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**INWINEX**  
**PHARMACEUTICALS LIMITED**

**BOARD OF DIRECTORS**

**RAMESH CHANDRA AGARWAL**

CHAIRMAN

**MAN MOHAN AGARWAL**

EXECUTIVE DIRECTOR

**P.SUJATHA**

DIRECTOR

**C.SOUJANYA**

DIRECTOR

**AUDITORS**

PRAKASH CHOKDA  
SHOP NO.61  
RAGHAVA RATNA TOWERS  
CHIRAGALI LANE  
HYDERABAD – 500 001.

**BANKERS**

ANDHRA BANK  
R.P. ROAD  
SECUNDERABAD.

**REGISTERED OFFICE & WORKS**

PLOT NO:22 & 23, SVCIE  
MIAPUR, BACHEPALLY,  
HYDERABAD - 500 325.  
ANDHRA PRADESH

**SHARE TRANSFER AGENTS**

VENTURE CAPITAL & CORPORATE  
INVESTMENTS LIMITED  
12-10-167, BHARAT NAGAR,  
HYDERABAD - 500 018.

**NOTICE is hereby given that the Twelvth ANNUAL GENERAL MEETING of INWINEX PHARMACEUTICALS LIMITED will be held on Friday the 28<sup>th</sup> September, 2007 at 9.00 A.M. at Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad – 500 325, to transact the following business:**

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms.C.Soujanya who retires by rotation and being eligible offers herself for reappointment.
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. Ratification of Re-Issue of forfeited Share**

To Consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution

“Resolved that pursuant to guidelines under the Listing Agreement entered with the Stock Exchanges and other applicable provisions, if any, the Company hereby approves Re-issue of forfeited 9,60,700 Equity Shares of Rs. 10/- each at a price of Rs. 10/- each for cash, re-issued by the Board of Directors at its meeting held on 15th January 2007 to persons other than all the existing shareholders of the company.”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable, and to finalize and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit for getting the re-issued forfeited shares listed on the Stock Exchange “

#### **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 26.09.2007 to 28.09.2007 (Both days inclusive)

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6. Members are requested to bring the copies of Annual Report while attending the Annual General Meeting.

## **EXPLANATORY STATEMENT**

The Explanatory Statement under Section 173 (2) of the Companies Act, 1956, in respect of special business under Item No.4 of the accompanying notice is as under:

The Board of Directors at its meeting held on 15<sup>th</sup> January re-issued the forfeited 9,60,700 equity shares of Rs 10/- at a price of Rs 10/- each for cash. The Board has re-issued the said Equity Shares to the following persons.

Sl. No	Name of the Allottee	No. of Shares
1.	Smt.Pusphalatha Agarwal	6,04,600
2..	Mr.Nagaraj Ballari	3,56,100
	<b>Total</b>	<b>9,60,700</b>

The above 960,700 Equity shares were originally forfeited by the Board at the meeting held on 05.06.2000.

The Company has been incurring losses for past couple of years due to partial shut of the factory for the purpose of renovation and inadequate working capital facilities. The factory is completely shut down from 12.04.2006 due to inadequate working capital facilities. During this period Smt. Pushphalatha Agarwal (Promoter) and Mr. Nagaraj Ballari (Strategic Investor) have infused funds for working capital facilities of the Company. The Board at its meeting held on 15<sup>th</sup> January 2007 has re-issued the said 9,60,700 Equity shares to Smt.Pushphalatha Agarwal and Mr.Nagaraj Ballari in lieu of funds infused by them. The Equity Shares have been issued at face value of Rs 10/- (being higher than the market price determined in accordance with Preferential Issue Guidelines). In addition, the re-issued shares are locked in as per the provisions of Preferential Issue Guidelines.

The Board re-commends the Special Resolution at item no. 4 of the Notice for acceptance/ratification by the members.

None of the Directors except Mr Ramesh Chandra Agarwal and Mr. Manmohaana Agarwaal (being related to Mrs. Pushphalatha Agarwal) are in any way concerned or interested in the passing of this resolution.

Place : Hyderabad  
Date : 29.06.2007

Sd/-  
RAMESH CHANDRA AGARWAL  
CHAIRMAN

## DIRECTORS REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 12<sup>th</sup> ANNUAL REPORT together with Audited Accounts for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

	(Rs.in Lacs)	
	Year ended 31.03.2007	Year ended 31.03.2006
Sales	-	637.31
Profit/ (Loss) before Depreciation , Interest and Income Tax (PBDIT)	(234.16)	(110.90)
Interest & Finance Charges	6.97	8.68
Depreciation	1.96	15.35
Net Profit/ (Loss) before Tax	(243.09)	(142.62)
Provision for Tax	Nil	Nil
Net Profit/ (Loss) carried to Balance Sheet	(759.90)	(516.80)

### OPERATIONS:

The sales for the year ended 31<sup>st</sup> March 2007 was Nil (Rs.637.31 Lacs for the year ended 31st March 2006). The sales were nil as the unit went for total renovation in compliance with Schedule -M of Drugs & Cosmetics Act and as per the Stop Production orders of Drug Control Authorities. During the year the Net worth of the company is eroded by more than 50%.

### 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.

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## DIRECTORS:

Ms.C.Soujanya, Director of the Company who retires by rotation and being eligible for reappointment, offers herself for appointment.

### In addition the following changes have taken place in Board of the Company

Mr Praveen Agarwal has resigned as Managing Director w.e.f 30.06.2006 and he was liable to retire by rotation at the Previous Annual General Meeting held on 29.09.2006, has not sought re-appointment.

Ms C. Soujanya was appointed as additional director on 12<sup>th</sup> July 2006 and her appointment was regularized at the Annual General Meeting held on 29<sup>th</sup> September 2006.

