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INWINEX

PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS**PRAVEEN AGARWAL****MAN MOHAN AGARWAL****RAMESH CHANDRA AGARWAL****P. SUJATHA****ANIL MITTAL****MUKESH KUMAR AGARWAL****CHAIRMAN & MANAGING DIRECTOR****EXECUTIVE DIRECTOR****DIRECTOR****DIRECTOR****DIRECTOR****DIRECTOR****AUDITORS****PRAKASH CHOKDA****SHOP NO. 61****RAGHAVA RATNA TOWERS****CHIRAGALI LANE****HYDERABAD - 500 001****BANKERS****ANDHRA BANK****R.P. ROAD****SECUNDERABAD****REGISTERED & CORPORATE OFFICE****3A, III FLOOR, PLOT NO.130****ROAD NO.2, BANJARA HILLS****HYDERABAD - 500 034****WORKS****PLOT NO:22 & 23, SVCIE****MIAPUR, BACHEPALLY****HYDERABAD - 500 325****ANDHRA PRADESH****SHARE TRANSFER AGENTS****VENTURE CAPITAL & CORPORATE****INVESTMENTS LIMITED****6-2-913/914, 3rd FLOOR****PROGRESSIVE TOWERS****KHAIRTABAD, HYDERABAD - 500 004**

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 PHARMACEUTICALS LIMITED

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of INWINEX PHARMACEUTICALS LIMITED will be held on Wednesday the 31st August, 2005 at 8.30 A.M. at Country Club, 6-3-1219, Begumpet, Hyderabad - 500 016, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2005 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Kumar Agarwal who retires by rotation and is not seeking re-appointment.
3. To consider the reappointment of Mr. Prakash Chokda, Chartered Accountant as Auditor to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the Board of Directors and the Auditor.

SPECIAL BUSINESS:
4. APPOINTMENT OF DIRECTOR

To consider and, if thought fit, to pass, with or without modification, the following resolution as an

Ordinary Resolution:

"RESOLVED THAT Mr. Anil Mittal, who was appointed as an Additional Director by the Board of Directors and who holds office pursuant to Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation"

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER. INSTRUMENT OF PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. All documents referred to in the accompanying Notice and Explanatory Statement including Articles of Association of the Company are open for inspection at its Registered Office during the office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m., upto the date of the Annual General Meeting.
3. Members are requested to kindly notify any change in address immediately to the Companies' Address/Registrar.

4. Members/Proxies should bring their attendance slip sent herewith duly filled in for attending the meeting.
5. The Register of Member's and the 'Share Transfer Books' will be closed from 27.08.2005 to 31.08.2005 (Both days inclusive)
6. Members are requested to bring the copies of Annual Report while attending the Annual General Meeting.

EXPLANATORY STATEMENT pursuant to section 173 (2) of the companies act, 1956 and clause 49 of listing agreement

Item No. 3

Mr. Anil Mittal was appointed as an Additional Director of the Company by the Board of Directors on 29th October, 2004. Pursuant to section 260 of the Companies Act, 1956, Mr. Anil Mittal will hold office as Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Anil Mittal for the office of the Director of the Company pursuant to the provisions of section 257 of the Companies Act, 1956.

Mr. Anil Mittal is a Commerce Graduate having 5 years experience in financial services and capital market operations. He is not holding any shares in the Company.

In view of his vast knowledge and experience, it will be in the interest of the Company that Mr. Anil Mittal is appointed as Director of the Company.

Except Mr. Anil Mittal, none of the Directors of the Company is in any way concerned or interested in the resolution.

For and on behalf of the board

Sd/-

PRAVEEN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Place : Hyderabad
Date : 27.06.2005

INWINEX
PHARMACEUTICALS LIMITED**DIRECTORS REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the TENTH ANNUAL REPORT together with Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	Year ended 31.03.2005	Year ended 31.03.2004
Sales	2039.95	2182.04
Profit/ (Loss) before Depreciation		
Interest and Income Tax (PBDIT)	41.45	52.23
Interest & Finance Charges	8.66	10.25
Depreciation	26.07	26.31
Net Profit/ (Loss) before Tax	6.71	15.67
Provision for Tax	Nil	Nil
Net Profit/ (Loss) carried to Balance Sheet	(374.18)	(380.89)

OPERATIONS

During the year 2004-05, the Company achieved a sales turnover of Rs. 2039.95 Lacs, as against sales of Rs. 2182.04 Lacs. In comparison of sales with the previous year figures the company can barely sustain the sales of last year. This is being due to inadequate working capital facilities. However the realizations were very competitive and stiff.

