARE CAPITAL</b>		
<b>Authorised Share Capital:</b>		
40,000,000 Equity Shares of Rs. 10/- each (Pervious year 40,000,000 Equity Shares of Rs. 10-/ Each)	400,000,000	400,000,000
<b>Issued, Subscribed and paid-up:</b>		
23,825,000 Equity Shares of Rs. 10/- each (Pervious year 23,725,000 Equity Shares of Rs. 10-/ Each)	238,250,000	237,250,000
	<b>238,250,000</b>	<b>237,250,000</b>

### 1.1 Number of Equity Shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	Number of shares as at 31st March'2017	%	Number of shares as at 31st March, 2016	%
Arch Pharmalabs Limited	10,709,100	<b>44.95</b>	10,709,100	<b>45.14</b>

<b>2 RESERVES &amp; SURPLUS</b>	Number of shares as at 31st March'2017		Number of shares as at 31st March, 2016	
State Investment Subsidy		2,000,000		2,000,000
Capital Reserve		7,000,000		7,000,000
Security Premium		317,051,400		315,451,400
General Reserve		130,000,000		130,000,000
<b>Profit &amp; Loss Account</b>				
As per last balance sheet	(687,726,677)		(523,139,117)	
Add: Profit/ loss for the year	(192,385,104)		(164,587,560)	
	(880,111,781)		(687,726,677)	
Less: Retained earning for Depreciation				
Proposed Dividend on Equity	0		0	
Less:Tax on Dividend	0		0	
		(880,111,781)		(687,726,677)
		<b>(424,060,381)</b>		<b>(233,275,277)</b>

3 LONG TERM BORROWINGS	As at 31.03.2017 Rs.		As at 31.03.2016 Rs.	
	Current	Non Current	Current	Non Current
<b>Secured</b>				
Term Loans From Banks	183,744,471	211,466,669	96,300,874	318,164,127
	<b>183,744,471</b>	<b>211,466,669</b>	<b>96,300,874</b>	<b>318,164,127</b>
<b>Unsecured</b>				
Deferred Sales Tax Loan from State Govts.	100,557,410	55,475,378	81,371,377	74,661,411
	<b>100,557,410</b>	<b>55,475,378</b>	<b>81,371,377</b>	<b>74,661,411</b>
	<b>284,301,881</b>	<b>266,942,047</b>	<b>177,672,251</b>	<b>392,825,538</b>

3.1 Maturity Profile	2017-18	2018-19	2019-20	2020-21	2021-22
Term Loan From Banks	183,744,471	153,766,669	47,300,000	6,400,000	4,000,000
Deferred Sales Tax Loan	100,557,410	15,972,654	17,714,687	7,587,682	4,445,142

### 3.2 Term Loans

The term loans from banks of Rs.3467.57 lacs (previous year Rs. 3660.11 lacs) are secured by way of first pari passu charge on fixed assets, second pari pasu charge on current assets, personal /corporate gurantees of promotor directors/ company

The term loans from bank of Rs.484.54 lacs (previous year Rs. 484.54 lacs) are secured by way of first pari passu charge on current assets, second pari pasu charge on fixed assets, personal /corporate gurantees of promotor directors/ company

### 3.3 Deferred Sales Tax Loan

The Company has been availing interest free Sales Tax deferement loan from States Government Authorities and the balance Outstanding as on 31 st March, 2017 was Rs.1560.33 lacs (Previous year Rs. 1560.33 lacs)

## 4 LONG TERM LIABILITY

Unsecured	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
From Body Corporates	317,140,209	317,140,209
	<b>317,140,209</b>	<b>317,140,209</b>

## 5 Deferred tax liabilities (NET)

Deferred Tax Liability	29,900,649	29,900,649
	<b>29,900,649</b>	<b>29,900,649</b>

## 6 SHORT TERM BORROWINGS

<b>Secured</b>		
Working capital loan From Banks	1,112,641,036	956,310,253
	<b>1,112,641,036</b>	<b>956,310,253</b>

### 6.1 Working Capital

The working capital loans from the banks Rs.11126.41 lacs (previous year Rs. 9563.10 lacs) are secured by first pari pasu charge on the current assets, second pari pasu charge on fixed assets and presonal gurantee of promotor directors/company.