Ms.P Sujatha was appointed as additional director on 12<sup>th</sup> July 2006 and her appointment was regularized at the Annual General Meeting held on 29<sup>th</sup> September 2006.

Mr Anil Mittal has tendered resignation on 30<sup>th</sup> June 2006.

## LISTING OF SHARES:

The securities of the company is listed at The Stock Exchange, Mumbai.

## 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 31<sup>st</sup> March, 2007, 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.

**Re-issue of forfeited shares:** The Board of Directors at its meeting held on 15.01.2007 has re-issued 960,700 Equity shares of Rs.10/- each to the following persons:

Sl. No	Name of the Allottee	No. of Shares
1.	Smt.Pusphalatha Agarwal	6,04,600
2..	Mr.Nagaraj Ballari	3,56,100
	<b>Total</b>	<b>9,60,700</b>

The company has applied for listing of the above re-issued shares, however the company is yet to received listing approval from Bombay Stock Exchange.

**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 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 given as an annexure to this report.

**AUDITORS:**

Mr.Prakash Chokda, Chartered Accountant, Auditor of the company who retires at the conclusion of the 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) Annexure to the Auditors' Report

The Company has been incurring losses as 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 & PF due, however the company cleared total outstanding before 31.05.2007.

**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 and Stockist, Distributors for their full co-operation.

For and on behalf of the Board  
sd/-  
RAMESH CHANDRA AGARWAL  
CHAIRMAN

Place: Hyderabad  
Date: 29.06.2007

### 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
<b>A. POWER &amp; FUEL CONSUMPTION:</b>		
1) Electricity		
a) Purchased :	Units/KWH	19990
Total Amount	Rs.	266,104
Rate/Unit	Rs.	13.31
b) Own Generation :		NIL
Through Diesel		NIL
2) Coal :		
(Specify quality and where used)		NIL
<b>B. CONSUMPTION PER UNIT OF PRODUCTION :</b>		
Electricity (Units/Kg)	Since the Company manufactures different types of formulations it is not practicable to give Consumption per unit of production.	
C" Grade Coal		
Fuel (Liters/Kg)		
Others		

##### **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.	:	Nil
2.	Benefits derived as a result of the above R & D.	:	Nil
3.	Future plan of action	:	Nil
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    | : | Nil |

**ANNEXURE TO THE DIRECTORS' REPORT**
**Corporate Governance Report**
**Company's philosophy on Code of Corporate Governance**

Inwinex Pharmaceuticals Board of Directors and Management are committed to maximize 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 31<sup>st</sup> March, 2007, Inwinex Pharmaceuticals Board of Directors consists of 4 Directors. The Chairman of the Board is a Promoter, Chairman and Director. In addition, Board comprises of 3 other Directors, one of them is a Promoter Executive Director and remaining two Directors are Non Executive Independent Directors.

**Board Meetings**

During the year 2006-07, the Board met 6 times on the following dates, viz., 30<sup>th</sup> June 2006, 12<sup>th</sup> July 2006, 29<sup>th</sup> July 2006, 30<sup>th</sup> October 2006, 15<sup>th</sup> January 2007 & 31<sup>st</sup> January 2007. The maximum gap between any two successive meetings was less than 4 months.

**Information supplied to the Board**

Mandatory and other information as is necessary to understand a matter or to arrive at any decision or is material to any agenda is provided to the Board of Directors for discussion and information at the meeting.

Agenda Papers for the Board Meetings are circulated to the members well in advance of each meeting so that all the directors can actively participate in the deliberations on various agenda items put before them.

**Directors attendance Record and Directorships**

The following table gives details of Directors, their attendance at the Board Meetings during the year 2006-2007 and the last Annual General Meeting, their number of other directorships in the Board/Committees of various other companies:

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Name of the Director	Category of Director ship	No. of Board Meetings attended	Attendance at last AGM	Director ship	Committee Membership	Committee Chairman ship
Praveen Agarwal **	Director	1	Absent	Nil	Nil	Nil
Ramesh Chandra Agarwal*	NED/PD	6	Present	1	1	Nil
Manmohaana Agarwaal	ED/PD	6	Present	1	1	Nil
Anil Mittal*****	NED/ID	1	Absent	Nil	1	1
P.Sujatha****	NED/ID	4	Absent	Nil	1	Nil
C.Soujanya ***	NED/ID	Nil	Absent	Nil	1	1

\* Sri Ramesh Chandra Agarwal was appointed as Non Executive Chairman at the Board Meeting held on 12<sup>th</sup> July, 2006.

\*\* Mr Praveen Agarwal has resigned as Managing Director w.e.f 30.06.2006 and he was liable to retire by rotation at the Previous Annual General Meeting, has not sought re-appointment.

\*\*\* Ms C. Soujanya was appointed as additional director on 12<sup>th</sup> July 2006 and her appointment was regularized at the Annual General Meeting held on 29<sup>th</sup> September 2006.

\*\*\*\* Ms.P Sujatha was appointed as additional director on 12<sup>th</sup> July 2006 and her appointment was regularized at the Annual General Meeting held on 29<sup>th</sup> September 2006.

\*\*\*\*\* Mr Anil Mittal has tendered resignation on 30<sup>th</sup> June 2006.

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.

## CODE OF ETHICS

The Company has prescribed a code of ethics for its directors and senior management. The declaration from the Executive Director stating that all the directors and the senior management of the Company have affirmed compliance with the code of ethics for the financial year 2006-07 has been reproduced below

### Declaration –Code of Conduct

This is to confirm that the Board has laid down a code of conduct for all Directors and Senior management personal of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended on 31st March 2007, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

For Inwinex Pharmaceuticals Limited

Sd/-

Manmohaana Agarwaal

Executive Director

Date: 10.04.2007

## 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.