



INWINEX
PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

RAMESH CHANDRA AGARWAL

MANAGING DIRECTOR

MAN MOHAN AGARWAL

EXECUTIVE DIRECTOR

P.SUJATHA

DIRECTOR

C.SOUJANYA

DIRECTOR

ARVIND VARCHASWLN

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 30st 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 31st 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 28th December to 30st 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 14th ANNUAL REPORT together with Audited Accounts for the year ended 31st 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 31st March 2009 was Rs 21.20 Lacs (Rs.43.71 for the year ended 31st 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 31st 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.

Place: Hyderabad
Date: 27.11.2009

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

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
A. POWER & FUEL CONSUMPTION:	
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 ^o 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 31st 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:

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 31st 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 31st 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.

Disclosures

- (a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

The necessary disclosures of related party transactions are provided in the Notes to the Accounts as point no.15. None of the transactions with any of the related parties were in conflicts with the interest of the company.

- (b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No non-compliance by the company was observed during the last three years nor any penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets.

- (c) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements of Clause 49. The Company is complying with all the mandatory requirements of Corporate Governance and is also making attempts to comply with non-mandatory requirements of that clause.

- (d) Disclosure on Accounting Standard. The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the Preparation of the Financial Statements

- (e) Disclosure of Risk Management The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework

Means of Communication:

Financial results are published by the Company in the prescribed format in Business Standard and Andhra Bhoomi within 48 hours of approval by the Board.

General Shareholder Information

- 1) 14th Annual General Meeting : 30th December 2009 at 9.30 AM
Date and Time Venue : Plot No.22 &23, SVCIE, Bachepally, Miyapur, Hyderabad – 500 090

- 2) Financial Calendar (2008-2009)
The Financial year of the company is 1st April to 31st March. For the year ending 31st March, 2010 Quarterly Un-audited / Annual Audited results shall be announced as follows:

Financial reporting for	Proposed Date
Unaudited Results for the Quarter ending : 30 th June, 2009	On or before 31 st July, 2009
30 th September, 2009	On or before 31 st October, 2009
31 st December, 2009	On or before 31 st January, 2010
Audited Results for the year ended 31 st March, 2010	On or before 30 th June, 2010

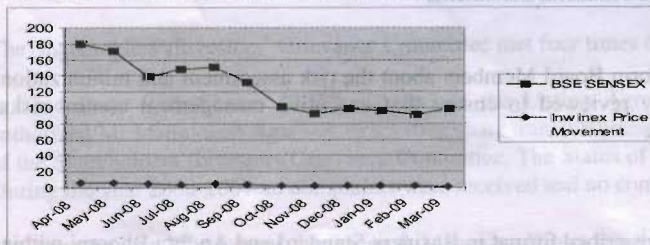
- 3) Book Closure date : 28th December 2009 to 30th December 2009 (both days inclusive)
4) Registered Office : Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad – 500 090.

5)	Listing of Equity Shares	:	The Stock Exchange, Mumbai (BSE)
6)	Listing Fees	:	Listing fee has been paid to Mumbai Stock Exchange till the year 2009-2010
7)	Stock Code	:	531398
8)	ISIN No.	:	INE679C01019
9)	CIN Number	:	L24231AP1995PLC019106
10)	Market Price Data	:	

The monthly high and low quotations and volume of shares traded on BSE.

MONTH	BSE, MUMBAI		
	HIGH	LOW	NO.OF SHARES TRADED
APRIL 2008	6.50	5.30	84,403
MAY 2008	6.19	5.28	27,178
JUNE 2008	6.25	4.15	40,607
JULY 2008	4.51	3.62	68,196
AUGUST 2008	5.40	4.20	50,077
SEPTEMBER 2008	5.10	2.82	26,230
OCTOBER 2008	3.80	2.18	28,336
NOVEMBER 2008	3.10	1.94	25,221
DECEMBER 2008	2.32	1.84	35,416
JANUARY 2009	2.47	1.95	25,570
FEBRUARY 2009	2.22	1.70	28,287
MARCH 2009	2.10	1.51	14,563

11) Performance in comparison to broad-based indices such as BSE Sensex.



Investors' Correspondence / Registrar & Share Transfer Agents:

Venture Capital & Corporate Investment Pvt. Ltd.,
12-10-167, Bharat Nagar, Hyderabad – 500 018.

Share Holding pattern as on 31st March, 2009

Category	No. of Shares Held	Percentage of Share holding
A Promoter's holding		
1 Promoters - Indian Promoters	25,73,853	31.23
- Foreign Promoters	Nil	Nil
2 Persons acting in concert	Nil	Nil
Sub-Total	25,73,853	31.23
B Non-promoters Holding	Nil	Nil
3 Institutional Investors	Nil	Nil
a Mutual Funds and UTI	49,600	0.60
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt Institutions/non-government Institutions)	Nil	Nil
C FII's	Nil	Nil
Sub-Total	49,600	0.60
4 Others	Nil	Nil
a Private Corporate Boding	5,89,842	7.16
b Indian Public	49,97,050	60.64
c NRIs/OCBs	30,055	0.37
d Any other (Please Specify)	Nil	Nil
Sub-Total	56,16,947	68.17
GRAND TOTAL (A+B)	82,40,400	100.00

Distribution of shareholders as on 31st March 2009

Slab of Share holding	No. of Shareholders	% to Total Holding	Amount in Rs.	% to Total
Upto - 5000	2601	59.62	71,30,720	8.65
5001 - 10000	882	20.22	78,65,910	9.54
10001 - 20000	427	9.78	70,71,390	8.58
20001 - 30000	158	3.62	41,65,570	5.05
30001 - 40000	74	1.69	26,93,620	3.26
40001 - 50000	68	1.55	32,55,740	3.95
50001 - 100000	86	1.97	64,82,290	7.86
100001 and above	66	1.55	4,37,38,760	53.11
TOTAL	4362	100.00	8,24,04,000	100.00

Share Transfer System:

Share transfers are registered and returned within a period of 15 days from the date of receipt, if the document is in order in all respects.