	<b>As at 31.03.2017 Rs.</b>	<b>As at 31.03.2016 Rs.</b>
<b>7 TRADE PAYABLES</b>		
Sundry Creditors	595,991,755	583,412,485
	<b>595,991,755</b>	<b>583,412,485</b>

7.1 In the absence of necessary information with the company relating to information to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be complied and disclosed.

The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises.

**8 OTHER CURRENT LIABILITIES**

Current Maturities of long term debt (Refere Note No.3)	284,301,881	177,672,251
Other payable	80,039,719	62,111,270
	<b>364,341,600</b>	<b>239,783,521</b>

**9 SHORT-TERM PROVISIONS**

Provision for Leave Encashment	3,310,172	3,310,172
Provision for Tax ( Net of Payment )	17,314,553	17,314,553
Provision for Excise Duty	459,543	459,543
	<b>21,084,268</b>	<b>21,084,268</b>

**10. FIXED ASSETS - DEPRECIATION AS PER COMPANIES ACT**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2016	Additions	Deletions	As at 31.03.2017	As at 01.04.2016	Depreciation For the Year	Depreciation Adjustment	As at 31.03.2017	As at 31.03.2016
<b>TANGIBLE ASSETS</b>									
Land & Site Development	31,328,928	0	0	31,328,928	0	0	0	31,328,928	31,328,928
Building									
Non Factory	18,047,842	0	0	18,047,842	3,506,584	336,278	0	14,204,981	14,541,258
Factory	170,542,107	0	0	170,542,107	77,404,532	4,569,295	0	88,568,281	93,137,575
Plant & Machinery	1,622,209,168	0	0	1,622,209,168	893,276,365	61,451,706	0	667,481,098	728,932,805
Lab Equipment	4,698,137	0	0	4,698,137	1,518,622	488,619	0	2,690,897	3,179,515
Electrical Installations	49,588,047	0	0	49,588,047	46,084,499	339,596	0	3,163,953	3,503,548
Furniture	9,246,021	0	0	9,246,021	7,232,041	510,287	0	1,503,694	2,013,981
Office Equipment	5,558,530	0	0	5,558,530	5,277,975	14,127	0	266,429	280,555
Computers	8,516,812	0	0	8,516,812	8,134,330	0	0	382,483	382,483
Vehicles	4,393,141	0	0	4,393,141	3,809,254	113,370	0	470,518	583,888
<b>TOTAL</b>	<b>1,924,128,733</b>	<b>0</b>	<b>0</b>	<b>1,924,128,733</b>	<b>1,046,244,202</b>	<b>67,823,278</b>	<b>0</b>	<b>810,061,259</b>	<b>877,884,536</b>
<b>Previous Year</b>	<b>1,924,128,733</b>	<b>0</b>	<b>0</b>	<b>1,924,128,733</b>	<b>973,125,068</b>	<b>73,119,134</b>	<b>0</b>	<b>877,884,536</b>	<b>951,003,671</b>
<b>Capital Work in Progress</b>								<b>22,506,617</b>	<b>22,506,617</b>

