

AVON LIFESCIENCES LIMITED

Corp. 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)



5th October, 2018

Corporate Service Department
BSE Limited
25th 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 2017-18

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 2017-18 duly approved and adopted by the shareholders at the Annual General Meeting held on 28th September, 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



AVON

25th ANNUAL REPORT 2017-18

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 2018)

Board of Directors

Mr. Ajit Kamath, Non Executive Chairman & Director
Mr. Rajendra Kaimal, Non-Executive Director
Dr. Sunil Pitroda, Independent Director
Mr. Palak Shah, Independent Director
Mr. Abhishek Buddhadev, Independent Director

Registered Office

Survey No. 18, Yawapur Village, Sadasivpet Mandal,
Medak Dist., Telangana - 502 291.
info@avonlifesciences.com

Corporate Office

4th Floor, H Wing, Tex Centre,
Chandivali, Andheri (E), Mumbai -400072
Phone: 022-4287 1210; Fax: 022-4287 1285

Auditors

M/s. N. G. Jain & Co.,
Chartered Accountants, Mumbai

Factories

1. Survey No. 18, Yawapur, Sadasivpet (M), Medak Dist., A.P. ;
(Non-Operational)
2. Plot No. E-2, Chincholi Industrial Area Solapur, Maharashtra ;
Phone: 0217 – 2357738; Fax-0217-2357339

Bankers & Financial Institutions

State Bank of India
Punjab National Bank
Indian Overseas Bank
JM Financial Asset Reconstruction Company Ltd.

Registrars & Share Transfer Agents

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 25th Annual General Meeting of Avon Lifesciences Limited will be held on Friday, 28th day of September, 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 31st March, 2018, 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.

Special Business

Item No. 3: 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 Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee to the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 31st March, 2018, the appointment of M/s. N G Jain & Co., Chartered Accountants (Registration No. 103941W) as Statutory Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2022, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2019 as may be determined by the Audit Committee in consultation with the auditors and as may be agreed upon between the Auditors and the Board of Directors.”

Item No. 4: Ratification of remuneration of Cost Auditor

To ratify remuneration of cost auditor 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 provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, Companies (Cost Records and Audit) Rules 2014 and the Companies (Audit and Auditors) Rules, 2014 (including statutory modifications or re-enactment thereof, for the time being in force), payment of remuneration of Rs. 10,000/- (excluding out of pocket expenses etc.) to M/s. Santiram Chattopadhyay & Associates, Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company 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

Place: Mumbai
Date: 30.05.2018

Sd/-
RAJENDRA KAIMAL
DIRECTOR

NOTES

1. The statement pursuant to section 102 of the Companies Act, 2013 relating the Notice is not applicable.
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 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. Pursuant to SEBI Notification dated 08/06/2018, SEBI(LODR) (4th Amendment) Reg, 2018 and BSE Circular dated 05/07/2018, LIST/COMP/15/2018-19, Members who are holding shares in physical form are requested to get their shares dematerialized with any depository participants in their own interest.

12. 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 Mr. Mehul Pitroda of M. S. Pitroda & Co., 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 31st August 2018 has been considered. Any person, who acquire shares of the Company and becomes member of the Company after 31st August 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 22nd September, 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>The instructions for shareholders voting electronically are as under:</p> <p>(i) The voting period begins on 25th September, 2018 (9:00 a.m.) and will end on 27th September, 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) The shareholders should log on to the e-voting website www.evotingindia.com.</p> <p>(iii) Click on Shareholders.</p> <p>(iv) Now Enter your User ID</p> <p>a. For CDSL: 16 digits beneficiary ID,</p> <p>b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,</p> <p>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 www.evotingindia.com 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" data-bbox="821 808 1401 878">For Members holding shares in Demat Form and Physical Form</th> </tr> </thead> <tbody> <tr> <td data-bbox="821 883 965 1499">PAN</td> <td data-bbox="973 883 1401 1499"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. </td> </tr> <tr> <td data-bbox="821 1503 965 1818">Dividend Bank Details OR Date of Birth (DOB)</td> <td data-bbox="973 1503 1401 1818"> 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. <ul style="list-style-type: none"> 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). </td> </tr> </tbody> </table> | For Members holding shares in Demat Form and Physical Form | | PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. | Dividend Bank Details OR Date of Birth (DOB) | 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. <ul style="list-style-type: none"> 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). |
|--|---|---|--|-----|--|---|---|
| For Members holding shares in Demat Form and Physical Form | | | | | | | |
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. | | | | | | |
| Dividend Bank Details OR Date of Birth (DOB) | 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. <ul style="list-style-type: none"> 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). | | | | | | |

| | |
|--|--|
| <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 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) 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 & 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</p> | <p>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) Note for Non – Individual Shareholders and Custodians</p> <ul style="list-style-type: none"> • Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates. • A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. • 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. • The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. • 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. <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 www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact CDSL on 1800 200 5533 or info@avonlifesciences.com</p> <p>Other information</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 22nd September, 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 info@avonlifesciences.com 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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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 31st March, 2018.

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

SUMMARY OF STANDALONE FINANCIAL RESULTS

(₹ in Lakhs)

| Particulars | Year Ended 31.03.2018 | Year Ended 31.03.2017 |
|----------------------------------|--------------------------|--------------------------|
| Total Income | 3.98 | 599.50 |
| EBITDA/(LOSS) | (298.12) | 195.03 |
| PROFIT/ (LOSS) BEFORE TAX | (2,392.42) | (1,923.85) |
| PROFIT/ (LOSS) AFTER TAX | (2,392.42) | (1,923.85) |
| EARNINGS PER SHARE (EPS)(IN RS.) | (10.04) | (8.07) |

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 operational activities at the plant of the Company could not be resumed for operations owing to completion of certain actions which were required to be completed by the Statutory authorities.

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 is presently developing APIs in various therapeutic segments to be soon commercialized at the Solapur site. The company would be approaching the state FDA for relevant licenses and permissions for manufacturing the new APIs. The company continues to hold a valid Establishment Inspection Report issued by the USFDA in 2016

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 as of 31.03.2018

Mr. Ajit Kamath, Non-Executive Chairman
Mr. Rajendra Kaimal, Non-Executive Director
Mr. Palak Shah, Independent Director
Dr. Sunil Pitroda, Independent Director
Mr. Abhishek Buddhadev, Independent 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 (DIN: 00032799), is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and offers himself for re-appointment. The Board recommends his re-appointment.

Brief profiles of the abovementioned Directors are included in a separate "Annexure B"

a. Board meetings

The Board met 6 times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

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.

FAMILIARIZATION PROGRAMMES

The Company's policy on programmes and measures to familiarize Independent Directors about the Company, its business, updates and development includes various measures viz. issue of appointment letters containing terms, duties etc.,

AUDITORS

a. Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. N G Jain & Co, Chartered Accountants (Registration No. 103941W), were appointed as statutory auditors of the Company from the conclusion of the twenty-fourth annual general meeting (AGM) of the Company held on 31st March, 2018, till the conclusion of the twenty-ninth AGM to be held in the year 2022, subject to ratification of their appointment at every AGM.

Accordingly, the Audit Committee and Board of the Company have considered and recommends to the members for ratification of 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 Mr. Mehul Pitroda of M. S. Pitroda & Co., 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 / WHISTLE BLOWER POLICY

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 2017-18.

LOANS, GUARANTEES OR INVESTMENTS

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

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 no operational activity and 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 31st March, 2018.

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 31st March, 2018, 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 31st March, 2018 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. The Company is awaiting certain confirmations from the relevant authorities, after which the production activities is likely to be resumed.

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, is 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

Place: Mumbai
30.05.2018

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 31st March, 2018 is given here below and forms part of the Board's Report..