Dematerialization of Shares

The company's trading of equity shares came under compulsory dematerialization from 07.02.2001

As on 31st March, 2009, 76,64,575 Equity Shares of Rs.10/- each aggregating to 93.01% are being held with NSDL & CSDL in demat form of the paid up capital & the rest 575,825 aggregating to 6.99% are in physical form.

ADR/GDR holding is Nil

Plant Location & Address for Correspondence: Plot No : 22 & 23, SVCIE, Miyapur, Bachepally, Hyderabad – 500 325.

For and on behalf of the board

Sd/-
RAMESH CHANDRA AGARWAL
CHAIRMAN

Place : Hyderabad
Date : 27.11.2009

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

NOTE Information in this section is based on the Indian Pharmaceutical Overview Report, Published by ORG IMS Research Private Ltd. For the year ended December 2007.

The Indian Pharmaceutical market continues to be highly fragmented and dominated by Indian companies. The industry has recorded retail sales of U.S. \$. 7.76 billion, representing a value growth of 13 percent and volume growth of 12 percent. All the growth elements – new product introductions (8 percent growth), price (1 percent growth) and volume (4 percent growth) showed positive trends. Towns and cities are the highest contributors, growing at 13 percent. However, rural markets are showing a high growth potential – 19 percent – albeit over a lower base.

While acute therapy dominates, accounting for 75 percent of the overall market in value terms, the chronic segments are growing at a faster pace – 21 percent versus 11 percent for the acute segments.

Brand building has been the key growth driver for 2007, with new product introductions reaching new heights. The top-300 brands account for more than a fourth of the incremental value and 77 percent of the growth in market value in India has been contributed by brands launched after 2000.

The pharmaceutical market is projected to grow at 11-13 percent per annum between fiscal 2008 and fiscal 2020, achieving a terminal market value of U.S. \$ 30 billion. The major growth influencers will be population dynamics, high disease prevalence, increased health care access, changing health care models and greater capacity to spend.

Revenues from API remained largely at the same level amounting to Rs.11,805 million in 2007-2008 compared to Rs.11,883 million in 2006-07. Sales outside India accounted for 80 percent of this business' revenues, compared to 83 percent in the previous year.

OPPORTUNITIES AND OUTLOOK

Cost effective base and skilled work force provide excellent opportunities for Indian Companies in general and Inwinex in particular. The opportunity is being capitalized by growing outsourcing and number of products going off patent. Over the years, Inwinex institutionalized competencies that make it a preferred partner for a number of companies. This could lead to enhanced value creating opportunities in formulation manufacture through a better leverage of existing relationships and research capabilities.

THREATS, RISK & CONCERN

Inwinex operates in highly regulated industry and must comply with a broad range of dynamic regulatory controls, particularly in the regulated markets.

The uncertainty over the performance of a drug in the market and increasing number of players chasing the CRAMS (Contract Research and Manufacturing Services) space are the key threats that a company like Inwinex faces.

In an industry where R & D is of critical importance, company faces the risk of all R&D initiatives not leading to commercially viable and successful products.

The company also faces competition from proprietary and generic products of other pharmaceutical companies and there is risk associated with discovery of new products by these manufacturers, which are in direct competition with the existing products of the company.

The Company has been incurring losses for past couple of years due to partial shutdown 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. However, the Company has started taking Job work from the month of July 2008. The Job work Charges received for the year ended 31st March 2009 was Rs 21.20 Lacs

OUTLOOK & FUTURE PLANS

The pharmaceutical industry is expected to benefit from the increasing awareness and investments in healthcare globally. The formulation pharmaceuticals industry can look forward to greater opportunities consequent to the emphasis in advanced markets for lower cost, high quality medicines and increased off take by the institution segment. Inwinex performance is essentially linked to the rate of demand from the institution segment.

SEGMENTWISE PERFORMANCE

The necessary details are given in point no.14 of the notes to the accounts.

INTERNAL CONTROL

The management put in place adequate internal controls in the day to day operations of the company. However in order to improve and strengthen the internal controls, the management is taking necessary steps.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The strength of a company lies in its Human Resources and your company is no exception to this universal rule. Your company continuously focuses on recruiting the best talent and also retaining and motivating the talent with them. Further improvements in the work environment and other related areas would be made through a process and metric-oriented approach.

Industrial relations of the company remained cordial and peaceful through the year

ACKNOWLEDGEMNT / APPRECIATION

Your Directors thank and sincerely appreciate the dealers, business associates, Bankers and employees at all levels for their continuous support at all times.

