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**INWINEX**  
**PHARMACEUTICALS LIMITED**

**BOARD OF DIRECTORS**

**RAMESH CHANDRA AGARWAL** MANAGING DIRECTOR

**MAN MOHAN AGARWAL** EXECUTIVE DIRECTOR

**P.SUJATHA** DIRECTOR

**C.SOUJANYA** DIRECTOR

**ARVIND VARCHASWIN** DIRECTOR

**N. NARASIMHAN** DIRECTOR

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

**REGISTERED OFFICE & WORKS** PLOT NO:22 & 23, SVCIE  
MIAPUR, BACHEPALLY,  
HYDERABAD - 500 072.  
ANDHRA PRADESH

**SHARE TRANSFER AGENTS** VENTURE CAPITAL & CORPORATE  
INVESTMENTS PRIVATE LIMITED  
12-10-167, BHARAT NAGAR  
HYDERABAD-500 018.

**NOTICE is hereby given that the Fourteenth ANNUAL GENERAL MEETING of INWINEX PHARMACEUTICALS LIMITED will be held on 30<sup>th</sup> December 2009 at 9.30 A.M. at Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad – 500 090, 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, 2009 together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narasimhan N who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Ms. C.Soujanya who retires by rotation and being eligible offers herself for reappointment.
4. 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.

**Dated : 27-11-2009**

**Place : Hyderabad**

**BY ORDER OF THE BOARD**

sd/-

**RAMESH CHANDRA AGARWAL**  
**CHAIRMAN**

#### **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 Members and the 'Share Transfer Books' will be closed from 28<sup>th</sup> December to 30<sup>th</sup> December 2009 (Both days inclusive)
6. Members are requested to bring the copies of Annual Report while attending the Annual General Meeting.

**DIRECTORS REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the 14<sup>th</sup> ANNUAL REPORT together with Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

	(Rs.in Lacs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Sales / Job Work Charges	21.20	43.71
Profit/ (Loss) before Depreciation		.
Interest and Income Tax (PBDIT)	0.56	9.42
Interest & Finance Charges	0.05	1.26
Depreciation	9.11	8.27
Net Profit/ (Loss) before Tax	(8.60)	(10.30)
Provision for Tax	Nil	Nil
Net Profit/ (Loss) carried to Balance Sheet	(778.80)	(770.02)

**OPERATIONS:**

The sales / Job work Charges for the year ended 31<sup>st</sup> March 2009 was Rs 21.20 Lacs (Rs.43.71 for the year ended 31<sup>st</sup> March 2008). The Job Work Charges was declined by 48.50% as the job work with the party is terminated in July 2008 and fresh Job Work for Ayurvedic Formulations was taken up by the company w.e.f 01.02.2009. The Company could not undertake own manufacturing activity due to lack of working capital. With the mounting losses, the Company has suffered vast erosion of capital and therefore is contemplating a scheme of reconstruction of capital for embarking on a revival drive.

**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.

**SCHEME OF ARRANGEMENT U/S 319/394 OF THE COMPANIES ACT, 1956.**

The Hon'ble High Court of Andhra Pradesh has vide order dated 19.10.2009 approved the Scheme of Arrangement u/s 391/394 of the Companies Act, 1956 for reconstruction of capital. The Company is now in the process for implementation of the said order of the Hon'ble High Court for reduction of capital by set-off of accumulated losses to the extent of Rs.7,41,63,600 against the Capital whereby the Paid Up Capital of the Company shall stand reduced to Rs.82,40,400 and infusion of fresh capital to the extent of Rs.341.50 lakhs by way of preferential allotment of shares and conversion of unsecured loan of Rs.26.10 lakhs into Equity shares.

**FIXED DEPOSITS:**

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

**DIRECTORS:**

Ms.C.Soujanya, & Mr.N.Narasimhan, Directors of the Company who retires by rotation and being eligible for reappointment, offers themselves for appointment.

**LISTING OF SHARES:**

The securities of the company are 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, 2009, 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 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 the details as per section 217(2A) are nil.

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 PF due, however the company cleared total outstanding before 30.04.2009.

**ACKNOWLEDGEMENT**

The Board of Directors wish to acknowledge the support extended by the Syndicate 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: 27.11.2009

### 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	Current Year
<b>A. POWER &amp; FUEL CONSUMPTION:</b>	
1) Electricity	
a) Purchased :	Units/KWH
Total Amount	Rs.277,928/-
Rate/Unit	Rs.24.14
b) Own Generation :	
Through Diesel	
Total Amount	Rs.83,563/-
Rate/Unit	Rs.33.50
2) Coal :	
(Specify quality and where used)	NIL

#### B. CONSUMPTION PER UNIT OF PRODUCTION :

Electricity (Units/Kg)	Since the Company manufactures different types
C" Grade Coal	of formulations it is not practicable to give
Fuel (Liters/Kg)	Consumption per unit of production.
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, 2009, Inwinex Pharmaceuticals Board of Directors consists of 6 Directors. The Chairman of the Board is a Promoter, Chairman and Director. In addition, Board comprises of 5 other Directors, one of them is a Promoter Executive Director and remaining four Directors are Non Executive Independent Directors.