A. CONSERVATION OF ENERGY

(a) Steps taken or impact on conservation of energy:

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:

(₹ In lakhs)

| | | |
|----|---------------------------------------|---|
| a) | Capital | - |
| b) | Recurring | - |
| c) | Total expenditure | - |
| d) | Total expenditure as a % of Net Sales | - |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In lakhs)

| Particular | Year 2017-18 | Year 2016-17 |
|-------------------------------|--------------|--------------|
| Foreign Exchange earned | - | - |
| Foreign Exchange used / outgo | - | - |

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

| | | |
|--|---|---|
| Name | Mr. Ajit Kamath | |
| Date of Birth | 12.12.1969 | |
| Date of Appointment | 31.01.2009 | |
| Nationality | Indian | |
| Category | Promoter | |
| Designation | Chairman & Non Executive Director | |
| Qualification / Expertise in Specific Functional Areas | 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. | |
| Occupation | Business | |
| Other Directorships/ Directorships held in other companies | 1. | Arch Herbals Private Limited |
| | 2. | Arch Impex Private Limited |
| | 3. | Arch Pharmachem Ltd |
| | 4. | Arch Pharmalabs Limited |
| | 5. | Arch Life Sciences Limited |
| | 6. | A M R Investments Private Limited – under liquidation |
| | 7. | Arch Finechemicals Limited |
| | 8. | Amra Remedies Limited – under liquidation |
| | 9. | Arch Agro Industries Private Limited |
| | 10. | Amra Renal Care Limited |
| | 11. | Arch Pharmalabs FZ-LLC (UAE) |
| | 12. | Regal Pharma Pte. Ltd. (Singapore) |
| Shareholding in the Company | NIL | |
| Relationship between directors inter-se | NIL | |

ANNEXURE - 'C' - Form No. MR-3 SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[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,
Telangana - 502 291.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Avon Lifescience Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, 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 Avon Lifescience Limited (the "Company") for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment. (**Foreign Direct Investment and External Commercial Borrowing are not applicable to the Company during the audit period**).
- (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 (Share Based Employee Benefits) Regulations, 2014 (**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) As identified, Following are the specific law applicable to the Company.

- (i) The Drugs and Cosmetics Act, 1940;
- (ii) The Narcotic Drugs and Psychotropic Substances Act, 1985;

As confirmed by the management there was no operational Activity carried on by the Company during the period under review, hence the aforesaid laws are not applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with stock exchanges and 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 except as follows:

1. *A Woman Director is not appointed during the period under review. 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. *There were no Independent Directors on the Board during the Financial year 2017-18 However, the Management has appointed two additional directors (Independent) on 31.03.2018.*
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, GST and any other Statutory dues with appropriate authorities as per the Auditor's report.*
4. *Official Website of Company was not 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 appointed Cost Auditor*
6. *The Company has not appointed Key Managerial Person i.e. Managing Director or Chief Executive Officer as required under Section 203 of the Companies Act, 2013.*
7. *The Company has not appointed Company Secretary Compliance Officer during the period under review.*
8. *The Annual General Meeting was not conveyed within time lines provided under the provisions of the Companies Act, 2013. The Annual General Meeting was conducted on 31st March, 2018 .*
9. *The Company has not appointed Internal Auditor in terms of section 138 of Companies Act, 2013*
10. *The non independent Directors of the Company were disqualified under Section 164 of the Act during the year 2017-18 due to other directorship held by them, however default has been made good under the CODS scheme introduced by Ministry of Corporate affairs.*
11. *The Company has not filed Annual Performance Report (APR)*

I further report that

The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has appointed Mr. Palak Shah and Mr. Abhishek Buddhadev Independent directors on 31.03.2018.

As confirmed by the Management adequate notice is given to all directors to schedule the Board Meetings and agenda items 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.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

**For M S Pitroda & Co.,
Practising Company Secretary**

**Mehul Pitroda
Proprietor**

ACS No. 43364
CP No. 20308

**Place: Mumbai
Date: 30.05.2018**

This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

ANNEXURE 1

To,
The Members,
Avon Lifescience Limited
Survey No.18, Yawapur Village,
Sadasivpet Mandal Medak District,
Telangana - 502 291.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes 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 processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
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.

**For M S Pitroda & Co.,
Practising Company Secretary**

**Mehul Pitroda
Proprietor**

ACS No. 43364
CP No. 20308

**Place: Mumbai
Date: 30.05.2018**

ANNEXURE – ‘D’ - FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014]

I REGISTRATION & OTHER DETAILS:

| | | |
|----|--|---|
| 1. | CIN | L24110TG1993PLC016112 |
| 2. | Registration Date | 3 August 1992 |
| 3. | Name of the Company | Avon Lifesciences Limited |
| 4. | Company Limited by shares Indian Non-Government Company | Company Limited by shares Indian Non-Government Company |
| 5. | Address of the Registered office and contact details | Survey No. 18, Yawapur, Sadasivpet(M), Medak, Hyderabad, Telangana - 502291 022-4287 1210 |
| 6. | Whether Listed Company | Yes, Listed on BSE Limited |
| 7. | 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 |
|-------|--|----------------------------------|------------------------------------|
| 1 | Pharmaceutical products | 21002 & 21005 | 0% |

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| SL No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|-------------------------------|----------------|--------------------------------------|------------------------|-----------------------|
| 1. | HOLDING COMPANY | Not applicable | | | |
| 2. | DIRECT SUBSIDIARIES | Not applicable | | | |
| 3. | STEP DOWN SUBSIDIARIES | Not applicable | | | |
| 4. | ASSOCIATES | Not applicable | | | |

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 | Demat | Physical | Total | |
| A. Promoters | | | | | | | |
| (1) Indian | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt. (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corporates | 10709100 | 0 | 10709100 | 10709100 | 0 | 10709100 | 44.95 |
| e) Banks/ Financial Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL:(A) (1) | 10709100 | 0 | 10709100 | 10709100 | 0 | 10709100 | 44.95 |
| | | | | | | | 0.00 |
| (2) Foreign | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | - | 0 | 0 | 0 |
| b) Other Individuals | 0 | 0 | 0 | - | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | - | 0 | 0 | 0 |
| d) Banks/ Financial Institutions | 0 | 0 | 0 | - | 0 | 0 | 0 |
| e) Any other... | 0 | 0 | 0 | - | 0 | 0 | 0 |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | - | 0 | 0 | 0 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 10709100 | 0 | 10709100 | 10709100 | 0 | 10709100 | 44.95 |
| | | | | | | | 0.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | |
| (1) Institutions | | | | | | | |
| a) Mutual Funds/UTI | 0 | 0 | 0 | - | 0 | 0 | 0 |
| b) Banks/ Financial Institutions | 157500 | 100 | 157600 | 157500 | 100 | 157600 | 0.66 |
| C) Cenntal govt | 0 | 0 | 0 | - | 0 | 0 | 0 |
| d) State Govt. (s) | 0 | 0 | 0 | - | 0 | 0 | 0 |
| e) Venture Capital Fund | 0 | 0 | 0 | - | 0 | 0 | 0 |