For and on behalf of the Board

Sd/-

RAMESH CHANDRA AGARWAL
CHAIRMAN

Place: Hyderabad

Date :27.11.2009

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE REPORT OF AUDITORS

**TO THE MEMBERS OF
INWINEX PHARMACEUTICALS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by INWINEX PHARMACEUTICALS LIMITED for the year ended on March 31, 2009, as stipulated in Clause 49 of Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on report given by the Registrars of the Company to the Investors Grievance Committee, as on March 31, 2009, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

We further state that such compliance is neither 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 **PRAKASH CHOKDA**
Chartered Accountant

Sd/-
PRAKASH CHOKDA
(Proprietor)

Place: Hyderabad
Date : 29.06.2009

REPORT OF AUDITORS**TO THE MEMBERS OF INWINEX PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of **INWINEX PHARMACEUTICALS LIMITED**, HYDERABAD as at 31st March, 2009 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3c) of the Companies Act, 1956.
- (v) On the basis of written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from appointed as a director in terms of clause(g) of sub-section (1) to section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the affairs of the company as at 31st March, 2009 and
 - (ii) in the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **PRAKASH CHOKDA**
Chartered Accountant
Sd/-
PRAKASH CHOKDA
(Proprietor)

Place: Hyderabad
Date : 29.06.2009

Annexure

Referred to in paragraph 3 of my report of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that :

1. a. The fixed asset register showing full particulars including quantitative details and situation is being updated.
b. As explained to me, the management has physically verified the fixed assets and there is a regular program of verification, which in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. a. As explained to me, the inventories were physically verified by the management at reasonable intervals during the year. However there are no physical stocks in the hands of company at the end of the year.
b. In my opinion and according to the information and explanation given to me, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation the size of the company and the nature of its business.
c. In my opinion and according to the information and explanation given to me, the company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of accounts.
3. a. During the year, the company had taken a interest free unsecured loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956 and the company has not granted any loans secured or unsecured to the companies firms, or other parties covered in the register maintained under section 301 of the companies act, 1956.
b. No interest is being paid on the loan taken by the company.
c. No stipulation has been made for the repayment of the loans, so it is not possible to make comment.
d. As explained to me by the management, the loan taken by the company will be repaid during the due course of time No. of parties-2 Amount involved is Rs. 2,83,58,227/-
4. In my opinion and according to the information and explanations given to me, the internal control procedure is adequate to commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery and equipments and for sale of goods.
5. There are no transactions during the year exceeding in value rupees five lakhs in respect of party which need to be entered in the register maintained under section 301 of the companies act, 1956.
6. In my opinion and according to the information and explanation given to me, the company has not accepted any deposits as defined under section 58A and 58AA of the companies act, 1956.
7. In my opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.

8. Maintenance of cost records has been prescribed by the Central Government under clause (d) of the subsection (1) of section 209 of the Companies Act 1956 for the products of the company. The company has maintained records to show the cost of production. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
9.
 - a. According to the records of the company, there is delay in depositing Provident fund dues. However, payments were made during the course of audit.
 - b. According to the information and explanation give to me, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - c. According to the information and explanation given to me, disputed Sales tax demand aggregating to Rs.3.40 Lakhs (net of pre deposit) have not been deposited since the matter is pending with the appellate authority.
10. The company has accumulated losses. It has not incurred cash losses in the current financial year.
11. In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to any financial institution or bank.
The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any special statue applicable to Chit Fund, Nidhis or Mutual Benefit funds/Societies are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.
15. According to the information and explanation given to me, the company has not given any guarantee for loans taken by others from the banks and financial institutions.
16. The company has not taken any term loans during the year.
17. According to the cash flow statement and other records examined by me on the basis of information and explanation given to me, on an overall basis, funds raised on short term basis have prima face, not been used during the year for long term investment and vice versa.
18. According to the information and explanation given to me, the company has not made any preferential allotment of shares to any party.
19. Since the company does not have any debentures, the question of creation for securities for debentures does not arise.
20. During the year, the company has not raised money by public issue. Accordingly, the question of disclosure of end use of such monies does not arise.
21. To the best of my knowledge and belief and according to the information and explanations given to me, and based upon the audit procedures performed, no fraud on or by the company was noticed or reported during the year.

Place : Hyderabad
Date: 29.06.2009

For PRAKASH CHOKDA
Chartered Accountant
Sd/-
PRAKASH CHOKDA
(Proprietor)

BALANCE SHEET AS ON 31.03.2009

	Sh. No.	AS AT 31.03.2009 Rupees	AS AT 31.03.2008 Rupees
SOURCES OF FUNDS:			
(1) SHARE HOLDER'S FUNDS:			
a) SHARE CAPITAL	1.1	82,404,000	82,404,000
b) RESERVES & SURPLUS	1.2	2,000,000	2,000,000
(2) LOAN FUNDS:			
a) SECURED LOANS	2.1	-	-
b) UNSECURED LOANS	2.2	29,085,455	18,540,127
TOTAL:		113,489,455	102,944,127
APPLICATION OF FUNDS:			
(1) FIXED ASSETS			
a) GROSS BLOCK	3.1	38,566,194	38,643,331
b) LESS: DEPRECIATION		9,361,014	8,581,922
c) NET BLOCK		29,205,180	30,061,409
d) CAPITAL WORK IN PROCESS		1,708,544	172,400
(2) INVESTMENTS			
(3) CURRENT ASSETS, LOANS & ADVANCES:			
a) INVENTORIES	4.1	-	-
b) SUNDRY DEBTORS	4.2	2,747,329	3,589,515
c) CASH & BANK BALANCES	4.3	505,826	736,755
d) OTHER CURRENT ASSETS	4.4	1,616,054	1,362,342
e) LOANS & ADVANCES	4.5	1,263,837	1,285,429
		6,133,046	6,974,041
LESS: CURRENT LIABILITIES & PROVISIONS			
a) LIABILITIES	5.0	1,109,746	10,956,838
b) PROVISIONS	6.0	328,335	327,882
NET CURRENT ASSETS		4,694,965	(4,310,679)
(4) (a) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED			
(b) PROFIT AND LOSS ACCOUNT	7.0	77,880,767	77,020,998
TOTAL		113,489,455	102,944,127

Notes forming part of accounts 9

The Schedules referred to above and the statement of Significant Accounting Policies and notes to accounts form an integral part of Balance Sheet and Cash Flow Statement

