



INWINEX
PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

- MR. ARVIND VARCHASWIN. - MANAGING DIRECTOR
- MR. NARAYANAN NARASIMHAN - NON-EXECUTIVE CHAIRMAN & DIRECTOR
- MR. RAMESH CHANDRA AGARWAL - NON-EXECUTIVE DIRECTOR
- MR. NIKHIL SEN - ADDITIONAL DIRECTOR
- MR. SRIRAM CHANDRASEKARAN - ADDITIONAL DIRECTOR
- MR. GOWRA SRINIVAS - ADDITIONAL DIRECTOR

REGISTERED OFFICE

PLOT NO.22 & 23, SVCIE, BACHEPALLY,
MIYAPUR, HYDERABAD – 500325

AUDITORS

PRAKASH CHOKDA

CHARTERED ACCOUNTANTS

SHOP NO. 61, RAGHAVA RATNA TOWERS,

CHIRAG ALI LANE,

HYDERABAD – 500001.

SHARE TRANSFER AGENTS

VENTURE CAPITAL & CORPORATE INVESTMENTS

PRIVATE LIMITED

12-10-167, BHARATNAGAR,

HYDERABAD - 500018

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of Members of **Inwinex Pharmaceuticals Limited** will be held on **Monday the 27th September, 2010** at 11:30 A.M. at the Hotel Fortune Manohar, Begumpet, Hyderabad- 500016 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2010 and Audited Profit & Loss Account for the period ended on that date together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Arvind Varchaswi. N who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the auditors and fix their remuneration and in this connection pass the following resolution as an Ordinary resolution: -

“RESOLVED THAT pursuant to the provisions of Section 225 of the Companies Act, 1956, M/s. Vijay Narayan & Co, Chartered Accountants, Hyderabad be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of Mr. Prakash Chokda, Chartered Accountant, Hyderabad, at a remuneration to be fixed by the Board of Directors, including for other services and out of pocket expenses.”

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary resolution:-

“RESOLVED THAT in accordance with the provisions of Section 269, 309 and 310 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 and other provisions thereto, as amended, the Company hereby accords its approval and consent to the appointment of Shri. Arvind Varchaswi N. as Managing Director of the Company with effect from **25th June, 2010** for a period of **5 years** without any remuneration.

“RESOLVED FURTHER THAT the Managing Director shall exercise substantial powers of management as defined under Section 316 of the Companies Act, 1956 and shall act under the superintendence of the Board of Directors of the Company”.

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Nikhil Sen, who was appointed as an Additional Director of the Company by the Board of Directors on 25.06.2010 and who holds the office as per Section 260 of the Companies Act, 1956, up to the ensuing Annual General Meeting and in respect of whom the Company has, pursuant to the provisions of Section 257 of the Companies Act, 1956, received a notice in writing from a member, proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.”

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Sriram Chandrasekaran, who was appointed as an Additional Director of the Company by the Board of Directors on 25.06.2010 and who holds the office as per Section 260 of the Companies Act, 1956, up to the ensuing Annual General Meeting and in respect of whom the Company has, pursuant to the provisions of Section 257 of the Companies Act, 1956, received a notice in writing from a member, proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.”

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Gowra Srinivas, who was appointed as an Additional Director of the Company by the Board of Directors on 25.06.2010 and who holds the office as per Section 260 of the Companies Act, 1956, up to the ensuing Annual General Meeting and in respect of whom the Company has, pursuant to the provisions of Section 257 of the Companies Act, 1956, received a notice in writing from a member, proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.”

8. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by replacing the existing Article 104 with the following as new Article 104: -

“The Directors shall meet atleast once in every three months and atleast four such meetings shall be held in every year, including by the way of Video Conference or any other mode of conduct of meeting, shall constitute to be a valid meeting for the purpose of provisions of Sections 285 and 287 of the Act. Two Directors or one third of the total

strength of Directors, whichever is higher as provided in Section 287 of the Companies Act, 1956 shall be the quorum. Where at any time, the number of interested Directors exceeds or is equal to two thirds of the total strength the number of remaining Directors not so interested present at the meeting being not less than two shall be the quorum during such time. Any Director or Managing Director may at any time and the Managing Directors shall upon the request of any Director at any time meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all necessary steps for giving effect to the above resolution.”

9. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special resolution:

“**RESOLVED THAT** pursuant to the provisions of Regulation 12 of the Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations 1996 as amended from time to time, consent of the members be and is hereby accorded for change in control and management of the Company from the existing Promoters in control to Mr. Arvind Varchaswi N. and Mr. Narayanan Narasimhan and for their induction as Promoters on the Board of Directors.”