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

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-------------|
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| g) Foreign Institutional Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| SUB TOTAL (B)(1): | 157500 | 100 | 157600 | 0.66 | 157500 | 100 | 157600 | 0.66 | 157500 | 100 | 157600 | 0.66 | 157500 | 100 | 157600 | 0.66 | 157500 | 100 | 157600 | 0.66 | 157500 | 100 | 0.00 |
| (2) Non Institutions | | | | | | | | | | | | | | | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | | | | | | | | | | | | | | | |
| i) Indian | 1575005 | 29501 | 1604506 | 6.73 | 978851 | 29501 | 1008352 | 4.23 | 1008352 | 29501 | 1008352 | 4.23 | 978851 | 29501 | 1008352 | 4.23 | 1008352 | 29501 | 1008352 | 4.23 | 978851 | 29501 | -2.50 |
| ii) Overseas | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| b) Individuals | | | | | | | | | | | | | | | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs | 4587577 | 105015 | 4692592 | 19.70 | 4171893 | 103815 | 4275708 | 17.95 | 4275708 | 103815 | 4275708 | 17.95 | 4171893 | 103815 | 4275708 | 17.95 | 4275708 | 103815 | 4275708 | 17.95 | 4171893 | 103815 | -1.75 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs | 5180754 | 1325000 | 6505754 | 27.31 | 6206969 | 1325000 | 7531969 | 31.61 | 7531969 | 1325000 | 7531969 | 31.61 | 6206969 | 1325000 | 7531969 | 31.61 | 7531969 | 1325000 | 7531969 | 31.61 | 6206969 | 1325000 | 4.31 |
| c) Others (specify) -NRIs | 12181 | 0 | 12181 | 0.05 | 12371 | 0 | 12371 | 0.05 | 12371 | 0 | 12371 | 0.05 | 12371 | 0 | 12371 | 0.05 | 12371 | 0 | 12371 | 0.05 | 12371 | 0 | 0.00 |
| d) NRIs - Repatriable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.00 |
| SUB TOTAL (B)(2): | 11490984 | 1467316 | 12958300 | 54.39 | 11492184 | 1466116 | 12958300 | 54.39 | 11492184 | 1466116 | 12958300 | 54.39 | 11492184 | 1466116 | 12958300 | 54.39 | 11492184 | 1466116 | 12958300 | 54.39 | 11492184 | 1466116 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 11648484 | 1467416 | 13115900 | 55.05 | 11649684 | 1466216 | 13115900 | 55.05 | 11649684 | 1466216 | 13115900 | 55.05 | 11649684 | 1466216 | 13115900 | 55.05 | 11649684 | 1466216 | 13115900 | 55.05 | 11649684 | 1466216 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 | - |
| Grand Total (A+B+C) | 22357584 | 1467416 | 23825000 | 100.00 | 22358784 | 1466216 | 23825000 | 100.00 | 22358784 | 1466216 | 23825000 | 100.00 | 22358784 | 1466216 | 23825000 | 100.00 | 22358784 | 1466216 | 23825000 | 100.00 | 22358784 | 1466216 | 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 | 44.95% | 0 | 10709100 | 44.95% | 0 | 0 |
| | Total | 10709100 | 44.95% | 0 | 10709100 | 44.95% | 0 | 0 |

(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 | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | | Not Applicable | | | | | | |

(vi) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDR AND ADRS):

| Sr 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 | % of total equity shares of the Company | | | | No. of shares | % of total shares of the company |
| 1. | Ugrabhai Vanarshidas Patel | 288000 | 1.21 | - | - | - | 288000 | 1.21 |
| 2. | Sanjay Luthra | 268723 | 1.13 | - | - | - | - | - |
| | | - | - | 08.12.2017 | -500 | Market sale | | |
| | | - | - | 12.01.2018 | -5000 | Market sale | | |
| | | | | 09.03.2018 | -3000 | Market sale | | |
| | | | | 16.03.2018 | -2000 | Market sale | 258223 | 1.08 |

| Sr 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 | % of total equity shares of the Company | | | | No. of shares | % of total shares of the company |
| 3. | Latin Manharlal Securities Pvt. Ltd | 0 | 0.00 | - | - | - | - | - |
| | | | | 07.04.2017 | 9000 | Market purchase | | |
| | | | | 30.03.2018 | 167467 | Market purchase | 176467 | 0.74 |
| 4. | Mehul Pravin Chandra Shah | 43700 | 0.18 | | | | - | - |
| | | | | 22.09.2017 | 1000 | Market purchase | | |
| | | | | 27.10.2017 | 10699 | Market purchase | | |
| | | | | 10.11.2017 | 17441 | Market purchase | | |
| | | | | 17.11.2017 | 3172 | Market purchase | | |
| | | | | 12.01.2018 | 38493 | Market purchase | | |
| | | | | 19.01.2018 | 47500 | Market purchase | | |
| | | | | 09.03.2018 | 8631 | Market purchase | 170636 | 0.72 |
| 5. | Mehul Hasmukh Bhai Shah | 173200 | 0.73 | - | - | - | - | - |
| | | | | 19.01.2018 | -13500 | Market Sale | 159700 | 0.67 |
| 6. | Andhra Pradesh Industrial Development Co | 157500 | 0.66 | - | - | - | 157500 | 0.66 |
| 7. | Mayuri Bhavesh Mehta | 0 | 0.00 | - | - | - | - | - |
| | | | | 30.03.2018 | 147149 | Market purchase | 147149 | 0.62 |
| 8. | Sak Forex Markets Private Limited | 47049 | 0.20 | - | - | - | | |
| | | | | 27.10.2017 | 100000 | Market purchase | 147049 | 0.62 |

| Sr 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 | % of total equity shares of the Company | | | | No. of shares | % of total shares of the company |
| 9. | Darshana Mehul Shah | 30000 | 0.13 | - | - | - | | |
| | | | | 22.09.2017 | 1000 | Market purchase | | |
| | | | | 13.10.2017 | 10500 | Market purchase | | |
| | | | | 27.10.2017 | 2000 | Market purchase | | |
| | | | | 03.11.2017 | 23352 | Market purchase | | |
| | | | | 12.01.2018 | 34688 | Market purchase | | |
| | | | | 19.01.2018 | 15123 | Market purchase | | |
| | | | | 26.01.2018 | 27000 | Market purchase | | |
| | | | | 09.03.2018 | 1000 | Market purchase | 144663 | 0.61 |
| 10. | Gautam Rasiklal Ashra | 36275 | 0.15 | - | - | - | | |
| | | | | 05.05.2017 | 588 | Market purchase | | |
| | | | | 27.10.2017 | 100000 | Market purchase | 136863 | 0.61 |

(v) Shareholding of Directors and Key Managerial Personnel (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 |
| Mr. Ajit Kamath Mr. Rajendra Kaimal | - | - | - | - |
| 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

Indebtedness of the Company including interest outstanding / accrued but not due for payment

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|--------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| 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 |
| Total (i+ii+iii) | 1,269,060,320 | 156,032,788 | 0 | 1,425,093,108 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 198,240,617 | 0 | 0 | 198,240,617 |
| Reduction | 0 | 0 | 0 | 0 |
| Net Change | 198,240,617 | 0 | 0 | 198,240,617 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1,048,671,751 | 156,032,788 | 0 | 1,204,704,539 |
| ii) Interest due but not paid | 418,629,186 | 0 | 0 | 418,629,186 |
| ii) Interest accrued but not due | | 0 | 0 | 0 |
| Total (i+ii+iii) | 1,467,300,937 | 156,032,788 | 0 | 1,623,333,725 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

| Sr. 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 | - | - |
| | Total | - | - |

B. Remuneration to other directors:

| Sr. No | Particulars of Remuneration | Name of the Directors | | Total Amount |
|--------|--|---------------------------------------|---------------------|--------------|
| | | Mr. Ajit Kamath | Mr. Rajendra Kaimal | |
| 1 | Independent Directors | | | |
| | • Fee for attending board committee meetings | - | - | - |
| | • Commission | - | - | - |
| | • Others, please specify | - | - | - |
| | Total (1) | - | - | - |
| 2 | Other Non Executive Directors | - | - | - |
| | • Fee for attending board committee meetings | - | - | - |
| | • Commission | - | - | - |
| | • Others, please specify. | - | - | - |
| | Total (2) | - | - | - |
| | Total (B)=(1+2) | - | - | - |
| | Total Managerial Remuneration | - | - | - |
| | Overall Cieling as per the Act. | 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 ₹) | | |
|---------|--|---|-------------------|-------|
| | | Chief Financial Officer | Company Secretary | Total |
| 1 | Gross Salary | - | - | - |
| | (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 | - | - | - |
| | Total | - | - | - |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ unishment/ ompounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made if any (give details) |
|-------------------------------------|---|-------------------|--|----------------------------|-----------------------------------|
| A. COMPANY | There was delay in payment of Annual Listing fees to the BSE Ltd. | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | | | | |

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

Place : Mumbai
Date : 30.05.2018

Ajit Kamath
Director

Rajendra Kaimal
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL PHARMACEUTICAL MARKET

The global active pharmaceutical ingredients market is expected to register a CAGR of approximately 6.2% during the period (2018 - 2023). Active pharmaceutical ingredients are any substance or combination of substances used in a finished pharmaceutical product with pharmacological activity. The expenditure on research & development, favorable government initiatives, and high technological advancements makes North America the dominant market in the forecast period.

The Asia-Pacific is expected to register a high growth rate compared to other regions during the forecast period, owing to the factors such as increasing healthcare expenditures, growing aging population creating a huge patient pool, and rising economies in this region.