As per our Report of Even Date

Sd/-

PRAKASH CHOKDA
CHARTERED ACCOUNTANT

Place : Hyderabad
Date : 29.06.2009

For and on behalf of the Board

Sd/-

Ramesh Chandra Agarwal
Chairman

Sd/-

Manmohan Agarwal
Executive Director

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009

PARTICULARS	SH. NO.	AS AT	AS AT
		31.03.2009	31.03.2008
		Rupees	Rupees
INCOME:			
GROSS SALES / JOB WORK CHARGES	7.1	2,120,000	4,370,968
OTHER INCOME	7.2	1,078,839	1,535,875
TOTAL:		3,198,839	5,906,843
EXPENDITURE:			
(ACCRETION)/DECRETION TO STOCK	7.3	-	184,710
MATERIALS CONSUMED	8.1	5,336	-
CENTRAL EXCISE DUTY		-	15,787
STAFF COST	8.2	596,717	459,775
MANUFACTURING EXPENSES	8.3	370,305	642,138
ADMINISTRATIVE SELLING & DISTRB. EXP.	8.4	2,168,634	3,649,598
FINANCIAL CHARGES	8.5	4,666	125,666
DEPRECIATION	3.1	910,578	827,331
LOSS ON SALE OF FIXED ASSETS		2,372	1,019,533
		4,058,607	6,924,538
PROFIT/(LOSS) BEFORE TAX		(859,769)	(1,017,695)
PRIOR PERIOD ADJUSTMENT		-	(13,087)
PROVISION FOR TAX		-	-
NET PROFIT /(LOSS) AFTER TAX		(859,769)	(1,030,782)
PROFIT/(LOSS) FROM PREVIOUS YEAR		(77,020,998)	(75,990,216)
NET PROFIT/(LOSS) CARRIED TO BALANCE SHEET		(77,880,767)	(77,020,998)
EARINGS PER SHARE		(0.10)	(0.13)

Notes forming part of accounts 9

The Schedules referred to above and the statement of Significant Accounting Policies and notes to accounts form an integral part of Profit & Loss and Cash Flow Statement

As per our Report of Even Date

Sd/-

PRAKASH CHOKDA
CHARTERED ACCOUNTANT

Place : Hyderabad

Date : 29.06.2009

For and on behalf of the Board

Sd/-

Ramesh Chandra Agarwal
Chairman

Sd/-

Manmohan Agarwal
Executive Director

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2009

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rupees	Rupees
1.1 SHARE CAPITAL:		
AUTHORISED:		
90,00,000 Equity Shares of Rs.10/- each	90,000,000	90,000,000
Issued, Subscribed & paid up		
82,40,400 Equity Shares of Rs.10/-each	82,404,000	82,404,000
	82,404,000	82,404,000
1.2 RESERVES & SURPLUS:		
State Subsidy	2,000,000	2,000,000
	2,000,000	2,000,000
2.1 SECURED LOANS:		
a) Loans and advances from banks	-	-
b) Loans and advances from subsidiaries	-	-
c) Other Loans and Advances.	-	-
	-	-
2.2 UNSECURED LOANS:		
a) Fixed Deposits	-	-
b) Loans and advances from subsidiaries	-	-
c) Short-term loans and advances		
- From Banks	-	-
- From Others	-	-
d) Other Loans and Advances		
- From Banks (Scheduled Bank - Syndicate bank - Current Account)	123,327	-
- From Others (Director)	603,901	-
i) Body Corporate - Ionic Healthcare Pvt. Ltd	14,197,227	18,540,127
ii) Body Corporate - Sumeru Ayurveda Pvt. Ltd	14,161,000	-
	29,085,455	18,540,127
4.1 INVENTORIES:		
(As taken, valued and certified by the Management)	-	-
	-	-
4.2 SUNDRY DEBTORS		
a) Debts Outstanding for a period Exceeding six months		
Unsecured considered Good	1,563,842	3,589,515
Unsecured considered Doubtful	1,045,913	-
b) Debtors Outstanding for a period less than six months		
Unsecured considered Good	137,574	-
	2,747,329	3,589,515
4.3 CASH & BANK BALANCES:		
Cash on Hand	505,826	727,72
a) Balance with Schedule banks:		
- Current Account	-	9,031
- Deposits Accounts	-	-
b) With Others	-	-
	505,826	736,755
4.4 OTHER CURRENT ASSETS		
[Unsecured, considered good]		
Deposits	1,160,191	906,479
Cenvat Credits	455,863	455,863
	1,616,054	1,362,342

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2009

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rupees	Rupees
4.5 LOANS AND ADVANCES:		
[unsecured, considered good recoverable in cash or in kind or for to be received]		
a) Advances for : Purchase & expenses Capital items/works	192,337	214,926
b) Advances and loans to subsidiaries	-	-
c) Advances and Loans to Partnership firms in which the company or any of its subsidiaries is a partner	-	-
d) Others	1,071,500	1,070,503
	1,263,837	1,285,429
5.0 CURRENT LIABILITIES:		
a) SUNDRY CREDITORS :		
i) Total outstanding dues to small scale industrial undertakings	-	-
ii) Total outstanding dues to creditors other than small scale industrial undertakings.	206,208	10,141,311
b) Subsidiary Companies	-	-
c) Other Liabilities	903,538	815,527
	1,109,746	10,956,838
6.0 PROVISIONS		
Fringe Benefit Tax	4,682	3,931
TDS - Contractos	269	-
TDS - Professional	7,725	10,815
TDS - Salaries	-	2,387
Wages Payable	259,226	259,226
Grauity Payable	54,668	50,341
Electricity Bill Payable	100	66
Telephone Bill payable	1,665	1,116
	328,335	327,882
7.0 MISCELLANEOUS EXPENDITURE		
LOSS TRANSFERRED FROM PROFIT & LOSS ACCOUNT	77,880,767	77,020,998
	77,880,767	77,020,998