“**FURTHER RESOLVED THAT** the consent of the members is hereby accorded to dispense with the requirement of making the Public Announcement and Open Offer for shares held by the new incumbents, allotted to them as per the Scheme of Arrangement u/s 391-394 of the Companies act, 1956, under the SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1996 as amended, as provided in Regulation 12 of the said Regulations.”

Place: Hyderabad
Dated: 08.08.2010

By Order of the Board

ARVIND VARCHASWI N.
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy Form duly executed should be deposited at the Registered Office of the Company atleast FORTY EIGHT hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from **22nd September, 2010 to 27th September, 2010** (both days inclusive) for the purpose of Annual General Meeting.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for item no. 4 to 9 are attached hereto
5. Mr. Ajay S Shrivatava, Practicing Company Secretary, having office at 303, Durga Apartments, Somajiguda, Hyderabad - 500082 has been appointed as scrutinizer for business mentioned in Item no. 9 of this notice is to be conducted by Postal Ballot.
6. The shareholders are requested to convey their assent or dissent in writing in the Ballot attached to the notice and send the same in the pre-stamped and self addressed envelope being enclosed herewith in 30 days from date of dispatch of notice i.e. before 24.09.2010.
7. The results of postal ballot will be announced at Hotel Fortune Manohar, Begumpet, Hyderabad- 500016 on 27th September, 2010 at 11.30 A.M at the Annual General Meeting.
8. Members are requested to send their queries, if any, 7 days in advance for the replies to be offered at the meeting. Please note that the On- the- Spot queries will not be entertained.
9. Members are requested to intimate the change in address, if any, to the Registrars for proper services from the RTA/ Company.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.4

The Board of Directors in their meeting held on 25.06.2010 decided to appoint Mr. Arvind Varchaswi N. as the Managing Director of the Company for a period of FIVE years w.e.f 25.06.2010. The provisions of Section 269 of the Companies Act, 1956 requires the approval of the members in the General Meeting for such appointment of Managing Director of the Company. Hence this resolution is proposed for approval of the members.

A brief profile of Mr. Arvind Varchaswi N. is given elsewhere in the notice.

None of the Directors other than Mr. Arvind Varchaswi N. and Mr. Narayanan Narasimhan, being a relative of the appointee, is interested in the resolution.

The Board of Directors commends the resolution for your approval.

Item No. 5

The Board of Directors of the Company appointed Mr. Nikhil Sen as Additional Director of the Company w.e.f 25.06.2010 and he will hold the office up to the ensuing Annual General Meeting. The Board has received a notice in writing from a member of the Company proposing his appointment as Director of the Company, under Section 257 of the Companies Act, 1956, liable to retire by rotation.

The Board of Directors recommends the passing of the resolution.

A brief profile of Mr. Nikhil Sen is given elsewhere in the report.

None of the Directors other than the appointee is concerned or interested in the said resolution.

Item No. 6

The Board of Directors of the Company appointed Mr. Sriram Chandrasekaran as Additional Director of the Company w.e.f 25.06.2010 and he will hold the office up to the ensuing Annual General Meeting. The Board has received a notice in writing from a member of the Company proposing his appointment as Director of the Company, under Section 257 of the Companies Act, 1956, liable to retire by rotation.

The Board of Directors recommends the passing of the resolution.

None of the Directors other than the appointee is concerned or interested in the said resolution.

A brief profile of Mr. Sriram Chandrasekaran is given elsewhere in the report

Item No. 7

The Board of Directors of the Company appointed Mr. Gowra Srinivas as Additional Directors of the Company on 25.06.2010 and he will hold the office up to the ensuing Annual General Meeting. The Board has received a notice in writing from a member of the Company proposing his appointment as Director of the Company, under Section 257 of the Companies Act, 1956, liable to retire by rotation.

The Board of Directors recommends the passing of the resolution.

None of the Directors other than the appointee is concerned or interested in the said resolution.

A brief profile of Mr. Gowra Srinivas is given elsewhere in the report.

Item No. 8

The Board of Directors of the Company consists of individuals who are masters in their field of activity. The Directors of the Company reside at different places and as a good governance practice, the Board desires to include video conferencing and other related modes of attending the Board meeting so that the Company can reap benefits of various qualities and knowledge of all its directors.

Section 31 of the Companies Act, 1956 requires that for the purpose of alteration of the Articles of Association, the Company is required to pass a Special resolution in the General Meeting.