It is expected that the pharmaceutical market in the so-called pharmerging markets will have a compound annual growth rate of 6 to 9 percent between 2016 and 2020. Whereas Middle East North Africa (MENA) region's pharmaceutical market to post a CAGR of 8.3% between 2016 and 2019 with the Middle East sub-region posting a 8.2% CAGR and the North Africa sub-region experiencing a 8.5% CAGR in the same period (source: Statista).

The African market is the second fastest growing pharmaceuticals market in the world growing at 10.6% CAGR & expected to reach a market size of 2.9 Trillion by 2020. The Sub-Saharan Africa (SSA) region's pharmaceutical market is projected to post a CAGR of 6.9% between 2016 and 2019 with the West Africa sub-region posting a 7.3% CAGR and the East and Central Africa sub-region posting a 8.4% CAGR in the same period.

India: Overview, trends and prospects

The API market is surging due to the increased demand for pharmaceutical drugs, which in turn is driven by the aging population, rising prevalence of chronic diseases such as cancer, diabetes, cardiovascular, neurological and infectious diseases. India and China are the major suppliers of APIs to North America due to their low production capacities, labor costs and the presence of a large number of global and domestic players. In order to cut down on expenses and increase profits, companies have begun outsourcing the creation of APIs to the developing countries in Asia, leading to growth in the Asian market.

India is the seventh largest country in the world and has the second highest population. It has abundant natural resources and sufficient oil reserves. Its young population and current economic policies have made it one of the largest recipients of FDI in the world. Huge investment promises from different countries predict a bright future for India. It has a well-developed administration and an independent judicial system with an ever-growing consumer base. It has a huge pool of hard-working skilled workers in all fields.

India's pharmaceutical exports stood at USD 17.27 billion in 2017- 18 and are expected to reach USD 20 billion by 2020. Within exports, entry barriers are significantly higher in the regulated markets as compared to semi-regulated markets due to stringent regulatory norms in the regulated market.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

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 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 is presently developing APIs in various therapeutic segments to be soon commercialised at the Solapur site. The company would be approaching the state FDA for relevant licences and permissions for manufacturing the new APIs. The company continues to hold a valid Establishment Inspection Report issued by the USFDA in 2016.

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 31st March, 2018 consists of 2 Non-Executive Promoter Directors and 3 Independent 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 31st March, 2018 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) | 6 | 14 | YES | 0 | 3 |
| 2 | Mr. Rajendra Kaimal | Non-Executive (Promoter) | 6 | 13 | YES | 3 | 0 |
| 3 | Mr. Palak Shah* | Independent Director | 0 | | N.a | - | - |
| 4 | Dr. Sunil Pitroda* | Independent Director | 0 | 1 | N.a | - | 2 |
| 5 | Mr. Abhishek Buddhadev* | Independent Director | 0 | 1 | N.a | - | - |

*Appointed w.e.f. March 31, 2018, #details as on 31st March 2018

Number of Board Meetings:

During the year, Six (6) Board Meeting were held and the details are given below:

| Sr No. | Date | Board Strength | No. of Directors Present |
|--------|-----------|----------------|--------------------------|
| 1 | 30-May-17 | 2 | 2 |
| 2 | 14-Sep-17 | 2 | 2 |
| 3 | 14-Dec-17 | 2 | 2 |
| 4 | 18-Jan-18 | 2 | 2 |
| 5 | 14-Feb-18 | 2 | 2 |
| 6 | 7-Mar-18 | 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. The details of composition of the Committee and their attendance at the meetings are given below:

As on 31st March, 2018 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, however committee is duly constitutes post 31st March, 2018.

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

| Name | Designation | Category | No. of Meetings Attended |
|---------------------|-------------|--------------------------|--------------------------|
| 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 statues.

b) Nomination & Remuneration Committee:

Composition, meetings and the attendance during the year

During the financial year 2017-18, 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 2018, 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. Palak Shah | Chairman | Non-Executive Independent | N.a |
| Mr. Rajendra Kaimal | Member | Non-Executive | 1 |
| Mr. Sunil Mansukhlal Pitroda | Member | Non-Executive Independent | N.a |

Terms of Reference

The Committee was constituted to:

- To guide the Board in relation to appointment and removal of Directors, KMP and senior Management.
- To review and recommend managerial remuneration, based on their performance and defined assessment criteria.
- To evaluate the performance of the Board members and provide necessary report to the Board for further evaluation of the Board.
- To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage.
- To devise policy on Board diversity
- To develop succession plan for the Board and review the plan regularly.

Policy for Remuneration to Directors/Key Managerial Personnel's:

During the financial year under review Directors are not paid any salary.

• Remuneration to Managing Director/Wholetime Directors

- a) The Remuneration/Commission etc. to be paid to Managing Director/Wholetime Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Remuneration and Nomination Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/ Wholetime Directors

• Remuneration to Non-Executive/Independent Directors:

- a) The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Remuneration and Nomination Committee and approved by the Board of Directors.
- b) All the remuneration of the Non-Executive/ Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197(5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under or any other

enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Remuneration and Nomination Committee and approved by the Board of Directors or shareholders, as the case may be.

- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non-Executive/ Independent Directors for services rendered which are of professional nature shall not be considered as part of the remuneration for the purposes of above clause if the following conditions are satisfied:
 - i. The Services are rendered by such Director in his capacity as the professional; and
 - ii. In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

However, no sittings fees were paid to any Independent Directors of the Company during the year under review.

• Remuneration to Key Managerial Personnel:

- a) The remuneration to Key Managerial Personnel shall consist of fixed pay only, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time in accordance with the Company's Policy.

The details of remuneration are given in form MGT-9 which forms part of the Directors Report.

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 30th May 2017, 14th September 2017, 14th December, and 14th February 2018. The details of composition of the Committee and their attendance at the meetings are given below:

As on 31st 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 2017-18, 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:

During the year under review, 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 |
|------|--|--|---------------------------------------|
| 2017 | Saturday, 31st day of March, 2018, 10.00a.m. | Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033 | No Special Resolution was passed. |
| 2016 | Monday, 12th day of February, 2018, 10:00 a.m. | Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033 | No Special Resolution was passed. |
| 2015 | Wednesday, 30th September, 2015, 10:00 a.m. | Hotel Daspalla, Road no. 37, Jubilee Hills, Hyderabad – 500033 | No Special Resolution was passed. |

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 31st March, 2018.

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

- | | |
|---|---|
| 1. Date, Time and Venue of AGM: | Friday, 28th September, 2018 at 10 a.m. Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500 033, Telangana. |
| 2. Financial Calendar | 1st April to 31st March |
| 3. Board Meetings for Quarterly Results: (tentative and subject to change) | |
| • Quarter ending June 30, 2018 | - On or before 14 th August 2018 |
| • Quarter ending September 30, 2018 | - On or before 14 th November 2018 |
| • Quarter ending December 31, 2018 | - On or before 14 th February, 2019 |
| • Quarter ending March 31, 2019 | - On or before 30 th May, 2019 |
| • Annual General Meeting for the Financial Year March 31, 2019 | - On or before September 30 th , 2019 |
| 4. Book Closure dates | N.A. (both days inclusive) |
| 5. Dividend Payment Date | No dividend has been recommended by the Board for the financial year 2017-2018. |
| 6. Listing on the stock exchanges | The Bombay Stock Exchange Limited (BSE) |
| 7. Payment of Listing fees | Annual listing fees have been paid as per the requirements of Listing Agreement. |
| 8. International Securities Identification Number. | INE881A01015 |
| 9. Corporate Identification Number | L24110AP1993PLC016112 |
| 10. Stock Code: BSE | 531541 |
| 11. Registered Office | Survey No.18, Yawapur Village, Sadasivpet, Medak Dist., Telangana. |
| 12. Corporate Office | H Wing, 4 th Floor, Tex Centre, Off Saki Vihar Road, Chandivali, Andheri (East), Mumbai – 400 072. |
| Exclusive e-mail Id for investors | info@ avonlifesciences.com |
| 13. Registrars and Share Transfer Agents | XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad- 500 034. Phone no. (040)23545913, 14, 15. |
| 14. Plant Locations | Survey No.18, Yawapur Village, Sadasivpeth Mandal, Medak Dist, Telangana. Plot No. E-2, Chincholi Industrial Area, Solapur, Maharashtra. |

15. Address for Correspondence

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 2018, 2,23,58,784 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 XT group on the BSE, Mumbai.