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31.03.2009

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rupees	Rupees
7.1 SALES		
JOB WORK CHARGES	2,120,000	4,370,968
	2,120,000	4,370,968
7.2 OTHER INCOME:		
Interest Received	9,924	54,425
Discount Received	128,359	381,450
Sundry Balance Writtenoff	140,556	-
Commission Received	-	1,100,000
Rent Received	800,000	-
	1,078,839	1,535,875
7.3 ACCRETION/(DECRETION) TO STOCK:		
FINISHED GOODS:		
Closing Balance		
Less: Opening Balance	-	184,710
ACCRETION/(DECRETION)	-	(184,710)
WORK-IN-PROCESS:		
Closing Balance	-	-
Less: Opening Balance	-	-
ACCRETION/(DECRETION)	-	-
TOTAL	-	(184,710)
8.1 MATERIALS CONSUMED:		
OPENING STOCK	-	-
ADD: PURCHASES		
CONSUMABLES	5,336	-
	5,336	
LESS: CLOSING STOCK	-	-
NET CONSUMED	5,336	-
8.2 STAFF COST		
Salaries & Wages	554,492	416,488
Contribution to ESI & Provident Fund	11,627	17,188
Staff Welfare	26,271	26,099
Gratuity	4,327	-
	596,717	459,775
8.3 MANUFACTURING EXPENSES:		
1 Power & Fuel	266,404	446,875
2 Repairs & Maintenance - P & M	46,543	184,885
3 Repairs & Maintenance - Others	26,769	4,330
4 Carriage Inward	1,381	2,750
5 Factory Maintenance	29,208	1,614
6 Analytical Testing Charges	-	1,684
	370,305	642,138

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31.03.2009

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
	Rupees	Rupees
8.4 ADMINISTRATIVE SELLING & DISTRIBUTION EXPENSES:		
1 Travelling Expenses & Conveyance Charges	62,055	27,811
2 Postage & Telephones	107,270	86,524
3 Printing & Stationery	97,005	72,277
4 Vehicle Repairs & Maintenance	49,800	116,918
5 Sales Promotion Expenses	-	5,101
6 Directors Remuneration	-	382,500
7 Advertisement	32,087	29,393
8 Security Service Charges	105,920	42,018
9 Insurance	42,981	70,254
10 Electricity Charges	1,013	853
11 Filing Fee	54,790	10,962
12 Listing Fee	15,000	15,000
13 Custodial Fee	22,975	23,955
14 Garden maintenance	-	27,950
15 Registration & Renewals	8,675	21,725
16 Commission	840,000	808,200
17 FBT	10,022	16,710
18 Directors Sitting Fee	5,000	3,000
19 VAT (2005-2006)	-	11,886
20 Professional Service Charges	108,500	83,500
21 Sales Tax CST (2004-2005)	-	17,149
22 Rent	84,000	36,834
23 Freight Outwards	201,040	4,200
24 Subscriptions & Periodicals	4,672	2,099
25 Sales Tax APGST (2004-2005)	-	710,914
26 Professional Tax	1,200	2,500
27 Internal Audit Fee	15,000	16,530
28 Statutory Audit Fee	75,000	105,000
29 Bad Debts Writtenoff	-	638,225
30 Share Transfer Expenses	54,355	55,903
31 Admn Charges on P.F	1,117	1,735
32 Legal Fee	125,390	135,750
33 Incidental expenses	5,000	3,000
34 AGM expenses	9,200	927
35 Pooja Expenses	394	4,940
36 Penalty	500	4,076
37 Office Maintenance	4,605	10,447
38 Hamali	60	-
39 Labour Charges	24,008	-
40 Sundry Balance Writtenoff	-	42,832
	2,168,634	3,649,598
8.5 FINANCIAL CHARGES:		
Interest - Working Capital	-	116,114
Bank Charges	4,666	9,552
	4,666	125,666

3.1 FIXED ASSETS

S.N. PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS ON 01.04.2008 Rs.	ADDITIONS Rs.	DELETIONS Rs.	AS ON 31.03.2009 Rs.	AS ON 01.04.2008 Rs.	FOR THE PERIOD Rs.	DEP ON DELETION Rs.	AS ON 31.03.2009 Rs.	ON 31.03.2008 Rs.
1 LAND	504,810	-	-	504,810	-	-	-	504,810	504,810
2 BUILDINGS	18,288,855	-	-	18,288,855	1,880,368	302,914	-	16,105,573	16,408,487
3 PLANT & MACHINERY	17,356,472	135,000	147,204	17,344,268	5,879,355	408,828	45,858	11,101,943	11,477,117
4 FURNITURE	1,483,793	-	-	1,483,793	171,220	93,925	-	1,218,648	1,312,573
5 OFFICE EQUIPMENT	147,288	-	-	147,288	85,028	6,996	-	55,264	62,260
6 VEHICLES	647,589	-	-	647,589	399,561	61,521	-	186,507	248,028
7 COMPUTERS	214,525	23,067	88,000	149,592	166,390	36,394	85,628	32,436	48,135
	38,643,331	158,067	235,204	38,566,194	8,581,922	910,578	131,486	29,205,180	30,061,409
Previous Year	27,416,042	14,662,517	3,435,228	38,643,331	9,789,893	827,331	2,035,302	30,061,409	17,626,149

9. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

9.1 SIGNIFICANT ACCOUNTING POLICIES:

a. The Accounting Convention:

The financial statements are prepared in historical cost convention and as a going concern. Accounting policies not referred specifically are consistent with generally accepted accounting principles.

b. Revenue Recognition:

The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis, except in the circumstances specifically mentioned below:

Sales Return: Breakages & Claims, Goods Returned Back.

c. Sales:

During the year Company manufactured Ayurvedic Products on Job Work basis. Further company claimed Job Work Charges from M/s.Pochiraju Industries Limited (PIL) till the date of agreement.