<b>11 NON-CURRENT INVESTMENTS</b>	<b>As at 31.03.2017 Rs.</b>	<b>As at 31.03.2016 Rs.</b>
Unquoted - Fully paid Up 3,120,100 Shares of SGD 1 Each in Regal Pharma Pte. Ltd. (Previous year 3,120,100 Shares of SGD 1 Each in Regal Pharma Pte. Ltd.)	121,930,256	121,930,256
	<b>121,930,256</b>	<b>121,930,256</b>
<b>12 LONG TERM LOANS AND ADVANCES</b>		
Advances	51,015	51,015
	<b>51,015</b>	<b>51,015</b>
<b>13 INVENTORIES</b>		
Raw Materials	237,609,662	237,609,662
Stores, Consumables & Packing Material	20,739,899	20,739,899
Work-in-progress	286,376,936	286,376,936
Finished Goods	9,907,039	9,907,039
	<b>554,633,536</b>	<b>554,633,536</b>
<b>14 TRADE RECEIVABLES</b>		
(Unsecured and Considered Good)		
Over six months	887,409,539	561,646,543
Others	0	335,697,297
	<b>887,409,539</b>	<b>897,343,840</b>
<b>15 CASH &amp; CASH EQUIVALENTS</b>		
Cash on hand	32,824	116,518
<u>Balance with Banks</u>		
In Current Accounts	860,208	2,285,906
In Deposits Accounts (Pledged with bank as margin)	416,704	3,506,897
	<b>1,309,736</b>	<b>5,909,321</b>
Deposits Accounts Rs. Nil (Previous Year Rs.Nil) maturity is more than 12 months.		
<b>16 SHORT TERMS LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
Advance for Suppliers and expenses	23,171,324	23,390,328
Advances to employees	88,950	88,950
Other Advances	1,034,577	984,577
	<b>24,294,852</b>	<b>24,463,856</b>
<b>17 OTHER CURRENT ASSETS</b>		
Deposits	7,716,348	7,718,380
Balance with Govt. Departments	35,072,079	34,866,343
Prepaid expenses	242,253	410,148
Income Tax	57,003,694	57,001,298
	<b>100,034,375</b>	<b>99,996,169</b>

	For the year ended 31.03.2017 Rs.	For the year ended 31.03.2016 Rs.
<b>18 REVENUE FROM OPERATIONS</b>		
Sale of Products	0	326,613,063
Other operating Revenue	0	0
	<b>0</b>	<b>326,613,063</b>
Less: Excise duty	0	1,178,937
	<b>0</b>	<b>325,434,126</b>
<b>18.1 Broad particulars of sales of products</b>		
API/Intermediate/ Contract Manufacturing/ Custom Synthesis	0	325,434,126
Others	0	
	<b>0</b>	<b>325,434,126</b>
<b>19 OTHER INCOME</b>		
Interest Received	312,593	4,214,604
Misc. Income	<b>59,637,500</b>	<b>0</b>
	<b>59,950,093</b>	<b>4,214,604</b>

	For the year ended 31.03.2017 (Rs.)		For the year ended 31.03.2016 (Rs.)	
<b>20 COST OF MATERIALS CONSUMED</b>		(0)		<b>111,017,646</b>
	<b>Amount</b>	<b>% of Consumption</b>	<b>Amount</b>	<b>% of Consumption</b>
Imported	0	0.00%	0	0.00%
indigenous	(0)	0.00%	111,017,646	100.00%
	<b>0</b>	<b>0.00%</b>	<b>111,017,646</b>	<b>100.00%</b>
<b>20.1 Board Catogary of Material Consumed</b>				
Chemical and Solvents		(0)		<b>111,017,646</b>
<b>21 (INCREASE)/DECREASE IN STOCKS</b>				
Opening Stock				
Work-in-progress	286,376,936		273,916,541	
Finished Goods	9,907,039	382,898,710	108,982,170	382,898,710
Closing Stock				
Work-in-progress	286,376,936		286,376,936	
Finished Goods	9,907,039	296,283,975	9,907,039	296,283,975
Increase/(Decrease) in Excise duty on Finished goods		0		(2,672,960)
		<b>0</b>		<b>83,941,775</b>