17. Outstanding GDR/ADR/Warrants or any

As on 31.03.2018, the Company has not issued any of these types of securities, convertible instruments, conversion date and likely impact of Equity.

18. Share Transfer System

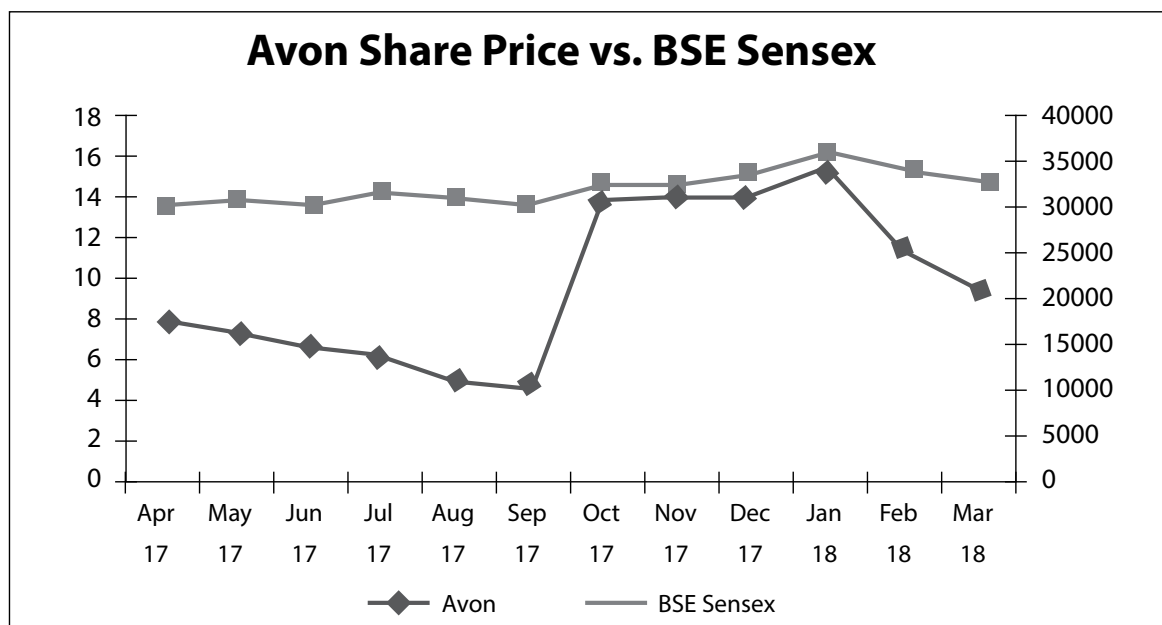
Shares sent for physical transfer or dematerialization requests are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

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 ₹) | |
|--------|-----------------------------------|-----------|
| | High Price | Low Price |
| Apr 17 | 8.37 | 6.95 |
| May 17 | 8.15 | 7.03 |
| Jun 17 | 8 | 5.48 |
| Jul 17 | 6.93 | 5.13 |
| Aug 17 | 6.45 | 4.04 |
| Sep 17 | 5.7 | 4.25 |
| Oct 17 | 14.25 | 4.35 |
| Nov 17 | 14.25 | 13.54 |
| Dec 17 | 14.25 | 14.25 |
| Jan 18 | 20.37 | 14.5 |
| Feb 18 | 16.45 | 11.15 |
| Mar 18 | 12 | 8.93 |

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



20. Distribution of Shareholding as on 31st March, 2018.

| No. of Equity shares | Shareholders | | No. of Shares | |
|-----------------------------|--------------|---------------|------------------|---------------|
| | Number | % of Holders | Number | % of shares |
| Upto 5,000 | 4045 | 68.59 | 7908380 | 3.32 |
| 5,001 - 10,000 | 717 | 12.16 | 6206400 | 2.60 |
| 10,001 - 20,000 | 409 | 6.94 | 6563880 | 2.76 |
| 20,001 - 30,000 | 164 | 2.78 | 4308050 | 1.81 |
| 30,001 - 40,000 | 89 | 1.51 | 3225060 | 1.35 |
| 40,001 - 50,000 | 99 | 1.68 | 4699840 | 1.97 |
| 50,001 - 1,00,000 | 157 | 2.66 | 12247390 | 5.14 |
| 1,00,001 & above | 217 | 3.68 | 193091000 | 81.05 |
| Total | 5897 | 100.00 | 238250000 | 100.00 |

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 31st March, 2018.

Place : Mumbai

Date :30.05.2018

Ajit Kamath

Chairman & Non Executive Director

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 :30.05.2018

Ajit Kamath
Chairman & Non Executive Director

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 31st March, 2018 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 N G Jain & Co
Chartered Accountants
Firm's registration number : 103941W

Place :Mumbai
Date : 30.05.2018

Prince Kothari
Partner
Membership number 155819

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 2018, 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 Indian 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 of the Ind AS financial statements 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 Ind AS 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 Ind AS 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 31st March 2018.
- ii. In so far as it relates to the Profit & Loss Account , the Loss 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 Ind AS 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 Ind AS 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.

for N G Jain & Co
Chartered Accountants
Firm's registration number : 103941W

sd/-
Prince Kothari
Partner
Membership number 155819

Place :Mumbai
Date : 30.05.2018

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 2018, 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 ₹ 51,015 and the year end balance was ₹ 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 ₹ 3171.40 lakhs (Previous year ₹ 3171.40 lakhs).
- (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 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.

| Particulars | Amount in ₹ |
|-------------------------|-------------|
| ESIC | 31,418 |
| Provident Fund | 95,66,654 |
| Professional Tax | 9,09,165 |
| TDS | 16,53,791 |
| Service Tax | 7,64,240 |
| Excise Duty | 14,97,195 |
| Income Tax | 3,79,97,674 |

- (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.
- (xiii) 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 N G Jain & Co
Chartered Accountants
Firm's registration number : 103941W

Prince Kothari
Partner
Membership number 155819

Place :Mumbai
Date : 30.05.2018

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 2018, 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, 2018, 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 N G Jain & Co
Chartered Accountants
Firm's registration number : 103941W

Prince Kothari
Partner
Membership number 155819

Place :Mumbai
Date : 30.05.2018

BALANCE SHEET AS AT 31 MARCH 2018

(Amt in ₹)

| | Note | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|---|------|-------------------------|-------------------------|------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, plant and equipment | 2 | 745,611,660 | 810,061,258 | 877,884,536 |
| (b) Capital work-in-progress | 2 | 22,506,617 | 22,506,617 | 22,506,617 |
| (c) Intangible assets | 3 | 0 | 0 | 0 |
| (d) Intangible assets under development | 3 | 0 | 0 | 0 |
| (e) Financial assets | | | | |
| (i) Investments | 4 | 121,930,256 | 121,930,256 | 121,930,256 |
| (ii) Loans | 5 | 51,015 | 51,015 | 51,015 |
| (iii) Others | 6 | 0 | 0 | 0 |
| (f) Non-current tax assets (net) | 7 | 0 | 0 | 0 |
| (g) Other non-current assets | 8 | 0 | 0 | 0 |
| Total non-current assets | | 890,099,548 | 954,549,146 | 1,022,372,424 |
| Current assets | | | | |
| (a) Inventories | 9 | 554,633,536 | 554,633,536 | 554,633,536 |
| (b) Financial assets | | | | |
| (i) Trade receivables | 10 | 888,271,125 | 887,409,539 | 897,343,840 |
| (ii) Cash and cash equivalents | 11 | 882,947 | 893,032 | 2,402,424 |
| (iii) Bank balances other than (ii) above | 12 | 428,821 | 416,704 | 3,506,897 |
| (iv) Loans | 13 | 7,855,298 | 7,855,298 | 7,807,330 |
| (v) Others | 14 | 0 | 0 | 0 |
| (c) Current tax assets (net) | 15 | 57,043,058 | 57,003,694 | 57,001,298 |
| (d) Other current assets | 16 | 60,193,643 | 59,470,234 | 59,651,397 |
| Total current assets | | 1,569,308,428 | 1,567,682,037 | 1,582,346,722 |
| Total assets | | 2,459,407,976 | 2,522,231,183 | 2,604,719,146 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a) Equity share capital | 17 | 238,250,000 | 238,250,000 | 237,250,000 |
| b) Other equity | 18 | (663,302,608) | (424,060,381) | (172,987,777) |
| Total equity | | (425,052,608) | (185,810,381) | 64,262,223 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 19 | 414,342,933 | 584,082,256 | 709,965,747 |
| (b) Provisions | 20 | 21,084,268 | 21,084,268 | 21,084,268 |
| (c) Deferred tax liabilities (net) | 21 | 29,900,649 | 29,900,649 | 29,900,649 |
| Total non-current liabilities | | 465,327,850 | 635,067,173 | 760,950,664 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 22 | 1,351,287,114 | 1,207,641,036 | 956,310,253 |
| (ii) Trade payables | 23 | 515,060,979 | 500,991,756 | 583,412,485 |
| (iii) Others | 24 | 550,220,620 | 362,333,432 | 238,654,450 |
| (b) Other current liabilities | 25 | 2,564,021 | 2,008,168 | 1,129,071 |
| (c) Provisions | 26 | 0 | 0 | 0 |
| (d) Current tax liabilities (net) | 27 | 0 | 0 | 0 |
| Total Current liabilities | | 2,419,132,734 | 2,072,974,392 | 1,779,506,259 |
| Total equity and liabilities | | 2,459,407,976 | 2,522,231,183 | 2,604,719,146 |
| Notes forming part of the financial statements | 1 | | | |