Hence, there are no sales for the Financial Year in the books of account of the Company.

d. Purchases :

During the year there was no purchase of Raw material and Packing material.

Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost includes freight, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

f. Depreciation:

Depreciation on assets is provided on straight-line method, at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

f. Inventories:

a. During the year there was no purchase of Raw materials, Packing Materials, Stores & Spares stocks thereof.

b. There is no Work in Process during the year.

c. Finished goods are valued at lower of cost or net realizable value. There is no finished goods as on closing of the accounting year.

g. Retirement benefits:

Employees Provident Fund is administered by the Regional Provident Fund Commissioner to whom remittances are made. Employer's contribution is charged to revenue.

Gratuity amount payable to employees is provided on estimated basis in accordance with Payment of Gratuity Act, 1972.

All contingent liabilities not provided for in the estimated basis in accordance with Payment of Gratuity Act, 1972.

h. Prior period items etc:

There are no Material items relating to prior period, non-recurring in nature and extraordinary items.

i. Taxes on Income

To provide and determine current tax as the amount of tax payable in respect of taxable income for the period. To provide and recognize deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence. Not to recognize Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

j. Foreign Currency Transaction

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/losses arising out of fluctuations in the exchange rates are recognized in Profit and Loss in the period in which they arise except in respect of fixed assets where exchange variance is adjusted in carrying amount of the respective fixed asset. No Foreign Currency Transactions were done during the year.

9.2 NOTES TO ACCOUNTS

		Rs in Lacs	
		As on	As on
		31.03.09	31.03.08
1.	Contingent Liabilities		
a.	Bank guarantee against where counter Guarantee has been given	Nil	Nil
b.	Claim against the Company not acknowledge as debt	Nil	Nil
c.	State subsidy subject to compliance of certain Conditions	20.00	20.00
d.	The Deputy Commissioner (C.T.) has vide his Assessment order No. 2467/1999-2000 has confirmed the action of C.T.O. Gowliguda and has issued a revised order to collect additional sales tax of Rs.6,81,265/- for the year 1999-2000. The Additional Commissioner (C.T.) legal vide his order L11(1)/564/2004 dated 22.03.2004 passed an a order staying the collection as the disputed tax subject to the condition that the company shall pay 50% before 30.03.2004 pending disposal of the main appeal before STAT. The company has effected payment of Rs.3,40,633/- towards 50% payment in respect of disputed sales tax liability for the Assessment year 1999-2000. Pending final disposal of the disputed liability, the same has been reflected under loans and advances.		
2.	ESI Department has issued a show cause notice for Rs.551,907 on adhoc basis vide their letter No.AP/Ins.I/52-5639-34/539 dated 26.11.2007 towards omission of contribution on different heads for the period 1999-2000 to 2001-2002. In contest to the Show Cause Notice, company has filed petition for stay vide No.436/09 in Employees Insurance court, Andhra Pradesh, Hyderabad on 12.03.2009 & obtained stay order.		
3.	ESI Department also raised a demand for Rs.8479/- on actual basis vide their letter No.AP/Ins.I/52-5639-34/540 dated 27.11.2007 towards short payment of contributions for the period 04/01 to 08/01, 10 & 11/01, 01/02 to 03/02, 04/02 to 05/02, 10/02 to 02/03.		
4.	Commissioner of Central Excise, Hyderabad – IV has appealed to CESTAT against the Order No.7/2006 dated 31.10.2006 of Commissioner (Appeals –II) for stay & set aside the order of the Commissioner (Appeals-II). Amount involved in the Appeal is Rs.13,42,727/-.		
5.	Contingent liability of Rs.358,701/- on account of delay in delivery of consignment to TNMSC with TVS Southern Roadways was settled on payment of Rs.200,000/- and the suit filed by TVS is withdrawn.		
6.	PIL filed a petition on 23.01.2008 at III Additional Chief Judge, City Civil Court vide O.P.No.138/2008 for arbitration and for not to open locks of the factory. The Hon'ble judge after hearing dismissed the case. PIL demanded Rs.71.00 Lacs (Rs.60.00 Lacs Security Deposit & Rs.11.00 Lacs towards Commission for providing Technical Know how) vide their notice dated 25.03.2008. Inwinex has to receive an amount of Rs.22,48,097/- (Rs.20,16,603/- towards Job Work Charges, Rs.95,534/- towards Reimbursement of Expenses and Rs.135,960/- towards Service Tax) for the year 2007-2008 from PIL. Hence, Inwinex has adjusted the said amount from Rs.60.00 Lacs of Security Deposit. During the financial year, company has adjusted an amount of Rs.31,19,706/- towards the following:		
	1. Job Work Charges		Rs.20,80,000
	2. Power Expenses		Rs.96,360
	3. Rent for storing their material after termination of Job Work Agreement.		Rs.800,000
	4. Legal Charges		Rs.25,000
	5. Transformer cost & repairs		Rs.118,346

			Rs.31,19,706

	As the case is under Arbitration, if the Company is unable to adjust the said amount against Security Deposit then the loss of the company will increase by Rs.53,67,803/-.		
7.	No Excise Duty is charged to Profit & Loss Account as there is no Sales during the year.		
8.	The Company has adopted AS 22 - Accounting for Taxes on Income. The accumulated net deferred tax assets amounts to Rs.146.40 Lacs on account of timing differences between book and tax losses as on 1.4.2009. The Company has not recognized the above deferred tax assets due to virtual uncertainty that there will be future taxable income available to realize such losses.		