	For the year ended 31.03.2017 Rs.	For the year ended 31.03.2016 Rs.
<b>22 PAYMENTS &amp; BENEFITS TO EMPLOYEES</b>		
Salaries & Wages	29,017,602	39,545,665
Contributions to Funds	1,754,171	2,021,244
Staff Welfare Expenses	367,215	1,126,357
	<b>31,138,987</b>	<b>42,693,266</b>
<b>23 INTEREST AND FINANCIAL CHARGES</b>		
Interest Expenses	143,971,642	143,373,831
Other Financial Charges	92,804	363,315
	<b>144,064,446</b>	<b>143,737,147</b>
<b>24 OTHER EXPENSES</b>		
Packing Material, Stores & spares and consumables	0	5,155,059
Clearing, Forwarding and Transportation	2,370	6,984,273
Power and Fuel	2,841,998	20,255,557
Repairs & Maintenance	120	1,932,718
Other Manufacturing Expenses	590,036	1,703,417
Exchange rate fluctuation (NET)	1,084,654	(9,242,469)
	<b>4,519,178</b>	<b>26,788,554</b>
Sales and Distribution Expenses		
Sales Promotion Expenses	0	43,776
Distribution Expenses	0	33,344
	<b>0</b>	<b>77,120</b>
Establishment Expenses		
Insurance Charges	322,158	486,115
Legal and Professional Charges	942,714	5,876,312
Rent, Rates & Taxes	0	964,431
Travelling & Conveyance	192,280	1,863,768
Printing & Stationery	3,750	214,693
Postage, Telegrams & Telephones	109,815	73,345
Auditors' Fees	75,000	75,000
General Expenses	3,143,592	3,307,984
	<b>4,789,308</b>	<b>12,861,647</b>
<b>Grand Total</b>	<b>9,308,486</b>	<b>39,727,321</b>

**24.1 VALUE OF STORES, CHEMICAL AND PACKING MATERIAL CONSUMED**

Particulars	Year ended 31.03.2017 (Rs.)		Year ended 31.03.2016 (Rs.)	
	Amount	% of Consumption	Amount	% of Consumption
Imported	0	0	0	0
Indigenous	0	0.00%	5,155,059	100.00%
	<b>0</b>	<b>0.00%</b>	<b>5,155,059</b>	<b>100.00%</b>

## SCHEDULE -25 - NOTES TO ACCOUNTS

### Significant Accounting Policies & Notes to Accounts

#### I Basis of Preparation of Financial Statements:

- a) These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- b) The Company follows mercantile system of accounting and recognizes all significant items of income and expenditure on accrual basis.
- c) All income & expenditure having material bearing on the financial statements are recognised on an accrual basis. However there is no Sales during the year under consideration.
- d) Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions and estimates which it believes are reasonable under the circumstances that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Difference between the actual results and estimates are recognised in the year in which the results are known / materialized.

#### II Statement of Significant Accounting Policies:

##### A Fixed Assets:

All fixed assets are stated at Historical Cost less Depreciation except in the case of Land and Site Development whereas it is stated at Cost Plus Development expenditure. The expenses incurred in setting up the project are capitalised and apportioned to the assets procured for that project in proportion to the value of each of the asset.

##### B Depreciation:

The depreciation on fixed assets has been provided on Written Down Value method for Fixed Assets in Diketene Division and common assets at Corporate Office and on Straight Line Method for Assets in Bio-Tech Division over the useful life of assets as prescribed under Part C of Schedule II of the Companies Act, 2013 .Depreciation is not provided on Land. Depreciation on Assets acquired for the project are provided on Commercialisation and depreciation on other assets if put into use is provided accordingly. The management estimates the usefull lives for the Fixed Asset as follows

Asset	Use full Life (Years)
Buildings	30
Buildings - Non Factory	60
Plant & Machinery	20
Office Equipment	5
Computer Equipments	3
Furniture and Fixtures	10
Laboratory Equipments	10
Electric Installations	10
Vehicles	8



**C Employees' Benefits**

Contribution to defined schemes such as Provident Fund , ESI are charged as incurred on accrual basis.