The profit of the company has also come under severe pressure due to inadequate working capital facilities. The company procured its raw material on costlier and dearer terms resulting in very low operating margin. However, continuous efforts are being made for optimizing the formulation operations. Your company is taking all necessary steps in improving its efficiency levels.

OUT LOOK & FUTURE PLANS

The outlook and future plans of the company are presented in Management Discussion and Analysis, forming part of this report.

DIVIDEND

Your directors have not recommended any dividend in view of the accumulated losses and need to build up long term working capital resources.

FIXED DEPOSITS

Your company has not accepted any Deposits from the Public during the year.

DIRECTORS

Mr. Mukesh Kumar Agarwal retires by rotation at this AGM and is not seeking reappointment. The Board places on record its deep appreciation for the untiring efforts and services rendered by Mr. Mukesh Kumar Agarwal.

Mr. Anil Mittal was appointed as an Additional Director during the year, retired at the ensuing general meeting. Your company has received notices in writing from members, proposing his candidature for office of directors whose period of office is subject to retirement by rotation.

LISTING OF SHARES

The securities of the company are listed at The Stock Exchange, Mumbai. The company has voluntarily delisted its securities from Hyderabad, Ahmedabad & Delhi Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed.
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
- (iii) The directors have taken proper and sufficient care for the 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 fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company believes in creating wealth for its Shareholders. In pursuit of this objective, the policies of the Company are designed to strengthen the ability of the Board of the Directors to supervise the management and to enhance long term shareholder value.

Pursuant to Clause 49 of the said Listing Agreement (a) Management Discussion and Analysis, (b) the Report of the Directors on the practices prevalent on Corporate Governance in the Company and (c) the Auditors' Certificate on compliance of mandatory requirements of Corporate Governance are enclosed as an annexure to this report.

AUDITORS

Mr. Prakash Chokda, Chartered Accountant, Auditor of the company who retires at the conclusion of the ensuing Annual General Meeting has given his consent to be reappointed for the current year.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.

No employees are drawing salary as specified in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 hence no details are required to be given.

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particular) in the report of Board of Directors Rules, 1988 is annexed and form part of this Report.

INFORMATION AS REQUIRED U/S 217 (3)

Explanation to Point No. 9 a) of Annexure to the Auditors' Report

The company has been incurring losses till 31-03-2003 and slowly recovering out of it. Since the company is facing working capital problem and not able to sustain its day to day financial pressures, there are some instances of delays in payment of ESI dues, however the company cleared total outstanding at the end of the year.

Even though the Employees welfare is paramount interest to the company, due to the shortage of funds, it could not deposit its PF contribution from September 2002 to December 2004. However the company has paid its contribution for subsequent period and is in a process to pay the outstanding amount.

ACKNOWLEDGEMENT

The Board of Directors wish to acknowledge the support extended by the Andhra Bank. Your Company wish to place on record the appreciation for the devoted services rendered by employees at all levels. The board also extends its gratitude to the Company's shareholders, various Government Authorities, Stockist, Distributors, and Doctors for their full co-operation.

For and on behalf of the Board

sd/-

Place : Hyderabad
Date : 27.06.2005

PRAVEEN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTOR'S REPORT

INFORMATION UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

A) CONSERVATION OF ENERGY

Present operations of the Company do not involve high energy consumption. However, steps are being taken to minimize energy consumption.

FORM A

(Form for Disclosure of particulars with respect to conservation of energy)

Particulars	Unit	Current Year
A. POWER & FUEL CONSUMPTION:		
1) Electricity		
a) Purchased :	Units/KWH	68561
Total Amount	Rs.	506,180
Rate/Unit	Rs.	7.38
b) Own Generation :		
Through Diesel		
Generator :	Units/KWH	19638
Units per Ltr. Of Diesel	Rs.	167,513
Cost per Unit	Rs.	8.53
2) Coal :		
(Specify quality and where used)		NIL

B. CONSUMPTION PER UNIT OF PRODUCTION :

Electricity (Units/Kg)	Since the Company manufactures
C" Grade Coal	different types of formulations
Fuel (Liters/Kg)	it is not practicable to give
Others	Consumption per unit of production.