As per our report of even date
for **N G JAIN & CO**
Chartered Accountants

Prince Kothari
Partner
Mem.No. 155819
Firm Reg No. 103941W

Place : Mumbai
Date : 30.05.18

For and on behalf of the Board of Directors
Avon Lifesciences Ltd

Ajit Kamath
Chairman

Rajendra Kaimal
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Amt in ₹)

| | Note | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|---------------|------------------------------|------------------------------|
| I INCOME | | | |
| Revenue from operations | 28 | 0 | 0 |
| Other income | 29 | 0 | 59,637,500 |
| Interest income | 30 | 397,828 | 312,593 |
| Total Income | | 397,828 | 59,950,093 |
| II Expenses | | | |
| Cost of materials consumed | 31 | 0 | 0 |
| Changes in inventories of finished goods and goods-in-process | 32 | 0 | 0 |
| Excise duty on sale of goods | | 0 | 0 |
| Employee benefits expense | 33 | 24,211,476 | 31,138,987 |
| Finance costs | 34 | 144,980,445 | 144,064,446 |
| Depreciation and amortization expense | 35 | 64,449,599 | 67,823,278 |
| Other expenses | 36 | 5,998,535 | 9,308,486 |
| Total expenses | | 239,640,055 | 252,335,197 |
| III Profit / (Loss) before exceptional items and tax | | (239,242,227) | (192,385,104) |
| IV Exceptional items | | 0 | 0 |
| V Profit / (Loss) before tax | | (239,242,227) | (192,385,104) |
| VI Tax expense | | | |
| Current tax | | 0 | 0 |
| Total tax expense | | 0 | 0 |
| VII Profit / (Loss) for the year | | (239,242,227) | (192,385,104) |
| VIII Other comprehensive income | | 0 | 0 |
| Other comprehensive income for the year | | 0 | 0 |
| IX Total comprehensive income for the year | | 0 | 0 |
| X Earnings per equity share of ₹ 10 each fully paid up Basic & Diluted (in ₹) | | (10.04) | (8.07) |
| XI Notes forming part of the financial statements | 1 - 36 | | |

As per our report of even date
for **N G JAIN & CO**
Chartered Accountants

For and on behalf of the Board of Directors
Avon Lifesciences Ltd

Prince Kothari
Partner
Mem.No. 155819
Firm Reg No. 103941W

Ajit Kamath
Chairman

Rajendra Kaimal
Director

Place : Mumbai
Date : 30.05.18

Notes on Financial Statements for the year ended 31st March 18

Note 1 Significant accounting policies for the year ended 31st March 18

1 Basis of Preparation of Financial Statements

The Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in india as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP.

The accounting policies adopted in the preparation of Ind AS financial statement are consistent with those of previous year.

2 Use of Estimates

The preparation of the financial statements in conformity with Ind As requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period . Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3 Revenue Recognition

1. Domestic sales are accounted for on dispatch of goods to customers.
2. Export sales are accounted for on the basis of dates of Bill of Lading

4 Property, plant and equipment

Fixed assets (excluding Freehold Land) are stated at cost of acquisition less accumulated depreciation/ amortization and accumulated impairment losses if any. Freehold Land is carried at historical cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

Capital Work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Capital Work-in-Progress is carried at cost, comprising direct cost, related incidental expenses and interest on borrowing to the extent attributed to them.

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

5 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired.

6 Investments

Investments are stated at cost.

7 Foreign Currency

Functional Currency

The Functional currency of the company is the Indian Rupee. The financial statements are presented in Indian Rupees.

- 1 Transactions denominated in foreign currencies are recorded at spot rates / average rates.
- 2 Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- 3 Non monetary foreign currency items are carried at cost.

8 Employee Benefits

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

9 Cash and Cash Equivalents

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

10 Inventories

Raw materials, Stores, Consumables and Packing Materials, Goods- in-Process and finished goods

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

11 Interest Income

Interest income on term deposits is recognised on the time proportion basis using effective interest rate method.

12 Provisions and contingent liabilities and Contingent Assets

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

13 Excise Duty

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.

14 R & D Expenditure

Expenditure for capital items are debited to respective fixed assets and depreciation at applicable rates. Revenue expenditure is charged to Profit and Loss account.

15 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 asset on accumulated losses and unabsorbed depreciation are recognised only to the extent there is certainty of realisation of such asset in future.

16 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

17 Other Notes

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date
for **N G JAIN & CO**
Chartered Accountants

Prince Kothari
Partner
Mem.No. 155819
Firm Reg No. 103941W

Place : Mumbai
Date : 30.05.18

For and on behalf of the Board of Directors
Avon Lifesciences Ltd

Ajit Kamath
Chairman

Rajendra Kaimal
Director

2 PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment and their carrying amounts are as follows:

(Amt in ₹)

| Description of assets | Gross carrying amount | | | Depreciation | | | Net carrying amount | | |
|--------------------------|-----------------------|----------------|----------------|----------------------|----------------------|-------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2017 | Addi- tions | Dis- posals | As at 31.03.2018 | As at 01.04.2017 | Additions | Dis- posals | As at 31.03.2018 | As at 31.03.2017 |
| Freehold Land | 23,644,792 | 0 | 0 | 23,644,792 | 0 | 0 | 0 | 23,644,792 | 23,644,792 |
| Leasehold Land | 7,684,137 | 0 | 0 | 7,684,137 | 0 | 0 | 0 | 7,684,137 | 7,684,137 |
| Building | | | | | | | | | |
| Non Factory | 18,047,842 | 0 | 0 | 18,047,842 | 3,842,862 | 329,788 | 0 | 13,875,192 | 14,204,980 |
| Factory | 170,542,107 | 0 | 0 | 170,542,107 | 81,973,827 | 4,497,330 | 0 | 84,070,950 | 88,568,280 |
| Plant & Machinery | 1,622,209,167 | 0 | 0 | 1,622,209,167 | 954,728,065 | 58,348,275 | 0 | 609,132,827 | 667,481,102 |
| Lab Equipment | 4,698,137 | 0 | 0 | 4,698,137 | 2,007,241 | 488,619 | 0 | 2,202,277 | 2,690,896 |
| Electrical Installations | 49,588,046 | 0 | 0 | 49,588,046 | 46,424,097 | 192,129 | 0 | 2,971,820 | 3,163,949 |
| Furniture | 9,246,021 | 0 | 0 | 9,246,021 | 7,742,328 | 487,115 | 0 | 1,016,578 | 1,503,693 |
| Office Equipment | 5,558,530 | 0 | 0 | 5,558,530 | 5,292,100 | 0 | 0 | 266,430 | 266,430 |
| Computers | 8,516,812 | 0 | 0 | 8,516,812 | 8,134,330 | 0 | 0 | 382,481 | 382,481 |
| Vehicles | 4,393,141 | 0 | 0 | 4,393,141 | 3,922,623 | 106,343 | 0 | 364,175 | 470,518 |
| TOTAL | 1,924,128,732 | 0 | 0 | 1,924,128,732 | 1,114,067,473 | 64,449,599 | 0 | 745,611,660 | 810,061,258 |
| Previous Year | 1,924,128,733 | 0 | 0 | 1,924,128,733 | 1,046,244,202 | 67,823,278 | 0 | 810,061,260 | 877,884,536 |
| Capital Work in Progress | | | | | | | | 22,506,617 | 22,506,617 |