**D Foreign Currency Transactions:**

- a. Transactions denominated in foreign currencies are recorded at spot rates / average rates.
- b. Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- c. Non monetary foreign currency items are carried at cost.
- d. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate on the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.
- e. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets as applicable in AS 11

**E Inventories:**

As per AS - 2 Inventories are valued as under:

- a. Raw Materials, Stores, Consumables, Packing materials and other materials: at cost on Moving average basis
- b. Work in process is carried at cost of input RM and estimated cost of manufacturing upto the stage of completion.
- c. Finished Goods: At realizable value or cost whichever is lower.

**F Excise Duty, Service Tax and Education Cess**

Excise Duty is accounted on the basis of payments made in respect of goods cleared. Cenvat , Service Tax and Education Cess on capital goods, raw materials and services as the case may be are accounted on receipt / completion of contracts, job works etc.

**G Revenue Recognition:**

As per AS- 9 Revenue in respect of sales is recognised as and when goods are supplied and in respect of insurance claims, interest etc., is recognised when it is reasonably certain that the ultimate collection will be made. There is no Sales turnover during the year under consideration, However there is non operational Income of Rs 595.50 Lakhs for the year.

**H R & D Expenditure:**

Expenditure for capital items are debited to respective Fixed Assets and depreciation at applicable rates. Revenue expenditure is charged to Profit & Loss Account.

**I Deferred tax**

Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reversed in subsequent periods. Deferred Tax assets on accumulated losses and unabsorbed depreciation are recognised only to the extent there is certainty of realisation of such asset in future.

**J Earnings Per Share :**

The basic and diluted Earnings Per Share is calculated by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding.

## K Impairment of Assets :

At each Balance Sheet date, the carrying values of the assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, to determine the value of impairment.

## L Investments:

Investments are stated at cost.

## M Borrowing Costs :

Borrowing Costs attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset, till the period in which the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

## N Provisions and Contingent Assets :

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for i) possible obligations, which will be confirmed only by future events not wholly within the control of the company or ii) present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

## O Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

## P Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

As per the MCA notification G.S.R. 308(E), dated 30th March, 2017, every company having specified bank notes (SBNs) or other denominations as defined in the said notification has to provide details in relation to the SBNs held and transacted during the period from 8th November, 2016 to 30th December, 2016. With respect to the notification and requirement, the details of transactions undertaken in SBNs and other denominations during the period from 8th November, 2016 to 30th December, 2016 by the Company are as follows.

Particulars	SBN's	other Denominations	Total
Closing Cash in hand as on 8th Nov, 2016	0	32,824	32,824
Add:permitted receipts & Cash Withdrawals	0	-	-
Less : Permitted payments	0	-	-
Less : Amount deposited in Banks	0	-	-
Closing cash in hand as on 30th Dec, 2016	0	32,824	32,824

For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407(E), dated 8th November,2016.

		(in Rs.)	
<b>1</b>	<b>Contingent Liabilities not provided for :</b>	<b>2016-17</b>	<b>2015-16</b>
	a. Bank Guarantees	-	-
	b. Others	2,938,000	2,938,000
<b>2</b>	<b>Auditors Remuneration:</b>	<b>2016-17</b>	<b>2015-16</b>
	Statutory Audit Fees	75,000	75,000
	Tax Audit Fees	25,000	25,000
	Certification and Consultancy Fees	25,000	25,000
<b>3</b>	<b>Foreign Currency / Exchange Transactions:</b>	<b>2016-17</b>	<b>2015-16</b>
	A. Value of Imports		
	Raw Materials	-	-
B. Value of Exports - Direct	-	242,132,015	

4 The provision for taxation as well as MAT u/s 115JB is not made during the year due to current year loss.

5 The Company is engaged solely in the business of 'Pharmaceuticals'. The entire operations are governed by the same set of risks and returns and hence the same has been considered as representing a single segment. This treatment is in accordance with the guiding principles enunciated in the Accounting Standard 17 on 'Segment Reporting' as notified under the Companies Act, 2013. However the geographical break up of sales is as under