**Board Meetings**

During the year 2008-09, the Board met 4 times on the following dates, viz., 30-06-2008, 10.07.2008, 31.07.2008, 30.10.2008, & 31.01.2009. 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 2008-2009 and the last Annual General Meeting, their number of other directorships in the Board/Committees of various other companies:

# INWINEX

PHARMACEUTICALS LIMITED

Name of the Director	Category of Directors hip	No. of Board Meetings attended	Attendance at last AGM	Director ship	Committee Membership	Committee Chairmans hip
Ramesh Chandra Agarwal	MD/PD	5	Present	1	Nil	Nil
Man Mohan Agarwal	ED/PD	5	Present	1	Nil	Nil
P.Sujatha	NED/ID	3	Absent	Nil	Nil	Nil
C.Soujanya	NED/ID	2	Absent	Nil	Nil	Nil
Arvind Varchaswi. N	NED/ID	4	Absent	3	Nil	Nil
Narsimhan. N	NED/ID	2	Absent	4	Nil	Nil

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 they are Directors.

## 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 2008-09 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 personnel 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 31<sup>st</sup> March 2009, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

For Inwinex Pharmaceuticals Limited  
Sd/-

Ramesh Chandra Agarwal  
Managing Director  
Date: 27.11.2009

## 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.

The Board has delegated certain powers to some of the Committee of its members, and these Committees decide the matters referred to it and report to the Board at the subsequent Board meetings. Three Committees have been constituted viz., Audit Committee, Remuneration Committee and Shareholders/Investors' Grievances Committee.

### Audit Committee

The terms of reference of the Audit Committee include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.



3. Approval of payment to statutory auditor for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - a. Any changes in accounting policies and practices
  - b. Major accounting entries based on exercise of judgment by management.
  - c. Qualifications in draft audit report
  - d. Significant adjustments arising out of audit
  - e. The going concern assumption
  - f. Compliance with accounting standards
  - g. Compliance with stock exchange and legal requirements concerning financial statements
  - h. Any related party transactions
5. Reviewing with management the quarterly financial statements before submission to the board, focusing primarily on:
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems, and recommending improvements to the management.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Reviewing the company's financial and risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 4 meetings were held, on 28.06.2008, 30.07.2008, 29.10.2008 & 30.01.2009

The following table gives details of Directors, their attendance at the Audit Committee meetings held during the year 2008-2009.

Name of the Director	Attendance
C.Soujanya	2
P.Sujatha	2
Ramesh Chandra Agarwal	4

In addition on invitation Mr.Sharad Gupta, Company Secretary in Practice and Mr.Prakash Chokda, Statutory Auditor attended all the 4 meetings.

#### REMUNERATION COMMITTEE:

The terms of reference to the Remuneration Committee would include review of Remuneration policy to the Managing Director, Executive Director, other whole time directors and also key managerial personnel. During the year no remuneration Committee meetings were held, since there was no revision in the remuneration of Key Managing Personal.

### **Remuneration Policy**

The company pays remuneration to the Managing Director and Executive Director as per the individual agreements entered into with them. The company pays no remuneration to the Non-Executive Directors except sitting fees for the meetings attended by them.

The remuneration paid to whole time directors is given below

Name of the Director	Designation	Salary (Rs.)	Other Allowance (Rs.)	Total (Rs.)
Ramesh Chandra Agarwal	Managing Director	Nil	Nil	Nil
Manmohan Agarwal	Executive Director	Nil	Nil	Nil

### **Shareholders' / Investors Grievance Committee**

The Composition of the Shareholders'/Investors' Grievance Committee as on 31<sup>st</sup> March 2009 was as under:

Name of the Director	Designation	Category of Directorship
C.Soujanya	Member	Non-Executive
P.Sujatha	Member	Non-Executive
Manmohan Agarwal	Member	Executive

The Shareholders'/Investors' Grievance Committee met four times during the year.

In accordance with Clause 49(IV) (G) (iv) of the Listing Agreements with the Stock Exchanges, the Board has authorized Mr.Manmohan Agarwal, to approve share transfers/transmissions, in addition to the powers with the members of the Shareholders'/Investors Grievance Committee. The Status of Complaint is also reported to the Board of Directors. During the year 2008-2009 no complaints were received and no complaints were pending as on 31.03.2009 .

Mr.Ramesh Chandra Agarwal, Chairman & Managing Director is the Compliance Officer of the Company.

### **Details of Annual/Extraordinary General Meetings:**

Location and time of General meetings held in past 3 years

YEAR	LOCATION	DATE	TIME
2005-2006	Inwinex Towers, 3A, III Floor, Plot No.130, Road No.2, Banjara Hills, Hyderabad-34	29.09.2006	8.30am
2006-2007	Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad - 500 325.	29.09.2007	9.00am
2007-2008	Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad - 500 325.	29.09.2008	9.30am
2008-2009	Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad - 500 325.	04.05.2009	9.30am

The Company passed Special Resolutions as per the agenda given in the notice calling Extra Ordinary General Meeting on 04-05-2009 as per the directions of Hon'ble High court of Andhra Pradesh & report was submitted to the Hon'ble High Court by the Court appointed chairman for the said meeting.