(Amt in ₹)

| 4 NON-CURRENT INVESTMENTS | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|---|-------------------------------------|-------------------------------------|------------------------------------|
| Investments in equity instruments of Regal Pharma Pte. Ltd. - Unquoted | | | |
| 3,120,100 Shares of SGD 1 Each in Regal Pharma Pte. Ltd. | 121,930,256 | 121,930,256 | 121,930,256 |
| Total | 121,930,256 | 121,930,256 | 121,930,256 |
| 5 NON-CURRENT FINANCIAL ASSETS - LOANS | | | |
| Unsecured, considered good | | | |
| Advances | 51,015 | 51,015 | 51,015 |
| Total | 51,015 | 51,015 | 51,015 |
| 6 OTHER NON-CURRENT FINANCIAL ASSETS | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| 7 NON-CURRENT TAX ASSETS | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| 8 OTHER NON-CURRENT ASSETS | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| 9 INVENTORIES | | | |
| Raw materials | 237,609,662 | 237,609,662 | 237,609,662 |
| Goods-in-process | 286,376,936 | 286,376,936 | 286,376,936 |
| Finished goods | 9,907,039 | 9,907,039 | 9,907,039 |
| Stores, Consumables and Packing Material | 20,739,899 | 20,739,899 | 20,739,899 |
| Total | 554,633,536 | 554,633,536 | 554,633,536 |
| 10 TRADE RECEIVABLES (UNSECURED) | | | |
| Considered good | | | |
| - Others | 888,271,125 | 887,409,539 | 897,343,840 |
| Total | 888,271,125 | 887,409,539 | 897,343,840 |

(Amt in ₹)

| | | | |
|---|-------------------------------------|-------------------------------------|------------------------------------|
| 11 CASH AND CASH EQUIVALENTS | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
| Balance with banks in | | | |
| Current accounts | 850,123 | 860,208 | 2,285,906 |
| Cash on hand | 32,824 | 32,824 | 116,518 |
| Total | 882,947 | 893,032 | 2,402,424 |
| 12 BANK BALANCES OTHER THAN 11 ABOVE | | | |
| Deposits with bank having original maturity period of upto twelve months | 428,821 | 416,704 | 3,506,897 |
| Deposits with bank having original maturity period of more than twelve months | 0 | 0 | 0 |
| Total | 428,821 | 416,704 | 3,506,897 |
| 13 CURRENT FINANCIAL ASSETS - LOANS | | | |
| Unsecured, considered good | | | |
| Security deposits - Others | 7,716,348 | 7,716,348 | 7,718,380 |
| Loans and advances to employees | 138,950 | 138,950 | 88,950 |
| Total | 7,855,298 | 7,855,298 | 7,807,330 |
| 14 OTHER CURRENT FINANCIAL ASSETS | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| 15 CURRENT TAX ASSETS | | | |
| Balances with government authorities | | | |
| - Direct tax (net of provisions) | 57,043,058 | 57,003,694 | 57,001,298 |
| Total | 57,043,058 | 57,003,694 | 57,001,298 |
| 16 OTHER CURRENT ASSETS | | | |
| Advances against goods and services | 23,165,039 | 23,171,324 | 23,390,328 |
| Prepaid expenses | 420,912 | 242,253 | 410,148 |
| Balances with government authorities | | | |
| - Indirect tax | 35,623,115 | 35,072,079 | 34,866,343 |
| Export benefits receivable | 984,577 | 984,577 | 984,577 |
| Total | 60,193,643 | 59,470,234 | 59,651,397 |

(Amt in ₹)

| 17 EQUITY SHARE CAPITAL | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|--|-------------------------------------|-------------------------------------|------------------------------------|
| Authorised 40,000,000 equity shares of ₹10 each | 400,000,000 | 400,000,000 | 400,000,000 |
| Issued 23,825,000 equity shares of ₹ 10 each | 238,250,000 | 238,250,000 | 237,250,000 |
| Subscribed and paid up 23,825,000 equity shares of ₹ 10 each | 238,250,000 | 238,250,000 | 237,250,000 |
| Total | 238,250,000 | 238,250,000 | 237,250,000 |

Details of shareholder holding more than 5% equity shares in the company

| Name of Shareholder | As at 31 March, 2018 | | As at 31 March, 2017 | |
|----------------------------|--|----------------------------------|------------------------------------|----------------------------------|
| | Number of equity shares | Percentage of holding | Number of equity shares | Percentage of holding |
| Arch Pharmalabs Limited | 10,709,100 | 44.95% | 10,709,100 | 45.95% |

(Amt in ₹)

| 18 OTHER EQUITY | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|--|-------------------------------------|-------------------------------------|------------------------------------|
| State Investment Subsidy As per last balance sheet | 2,000,000 | 2,000,000 | 2,000,000 |
| Capital reserve As per last balance sheet | 7,000,000 | 7,000,000 | 7,000,000 |
| Securities premium reserve As per last balance sheet | 317,051,400 | 317,051,400 | 315,451,400 |
| General reserve As per last balance sheet | 130,000,000 | 130,000,000 | 130,000,000 |
| Money received against Share warrants | 0 | 0 | 60,287,500 |
| Retained earnings As per last balance sheet | (880,111,781) | (687,726,677) | (523,139,117) |
| Add : Profit / (Loss) for the Year | (239,242,227) | (192,385,104) | (164,587,560) |
| Total | (663,302,608) | (424,060,381) | (172,987,777) |

(Amt in ₹)

| 19 NON-CURRENT BORROWINGS | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|--|-------------------------------------|-------------------------------------|------------------------------------|
| Secured | | | |
| Term loans from banks | 395,211,140 | 395,211,140 | 414,465,001 |
| Deferred Sales Tax Loan from State Govts. | 156,032,788 | 156,032,788 | 156,032,788 |
| | 551,243,928 | 551,243,928 | 570,497,789 |
| Unsecured | | | |
| From Body Corporate | 317,140,209 | 317,140,209 | 317,140,209 |
| | 317,140,209 | 317,140,209 | 317,140,209 |
| Total | 868,384,137 | 868,384,137 | 887,637,998 |
| Less: Current maturities disclosed under Other current financial liabilities (Refer note 24) | 454,041,204 | 284,301,881 | 177,672,251 |
| Total | 414,342,933 | 584,082,256 | 709,965,747 |

Nature of security and terms of repayments for long-term borrowings

Term Loans

- The Term loans from banks of ₹ 3467.57 lakhs (Previous year ₹ 3467.57 lakhs) are secured by way of first pari passu charge on fixed assets, second pari passu charge on current assets, personal / corporate guarantees of promotor directors / company.
- The Term loans from bank of ₹ 484.54 lakhs (Previous year ₹ 484.54 lakhs) are secured by way of first pari passu charge on current assets, second pari passu charge on fixed assets, personal / corporate guarantees of promotor directors / company.

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 31st March 2018 was ₹ 1560.33 lakhs (previous year ₹ 1560.33 lakhs).