	2016-17	2015-16
i) Domestic	-	83,302,111
ii) Exports	-	242,132,015

6 Pursuant to AS-18 the names, relationships and particulars of transactions with related parties during the year are as under:

**A) List of Related parties**

Sl No	Particulars	Relationship
1	Mr. Ajit Kamath	Director
2	Mr. Rajendra Kaimal	Director
3	Arch Pharmalabs Ltd	Associate Concern
4	Regal Pharma Pte. Ltd.	Associate Concern

**B) The following transactions were carried with the related parties in the ordinary course of business during the year**

			2016-17	2015-16
1	Arch Pharmalabs Ltd	Sales	-	-
2	Mr. Jignesh Patel	Remuneration	-	576,146
	Balances as on 31st March 2017			
	Arch Pharmalabs Ltd	Long Term Liability	317,140,209	317,140,209
	Regal Pharma Pte. Ltd	Loans & Advances	51,015	51,015
	Regal Pharma Pte. Ltd	Investment	121,930,256	121,930,256

- 7 The disclosure as per Accounting Standard (AS) 15 (Revised) "Employee Benefits" as notified by company (Accounting Standard) Rules, 2006 are as under:  
Defined Contribution Plan Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

<b>Defined Contribution Plan</b>	<b>As on 31.03.2017</b>	<b>As on 31.03.2016</b>
Employers Contribution to Provident Fund	1,575,115	1,814,692

Gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

- 8 The disclosure as per Accounting Standard (AS) 22 "Taxes on Income" as notified by Companies (Accounting Standard) Rules,2006 are as under.

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Deferred Tax Liability (Net)	-	-

- 9 The disclosure as per Accounting Standard (AS) 20 "Earnings per Share" as notified by Companies (Accounting Standard) Rules,2006 are as under:

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
		<b>(in Rs.)</b>
Net profit after tax	(164,587,560)	(302,559,516)
Net Profit attributable to Equity shareholders	(164,587,560)	(302,559,516)
Weighted Average number of equity shares outstanding during the year	23,725,000	22,500,000
Basic and Diluted Earnings per share	(6.94)	(13.48)
Face Value per equity share	10.00	10.00

## 10 FINANCIAL AND DERIVATIVE INSTRUMENTS

Foreign currency exposure that are not hedged as on 31st March,2017 on account of:

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Trade Receivables	238,126,647	220,363,352
Trade Payable	482,676	1,945,485

## 11 Other Notes

- (a) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- (b) In the opinion of the Board of Directors, other current assets have a value on realisation in the ordinary course of the Company's business, which is at least to the amount at which they are stated in the balance sheet.

As per our report of even date  
for **Mukesh Mehta & Associates.**  
Chartered Accountants