FORM B

(Form for disclosure of particulars with respect to Technology Absorption)

A. RESEARCH & DEVELOPMENT (R & D)

1. Specific area in which R & D carried out by the Company.	:	Formulations for antibacterial and anti-inflammatory antibiotics etc.
2. Benefits derived as a result of the above R & D.	:	Absorption of technology & development of process.
3. Future plan of action	:	Scaling up of the laboratory process & improvement of technology for Formulations

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4. Expenditure on R & D

(a) Capital	:	- Nil -
(b) Recurring	:	- Nil -
(c) Total	:	- Nil -
(d) Total R & D expenditure as Percentage of total turnover	:	- Nil -

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	:	- Nil -
2. Benefits derived as a result e.g. product improvement, cost reduction, product development, import substitution, etc.	:	- Nil -
3. Import of Technology	:	- Nil -

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

(a) Earnings	:	- Nil -
(b) Outgo	:	Rs. 41.18 lacs (USD 90,310)

ANNEXURE TO THE DIRECTORS' REPORT
Corporate Governance Report

The Securities and Exchange Board of India (SEBI) has instituted mandatory standards of corporate governance for companies listed on Indian Stock Exchanges. These Standards have been enshrined in Clause 49 of the Listing Agreement of the Stock Exchanges. Your Company has implemented all the mandatory requirements as prescribed under Clause 49 of the Listing Agreement.

Company's Philosophy on Code of Corporate Governance

Inwinex Pharmaceuticals Board of Directors and Management are committed to maximizing shareholder value on a sustained basis. The Company considers good Corporate Governance to be a pre-requisite for meeting the objective of shareholders' wealth maximization. Good Governance practice includes adoption of best Board practices, respect and protection of minority views and interests and institutionalization of a fair and transparent reporting system.

Board of Directors
Composition of Board

As on 31st March 2005, Inwinex Pharmaceuticals Board of Directors consists of 6 Directors. The Chairman of the Board is a Promoter, Chairman and Managing Director. In addition, Board

comprises 5 other Directors, one of them is a Promoter Executive Director and another director is Promoter Non Executive Director and remaining Three Directors are Non Executive Independent Directors.

Board Meetings

During the year 2004-05, the Board met 6 times on the following dates, viz., 30th June, 2004, 30th July 2004, 01st September 2004, 29th October 2004, 07th January 2005 & 31st January 2005. The maximum gap between any two successive meetings was less than 4 months.

Directors attendance Record and Directorships

The following table gives details of Directors, their attendance at the Board Meetings during the year 2004-05 and at the last Annual General Meeting, their number of other directorships in the Board/Committees of various other companies:

Name of the Director	Category of Directorship	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship, Committee Membership/ Chairmanship		
				Directorship	Committee membership	Committee Chairmanship
Praveen Agarwal	CMD/PD	6	Present	NIL	NIL	NIL
Man Mohan Agarwal	ED/PD	6	Present	1	NIL	NIL
Ramesh Chandra Agarwal	NED/PD	5	Present	1	NIL	NIL
Ashish Modi *	NED/ID	1	Present	NIL	NIL	NIL
Mukesh Kumar Agarwal	NED/ID	6	Present	NIL	NIL	NIL
P.Sujatha	NED/ID	6	Present	NIL	NIL	NIL
Anil Mittal**	NED/ID	2	N.A	NIL	NIL	NIL

* Ashish Modi retired at the last AGM i.e., 29th September, 2004 .

** Anil Mittal was appointed as Additional Director by the Board at its Meeting held on 29th October 2004 i.e., subsequent to the last AGM

CMD - Chairman & Managing Director, PD - Promoter Director, ED - Executive Director, NED - Non Executive Director, ID - Independent Director.

None of the Directors is a member in more than ten committees and act as a chairman in more than five committees across all companies in which he is a Director.

BOARD COMMITTEES:

The Company is committed to transparency in all its dealings and to provide efficient and effective service to the members/shareholders. The Board has constituted Committees of Directors to deal with matters that need quick and timely decisions and overall supervision and guidance.