



# AVON

**25<sup>th</sup> 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, Maharastra ;  
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](mailto: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.

<b>The instructions for shareholders voting electronically are as under:</b>	<b>For Members holding shares in Demat Form and Physical Form</b>
<p>(i) The voting period begins on <b>25th September, 2018 (9:00 a.m.) and will end on 27th September, 2018 (5:00 p.m.)</b>. 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 <a href="http://www.evotingindia.com">www.evotingindia.com</a>.</p> <p>(iii) Click on Shareholders.</p> <p>(iv) Now Enter your User ID</p> <ol style="list-style-type: none"> <li>For CDSL: 16 digits beneficiary ID,</li> <li>For NSDL: 8 Character DP ID followed by 8 Digits Client ID,</li> <li>Members holding shares in Physical Form should enter Folio Number registered with the Company.</li> </ol> <p>(v) Next enter the Image Verification as displayed and Click on Login.</p> <p>(vi) If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.</p> <p>(vii) If you are a first time user follow the steps given below:</p>	<p>PAN</p> <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>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.</li> </ul> <p>Dividend Bank Details <b>OR</b> Date of Birth (DOB)</p> <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

<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 &amp; enter the details as prompted by the system.</p> <p>(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app</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) <b>Note for Non – Individual Shareholders and Custodians</b></p> <ul style="list-style-type: none"> <li>• Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and register themselves as Corporates.</li> <li>• A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.</li> <li>• After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.</li> <li>• The list of accounts linked in the login should be mailed to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> and on approval of the accounts they would be able to cast their vote.</li> <li>• A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.</li> </ul> <p>(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <a href="http://www.evotingindia.com">www.evotingindia.com</a> under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact CDSL on 1800 200 5533 or <a href="mailto:info@avonlifesciences.com">info@avonlifesciences.com</a></p> <p><b>Other information</b></p> <p>During the above mentioned voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 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 <a href="mailto:info@avonlifesciences.com">info@avonlifesciences.com</a> or write to Company at its corporate Office. Members receive email but do not want to avail the e-voting facility, may send a request on said email for physical copy of Notice and Postal Ballot.</p>
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## 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.