**Mukesh Mehta**  
Proprietor  
**Mem.No. 100407**  
**FRN: 116309W**  
Place : Mumbai  
Date : 30/05/2017

For and on behalf of the Board of Directors

**Ajit Kamath**  
Chairman

**Rajendra Kaimal**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2017**

	<b>2016-2017</b> In Rs.	<b>2015-2016</b> In Rs.
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary items	(192,385,104)	(164,587,560)
Adjustments for		
Depreciation	67,823,278	73,119,134
Interest & Financial Charges	144,064,446	143,737,147
<b>Operating Profits before Working Capital Changes</b>	<b>19,502,619</b>	<b>52,268,720</b>
(Increase) / Decrease in Inventories	0	145,041,644
(Increase) / Decrease in Debtors	9,934,300	(335,697,297)
(Increase) / Decrease in Loans & Advances	130,799	34,657,520
Increase / (Decrease) in Current Liabilities	137,137,350	84,335,856
Increase / (Decrease) in Cash Credit Loan	156,330,783	75,593,652
<b>Cash Generated from Operations</b>	<b>323,035,852</b>	<b>56,200,096</b>
Income Tax		
<b>Net Cash flow from operating Activities (A)</b>	<b>323,035,852</b>	<b>56,200,096</b>
<b>B. Cash Flow from Investing Activities</b>		
Fixed Assets		
<b>Net Cash Used in Investing Activities (B)</b>	<b>0</b>	<b>0</b>
<b>C. Cash Flow from Financing Activities</b>		
Change in Share capital	1,000,000	12,250,000
Change in security Premium	1,600,000	19,600,000
Change in Money received against Share warrants	(60,287,500)	60,287,500
Change in long term borrowings	(125,883,491)	(1,108,785)
Interest & Financial Charges	(144,064,446)	(143,737,147)
<b>Net Cash inflow from Financing Activities (C)</b>	<b>(327,635,437)</b>	<b>(52,708,432)</b>
<b>Net Increase/(Decrease) in Cash Flow (A+B+C)</b>	<b>(4,599,584)</b>	<b>3,491,666</b>
Opening Balance of Cash and Cash Equivalent	5,909,321	2,417,655
Closing Balance of Cash and Cash Equivalent	<b>1,309,736</b>	<b>5,909,321</b>

As per our report of even date

For and on behalf of the Board of Directors

for **Mukesh Mehta & Associates.**  
Chartered Accountants

**Mukesh Mehta**  
Proprietor  
**Mem.No. 100407**  
**FRN: 116309W**  
Place : Mumbai

**Ajit Kamath**  
Chairman

**Rajendra Kaimal**  
Director

Date : 30/05/2017

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## AUDITORS' CERTIFICATE FOR CASH FLOW

To

The Board of Directors,

**AVON LIFESCIENCES LIMITED**

We have examined the attached cash flow statements of M/s. AVON LIFESCIENCES LIMITED for the year ended 31<sup>st</sup> March, 2017. The statement has been prepared by the company in accordance with the requirements of Clause 32 of the Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of dated May 30, 2017 to the members of the Company.

**for MUKESH MEHTA & ASSOCIATES**

***Chartered Accountants***

**Firm's registration number : 116309W**

**Mukesh Mehta**

***Proprietor***

**Membership number 100407**

**Place :Mumbai**

**Date : 30.05.2017**



## FORM NO. MGT 11 Proxy Form

[Pursuant to Section 105 (6) of the Companies Act, 2013 (the Act) and Rule 19 (3) of the Companies  
(Management and Administration) Rules, 2014]

### AVON LIFESCIENCES LIMITED

(Formerly Avon Organics Ltd), CIN: L24110TG1993PLC016112

Regd. Off. : Survey No. 18, Yawapur Village, Sadasivpet Mandal, Medak Dist., Telangana - 502 291.

Tel. No.:- +91-9949828084; E-mail: info@avonlifesciences.com

Name of the Member (s): \_\_\_\_\_

Regd. Add.: \_\_\_\_\_

Email Id: \_\_\_\_\_ Folio No./Client Id: \_\_\_\_\_ DPID: \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

1. Name \_\_\_\_\_

Address : \_\_\_\_\_

Email Id : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

2. Name \_\_\_\_\_

Address : \_\_\_\_\_

Email Id : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

3. Name \_\_\_\_\_

Address : \_\_\_\_\_

Email Id : \_\_\_\_\_ Signature: \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> ANNUAL GENERAL MEETING of the Company, to be held on Saturday, 31 March 2018 at 10 a.m. at Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500033, Telangana, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2.	To appoint a Director in place of Mr. Ajit Kamath, who retires by rotation.
3.	To appoint a Director in place of Mr. Rajendra Kaimal, who retires by rotation.
<b>Special Business</b>	
4.	Appointment of M/s. N G Jain & Co., Chartered Accountants as Statutory Auditors
5.	Appointment of Dr. Sunil Pitroda as an Independent Director of the Company.
6.	Appointment of Mr. Palak Shah as an Independent Director of the Company.
7.	Appointment of Mr. Abhishek Buddhadev as an Independent Director of the Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Shareholder \_\_\_\_\_

Signature of Proxyholder (s) \_\_\_\_\_

Affix  
Rs. 1/-  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Corporate Office of the Company, not less than 48 hours before the commencement of the meeting.