9.	MANAGERIAL REMUNERATION	31.03.2009	31.03.2008
		Rs.In Lacs	Rs.In Lacs
	Remuneration to Executive Director		
	- Salary	-	3.82
	- Provident Fund	-	0.08
10.	AUDIT FEE		
	As Statutory Auditors	0.65	0.90
	As Tax Auditor	0.10	0.15
11.	ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956.		

A. **CLASS OF GOODS CAPACITY AND PRODUCTION :**
 Class of goods manufactured : Allopathic & Ayurvedic Formulations
 I. Licensed Capacity : NOT APPLICABLE
 II. Installed Capacity : As certified by management

a.	PHARMACEUTICAL FORMULATIONS UNIT	As At 31.03.09	As At 31.03.08
		(Triple Shift)	(Triple Shift)
	Tablets	Nos.in Lacs	6000
	Capsules	Nos. in lacs	600
			6000
			600

B. QUANTITATIVE DETAILS OF PRODUCTION AND STOCKS

	Product	Unit	As at 31.03.2009			As at 31.03.2008		
			Opening	Production/ Disposed off	Closing	Open- Ing	Production/ Disposed off	Closing
I.	ANTIBIOTICS							
	a) Tablets	Nos.	-	-	-	-	-	-
	b) Capsules	Nos.	-	-	-	107600	107600	-
II	ANTIPYRETICS & ANTI INFLAMMATORY							
	a) Tablets	Nos.	-	-	-	-	-	-
	a) Capsules	Nos.	-	-	-	-	-	-
III.	ANTI DIARRHOEALS & ANTI-HISTAMINIC							
	a) Tablets	Nos.	-	-	-	20400	20400	-
IV	HYPERTENSIVE, CARDIOVASCULAR & TRANQUILISER							
	a) Tablets	Nos.	-	-	-	-	-	-
	b) Capsules	Nos.	-	-	-	437800	437800	-
V	OTHERS							
	a) Tablets	Nos.	-	-	-	-	-	-
	b) Capsules	Nos.	-	-	-	-	-	-

Note: During the year your Company has manufactured 30 Lacs Ayurvedic Semi finished Tablets on Job work basis.

C. SALES

	Product	Unit	As at 31.03.2009		As at 31.03.2008	
			Quantity /disposed off	Value	Quantity /dispos off	Value
I.	ANTIBIOTICS					
	a) Tablets	Nos.	-	-	107600	106094
II.	ANTIPYRETICS & ANTI INFLAMMATORY					
	a) Tablets	Nos.	-	-	20400	2439
	b) Capsules	Nos.	-	-	-	-
III.	ANTI DIARRHOEALS & ANTI HISTAMINIC					
	a) Tablets	Nos.	-	-	-	-
IV.	HYPERTENSIVE, CARDIOVASCULAR & TRANQUILISERS					
	a) Tablets	Nos.	-	-	437800	76177
V.	ANTIMALERIA					
	a) Tablets	Nos.	-	-	-	-
	b) Capsules	Nos.	-	-	-	-
	TOTAL					- 184,710

D. VALUE OF RAW MATERIAL, SPARE PARTS & COMPONENTS CONSUMED

	Rupees	Percentage	Rupees	Percentage
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil

E. CIF VALUE OF IMPORTS

	Rs.In lacs	Rs.In lacs
1. Raw Material	Nil	Nil
2. Packing Material	Nil	Nil
3. Capital Goods	Nil	Nil
4. Export of Goods	Nil	Nil

F. EXPENDITURE IN FOREIGN CURRENCY

Import of Raw-Material	Nil	Nil
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12. Prior period adjustments is Rs.Nil

13. Balance of Sundry Creditors, Sundry debtors, Loans, advances and deposits are subject to confirmation from parties concerned and reconciliation thereof.

14. Segment reporting as per Accounting Standard – 17

Business Segment : The Company is operating in two segments i.e. Allopathic and Ayurvedic Formulations. The revenue generated by the Ayurvedic formulations is less than 10%. Hence, it is not required to disclose figures for both the segments separately.

Geographical Segment : The Company presently caters the needs of the Indian public and the company is not operating in different economic environment and hence no information is provided under this standard.

15. Earnings Per Share

	As on 31.03.09	As on 31.03.08
Earnings (Net Loss for the year)	(Rs.858,082)	(Rs.10,30,782)
No. of equity Shares (Rs.10/- each)	82,40,400	82,40,400
Basic (Rs.)	(0.10)	(0.13)
Diluted (Rs.)	-	-

16. RELATED PARTY DISCLOSURES

Disclosures as required by the Accounting Standard 18 of the Institute of Chartered Accountants of India are given below:

- a)
- | | |
|-------------------------------|---------------------------------------|
| Ionic Healthcare Private Ltd. | Associate Company |
| Jenirik Products | Partnership firm |
| Sumeru Ayurveda Pvt. Ltd | Associate Company |
| Arvind Varchaswi | Director, Sumeru Ayurveda Pvt. Ltd. |
| Narasimhan. N | Director, Sumeru Ayurveda Pvt. Ltd |
| Ashok Kumar Agarwal | Brother of Sri Ramesh Chandra Agarwal |
| Praveen Kumar Agarwal | Son of Sri Ramesh Chandra Agarwal |
- b)
- | | |
|--------------------------|--------------------|
| Key Management Personnel | Managing Director |
| Ramesh Chandra Agarwal | Executive Director |
| Manmohan Agarwal | |

c. TRANSACTIONS WITH ASSOCIATE COMPANIES:

Nature of Transaction	During Current Year	During Previous Year	Receivable (Payable) as on 31.03.2009	Receivable (Payable) as on 31.03.2008
Managerial Remuneration	Nil	Rs.382,500/-	(Rs.382,500/-) Sri Manmohan Agarwal	(Rs.382,500/-) Sri Manmohan Agarwal
Managerial Remuneration	Nil	Nil	(Rs.179,066/-) Sri Praveen Kumar Agarwal	(Rs.179,066/-) Sri Praveen Kumar Agarwal
Sitting Fee / Incidental Charges	Rs.10,000/-	Rs.6000/-	Nil	Nil
Advances not in the nature of Loan	Nil	Nil	Rs.97,094/- (Sri Ashok Kumar Agarwal)	Rs.97,094/- (Sri Ashok Kumar Agarwal)
Advances not in the nature of Loan	Nil	Nil	Rs.874,584/- (Jenirik Products)	Rs.874,584/- (Jenirik Products)
Unsecured Loan	Rs.43,42,900/- (Net off)	Rs.54,05,000/- (Net off)	(Rs.141,97,227/-) (Ionic Healthcare Pvt. Ltd)	(185,40,127/-) (Ionic Healthcare Pvt. Ltd)
Unsecured Loan	Rs.141,61,000/-	Nil	(Rs.141,61,000/-) (Sumeru Ayurveda Pvt. Ltd)	Nil

16. Figures for the previous year have re-grouped, re-classified and rearranged wherever necessary.

17. Since the Company is not aware of the SSI status of its creditors, the amount due to them have not been identified.

18. Paise have been rounded of to the nearest rupee.

As per our Report of Even date

Sd/-
PRAKASH CHOKDA
CHARTERED ACCOUNTANT

Place : Hyderabad
Date : 29.06.2009

For and on behalf of the Board

Sd/-
RAMESH CHANDRA AGARWAL
CHAIRMAN

Sd/-
MANMOHAN AGARWAL
EXECUTIVE DIRECTOR

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2009

Rs. in Lakhs

PARTICULARS	AS AT	AS AT
	31.03.2009	31.03.2008
Cash flow from operating activities		
Net Profit/(Loss) before tax and extra-ordinary items	(8.60)	(10.30)
Adjustment for:		
Depreciation	9.11	8.27
Loss on sale of Assets	0.02	10.19
Prior Period Adjustments	-	(0.13)
Operating Profit/(Loss) before working capital charges	0.53	8.03
Changes in Working Capital		
Inventories	-	1.85
Sundry Debtors	8.42	38.72
Current Liabilities	(98.47)	5.52
Cash from operations	(89.52)	54.12
Net Cash Flow from operations	(89.52)	54.12
Cash flow from investing activities		
Purchase of fixed Assets	(0.57)	(146.62)
Capital Work-in-process	(15.36)	50.38
Sale of Fixed Assets	-	3.94
(Increase)/Decrease in Loans & Advances	(2.32)	17.14
Net cash used for investing activities	(18.25)	(75.16)
Cash flow from financing activities		
Secured Loans	-	(30.40)
Unsecured Loans	105.46	54.05
Net cash from financing activities	105.46	23.65
Net increase in cash and cash equivalents	(2.31)	2.61
Cash and Cash equivalents, beginning of the year	7.37	4.76
Cash and Cash equivalents, end of the year	5.06	7.37
1. Cash & cash equivalents		
Cash on hand	5.06	7.28
balances with schedule banks		
in current account	-	0.09
in fixed deposits	-	-
Total	5.06	7.37
2. Prepared on the basis of the Accounted Financial Statements		
3. The above cash flow statement has been prepared under the "Indirect method" setout in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.		

As per our Report of even date

For and on behalf of the Board

Sd/-

Sd/-

PRAKASH CHOKDA
CHARTERED ACCOUNTANT

RAMESH CHANDRA
AGARWAL
MANAGING DIRECTOR

Place: Hyderabad
Date :29.06.2009

Sd/-
MANMOHAN AGARWAL
EXECUTIVE DIRECTOR

INWINEX PHARMACEUTICALS LIMITED
Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad -500 090.

PROXY FORM

Folio No.
Dp ID No.
Client ID No.

I/We.....of..... in the district
of.....being a Member / member of Inwinex Pharmaceuticals Ltd hereby appoint
.....of.....in the District of.....
or.....of.....in the District of.....as my/our proxy to vote
for me/us on my/our behalf at the 14th Annual General Meeting to be held on Wednesday 30th December 2009 at Plot
No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad – 500 090 and any adjournment thereof.

As witness my hand / our hands this.....day of.....2009.

Signed by the said

Affix
1 Rupee
Revenue
Stamp

- Note:
1. A member/Proxy attending the meeting must complete his Attendance Slip and hand it over at the entrance.
 2. Member intending to appoint a Proxy, should complete the Proxy form above deposit it at the Company's Registered office not later than 48 hours before the commencement of the meeting.
 - 3.No gifts will be distributed at the meeting.

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INWINEX PHARMACEUTICALS LIMITED
Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad -500 325.

**14th ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

FOLIO NO:.....

NO OF SHARES.....

DP ID No.
Client ID No.
Name & Address of the Member

I hereby record my presence at the 14th Annual General Meeting of the Company being held on Wednesday 30th at
December, 2009 at 9.30A.M at Plot No. 22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad 500 090.

I Certify that I am a registered member of the company and hold.....shares.
Please indicate whether Member / Proxy.

Member Proxy

Member's / Proxy's Signature

Note: Shareholder / Proxy holder must bring the Admission slip to the meeting and handover at the entrance duly signed.

PRINTED MATTER

Book-post / Under Certificate of Posting

If undelivered please return to :

INWINEX PHARMACEUTICAL LIMITED

Plot No. 22 & 23, SVCIE, Bachepally,
Miyapur, Hyderabad - 500 090.