(Amt in ₹)

| 20 NON-CURRENT PROVISIONS | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| Leave encashment | 3,310,172 | 3,310,172 | 3,310,172 |
| Provision for Tax (Net of Payment) | 17,314,553 | 17,314,553 | 17,314,553 |
| Provision for Excise Duty | 459,543 | 459,543 | 459,543 |
| Total | 21,084,268 | 21,084,268 | 21,084,268 |

(Amt in ₹)

| 21 DEFERRED TAX LIABILITIES (NET) | As at 31 March, 2018 | As at 31 March, 2017 | As at 1 April, 2016 |
|---|-------------------------------------|-------------------------------------|------------------------------------|
| Deferred Tax Liabilities (NET) | 29,900,649 | 29,900,649 | 29,900,649 |
| | 29,900,649 | 29,900,649 | 29,900,649 |
| 22 CURRENT FINANCIAL LIABILITIES - BORROWINGS | | | |
| Secured | | | |
| Working capital loan from banks | 1,351,287,114 | 1,207,641,036 | 956,310,253 |
| Total | 1,351,287,114 | 1,207,641,036 | 956,310,253 |
| Working Capital | | | |
| The working capital loans from the banks ₹ 13512.87 Lakhs (Previous year ₹ 12076.41 lakhs) are secured by first pari-pasu charge on the current assets, second pari-pasu charge on fixed assets and personal guarantee of promotor directors / company. | | | |
| 23 TRADE PAYABLES | | | |
| Acceptances | 515,060,979 | 500,991,756 | 583,412,485 |
| Total | 515,060,979 | 500,991,756 | 583,412,485 |
| 24 OTHER CURRENT FINANCIAL LIABILITIES | | | |
| Current maturities of long-term borrowings (Refer note 19) | 454,041,204 | 284,301,881 | 177,672,251 |
| Employee benefits payable | 95,454,606 | 77,206,310 | 57,784,519 |
| Other payables | 724,810 | 825,241 | 3,197,680 |
| Total | 550,220,620 | 362,333,432 | 238,654,450 |
| 25 OTHER CURRENT LIABILITIES | | | |
| Statutory dues | 2,564,021 | 2,008,168 | 1,129,071 |
| Total | 2,564,021 | 2,008,168 | 1,129,071 |
| 26 CURRENT PROVISIONS | | | |
| | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| 27 CURRENT TAX LIABILITIES | | | |
| | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

(Amount in ₹)

| | | |
|---|-------------------|-------------------|
| 28 REVENUE FROM OPERATIONS | 2018 | 2017 |
| Sales of products (including excise duty) | 0 | 0 |
| Total | 0 | 0 |
| 29 OTHER INCOME | | |
| Miscellaneous income | 0 | 59,637,500 |
| Total | 0 | 59,637,500 |
| 30 INTEREST INCOME | | |
| - Others | 397,828 | 312,593 |
| Total | 397,828 | 312,593 |
| 31 COST OF MATERIALS CONSUMED | | |
| | 0 | 0 |
| Total | 0 | 0 |
| Details of materials consumed | | |
| Chemicals and Solvents | 0 | 0 |
| 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND GOODS-IN-PROCESS | | |
| Inventory at the end of the year | | |
| Finished goods | 9,907,039 | 9,907,039 |
| Goods-in-process | 286,376,936 | 286,376,936 |
| | 296,283,975 | 296,283,975 |
| Inventory at the beginning of the year | | |
| Finished goods | 9,907,039 | 9,907,039 |
| Goods-in-process | 286,376,936 | 286,376,936 |
| | 296,283,975 | 296,283,975 |
| Total | 0 | 0 |
| 33 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 22,499,529 | 27,597,150 |
| Contribution to provident and other funds | 1,519,787 | 1,754,171 |
| Gratuity | 0 | 1,420,452 |
| Staff welfare expenses | 192,160 | 367,215 |
| Total | 24,211,476 | 31,138,987 |

(Amount in ₹)

| 34 FINANCE COSTS | 2018 | 2017 |
|-------------------------|--------------------|--------------------|
| Interest Expenses | 143,971,642 | 143,971,642 |
| Other financial Charges | 1,008,804 | 92,804 |
| Total | 144,980,445 | 144,064,446 |

| 35 DEPRECIATION AND AMORTISATION EXPENSE | 2018 | 2017 |
|---|-------------------|-------------------|
| Depreciation on property, plant and equipment | 64,449,599 | 67,823,278 |
| Total | 64,449,599 | 67,823,278 |

| 36 OTHER EXPENSES | 2018 | 2017 |
|---|------------------|------------------|
| Packing Materials, Stores ,spares and Consumables | 0 | 0 |
| Clearing, Forwarding and Transportation | 0 | 2,370 |
| Power and fuel | 2,403,387 | 2,841,998 |
| Repairs and maintenance | 0 | 120 |
| Other manufacturing expenses | 0 | 590,036 |
| Insurance | 59,335 | 322,158 |
| Legal and Professional charges | 875,706 | 942,714 |
| Travelling and conveyance expenses | 0 | 192,280 |
| Printing and Stationery | 18,719 | 3,750 |
| Communication Expenses | 61,783 | 109,815 |
| Miscellaneous expenses | 3,121,957 | 3,143,592 |
| Exchange differences (net) | (617,351) | 1,084,654 |
| Payment to auditors (Refer details below) | 75,000 | 75,000 |
| Total | 5,998,535 | 9,308,486 |
| Payment to auditors for: | | |
| Audit fees | 75,000 | 75,000 |
| Total | 75,000 | 75,000 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

| | 2017-2018 In ₹ | 2016-2017 In ₹ |
|---|--------------------------|--------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before tax and extraordinary items | (239,242,227) | (192,385,104) |
| Adjustments for | | |
| Depreciation | 64,449,599 | 67,823,278 |
| Interest & Financial Charges | 144,980,445 | 144,064,446 |
| Operating Profits before Working Capital Changes | (29,812,183) | 19,502,620 |
| (Increase) / Decrease in Inventories | - | - |
| (Increase) / Decrease in Trade and Other Receivables | (1,624,358) | 10,065,099 |
| Increase / (Decrease) in Trade and Other Payable | 346,158,342 | 293,468,133 |
| Cash Generated from Operations | 314,721,801 | 323,035,852 |
| Income Tax | - | - |
| Net Cash flow from operating Activities (A) | 314,721,801 | 323,035,852 |
| B. Cash Flow from Investing Activities | | |
| Fixed Assets | - | - |
| Net Cash Used in Investing Activities (B) | - | - |
| C. Cash Flow from Financing Activities | | |
| Change in Share capital | 0 | 1,000,000 |
| Change in security Premium | 0 | 1,600,000 |
| Change in Money receivedd against Share warrants | 0 | (60,287,500) |
| Change in long term borrowings | (169,739,323) | (125,883,491) |
| Interest & Financial Charges | (144,980,445) | (144,064,446) |
| Net Cash inflow from Financing Activities (C) | (314,719,768) | (327,635,437) |
| Net Increase/(Decrease) in Cash Flow (A+B+C) | 2,033 | (4,599,585) |
| Opening Balance of Cash and Cash Equivalent | 1,309,736 | 5,909,321 |
| Closing Balance of Cash and Cash Equivalent | 1,311,769 | 1,309,736 |

As per our report of even date
for **N G JAIN & CO**
Chartered Accountants

Prince Kothari
Partner
Mem.No. 155819
Firm Reg No. 103941W

Place : Mumbai
Date : 30.05.18

For and on behalf of the Board of Directors
Avon Lifesciences Ltd

Ajit Kamath
Chairman

Rajendra Kaimal
Director

Note

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 25th ANNUAL GENERAL MEETING of the Company, to be held on **Friday, 28th September, 2018 at 10 a.m.** at Hotel Dasappa, 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 31st March, 2018, 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 and is eligible for reappointment. |
| Special Business | |
| 4. | To Ratify the Appointment of Statutory Auditors |
| 5. | Ratification of remuneration of Cost Auditor |

Signed this _____ day of _____ 2018

Signature of Shareholder _____

Signature of Proxyholder (s) _____

Affix
₹ 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 25th Annual General Meeting of the Company on Friday, 28th September, 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

✂

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

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 30th May, 2018 to be passed at the 25th 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) * |
|--------------------------|---|---------------|---------------------------------------|--|
| Ordinary Business | | | | |
| 1. | To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018, 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 and is eligible for reappointment. | | | |
| 3. | To Ratify the Appointment of Statutory Auditors | | | |
| 4. | Ratification of remuneration of Cost Auditor | | | |

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

Place :

Date:

Signature of Member

Note

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