**AVON LIFESCIENCES LIMITED**

(Formerly Avon Organics Ltd), CIN: L24110TG1993PLC016112

Regd. Off. : Survey No. 18, Yawapur Village, Sadasivpet Mandal, Medak Dist., Telangana - 502 291.

Tel. No.:- +91-9949828084; E-mail: info@avonlifesciences.com

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

Full Name of the Member (in BLOCK LETTERS) \_\_\_\_\_

DP ID \*: \_\_\_\_\_ Client ID : \_\_\_\_\_

Regd. Folio No.: \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

Full Name of the Proxy (in BLOCK LETTERS) \_\_\_\_\_

I hereby record my presence at the 24th Annual General Meeting of the Company on Saturday, 31 March 2018 at 10 a.m. at Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500033, Telangana.

Signature of Member/ Proxy \_\_\_\_\_

\*Applicable to investors holding shares in electronic form



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### ASSENT/DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

Name		
Address		
DP Id Client Id / Folio No		
No. of shares held		

I/We hereby exercise my/our vote in respect of the following resolutions(s) as specified in the Notice of AVON LIFESCIENCES LIMITED dated 7 March 2018 to be passed at the Annual General Meeting of the Company, for the businesses stated in the said Notice by conveying my/our assent or dissent to the said Resolution in the relevant box below:

Resolution No.	Resolution	No. of Shares	I/We assent to the resolution (For) *	I/We dissent to the resolution (Against) *
<b>Ordinary Business</b>				
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.			
2.	To appoint a Director in place of Mr. Ajit Kamath , who retires by rotation.			
3.	To appoint a Director in place of Mr. Rajendra Kaimal, who retires by rotation.			
4.	Appointment of M/s. N G Jain & Co., Chartered Accountants as Statutory Auditors			
5.	Appointment of Dr. Sunil Pitroda as an Independent Director of the Company.			
6.	Appointment of Mr. Palak Shah as an Independent Director of the Company.			
7.	Appointment of Mr. Abhishek Buddhadev as an Independent Director of the Company.			

\* Please put a tick mark (√) in appropriate column against the resolution indicated above.

Place :

Date:

\_\_\_\_\_  
Signature of Member

**Instructions :**

1. In terms of LODR, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, this Form is being provided.
2. A member desiring to exercise vote by Assent/Dissent shall complete this Form with assent (for) or dissent (against) and send at their cost to reach Scrutinizer Ms. Riddhi Shah, Practising Company Secretary, at the Corporate Office of the Company on or before 30 March 2018 by 5.00 p.m. Any Form received after the said date shall be treated as if the reply from the Members has not been received.
3. In case Members cast their vote both by Physical Assent/Dissent Form and e-voting, then voting done through e-voting shall prevail and voting done by Physical assent/dissent will be treated as invalid.
4. Voting through physical/assent form cannot be exercised by a proxy. However corporate and institutional shareholders shall be entitled to vote through their authorized representative with proof of their authorization.
5. Members are requested not to send any other paper along with Assent/Dissent form and not to write anything on this form. If any such other paper is sent the same will be destroyed by the Scrutinizer.
6. Incomplete unsigned or incorrectly ticked assent/dissent forms will be rejected.
7. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the cut-off date of 26 March 2018.





## Site Map







*If undelivered, please return to:*

**AVON LIFESCIENCES LIMITED**  
(Formerly Avon Organics Ltd)

H Wing, 4th Floor, Tex Centre, Off Saki Vihar Road,  
Chandivali, Andheri (East), Mumbai -400072