Your Directors recommend the resolution for approval as a Special resolution under Section 31 of the Companies Act, 1956

Item No. 9

The allotment of 28,50,000 Equity shares to M/s Sumeru Ayurveda Private Limited as per the Scheme of Arrangement u/s 391- 394 of the Companies Act, 1956, entitles them to hold majority voting rights. Therefore, it has been decided amongst the Promoters to hand over the Management Control of the Company to the nominees of Sumeru Ayurveda Private Limited and accordingly Mr. Arvind Varchaswi N was appointed as Managing Director and Mr. Narasimhan N was appointed as Non- Executive Chairman of the Company. The plans to undertake future business in the field of Ayurvedic products will be looked after by Mr. Arvind Varchaswi N who has relevant experience in the field. Thus, the appointment of the nominees of the largest shareholder in Key Managerial position amounts to change in control and management. This attracts the provisions of SEBI Takeover Code. However the Regulation 12 of the SEBI Takeover Code provides an exemption from Public Announcement and Open Offer for Shares if a Special Resolution is passed by the members of the Company by way of a Postal Ballot.

Hence the resolution in Item No. 9 is set out for approval of members.

You are requested to communicate your assent or dissent in writing in the postal ballot form sent herewith in accordance with the instructions set out there in.

POSTAL BALLOT

Dear Members,

NOTICE U/s 192A of the Companies Act, 1956 and EXPLANATORY STATEMENT
U/s 173(2) and 192A of the Companies Act, 1956

CHANGE IN MANAGEMENT AND CONTROL

The allotment of 28,50,000 Equity shares to M/s Sumeru Ayurveda Private Limited as per the Scheme of Arrangement u/s 391- 394 of the Companies Act, 1956, entitles them to hold majority voting rights. Therefore, it has been decided amongst the Promoters to hand over the Management Control of the Company to the nominees of Sumeru Ayurveda Private Limited and accordingly Mr. Arvind Varchaswi N was appointed as Managing Director and Mr. Narasimhan N was appointed as Non- Executive Chairman of the Company. The plans to undertake future business in the field of Ayurvedic products will be looked after by Mr. Arvind Varchaswi N who has relevant experience in the field. Thus, the appointment of the nominees of the largest shareholder in Key Managerial position amounts to change in control and management. This attracts the provisions of SEBI Takeover Code. However the Regulation 12 of the SEBI Takeover Code provides an exemption from Public Announcement and Open Offer for Shares if a Special resolution is passed by the members of the Company by way of a Postal Ballot.

9. Draft Special resolution

To consider and, if thought fit, to pass with or without the modifications, the following resolution as a **Special resolution**

“RESOLVED THAT pursuant to the provisions of Regulation 12 of the Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations 1996 as amended from time to time, consent of the members be and is hereby accorded for change in control and management of the Company from the existing Promoters in control to Mr. Arvind Varchaswi N. and Mr. Narayanan Narasimhan and for their induction as Promoters on the Board of Directors.”

“FURTHER RESOLVED THAT the consent of the members is hereby accorded to dispense with the requirement of making the Public Announcement and Open Offer for shares held by the new incumbents, allotted to them as per the Scheme of Arrangement u/s 391-394 of the Companies act, 1956, under the SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1996 as amended, as provided in Regulation 12 of the said Regulations.”

**EXPLANATORY STATEMENT U/S 173(2) AND 192A OF THE
COMPANIES ACT, 1956**

Item No.8.

The allotment of 28,50,000 Equity shares to M/s Sumeru Ayurveda Private Limited as per the Scheme of Arrangement u/s 391- 394 of the Companies Act, 1956, entitles them to hold majority voting rights. Therefore, it has been decided amongst the Promoters to hand over the Management Control of the Company to the nominees of Sumeru Ayurveda Private Limited and accordingly Mr. Arvind Varchaswi N was appointed as Managing Director and Mr. Narasimhan N was appointed as Non- Executive Chairman of the Company. The plans to undertake future business in the field of Ayurvedic products will be looked after by Mr. Arvind Varchaswi N who has relevant experience in the field. Thus, the appointment of the nominees of the largest shareholder in Key Managerial position amounts to change in control and management. This attracts the provisions of SEBI Takeover Code. However the Regulation 12 of the SEBI Takeover Code provides an exemption from Public Announcement and Open Offer for Shares if a Special resolution is passed by the members of the Company by way of a Postal Ballot.

Since the proposal comes under the ambit of Regulation 12 of SEBI Takeover Code, your approval is being sought as under the provisions of Section 192A of the said Act, read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 through a resolution to be passed by Postal Ballot as set out in the Notice.

You are requested to carefully read the instructions contained in the Postal Ballot Form and send the same after exercising your vote to the Scrutinizer **Mr. Ajay S Shrivastava, Practising Company Secretary, 303, Durga Apartments, Surya Nagar Colony, Somajiguda, Hyderabad- 500 082** who has been appointed as Scrutinizer by the Board of Directors for conducting vote by Postal Ballot since the Share Registrars are located at Hyderabad.

Please note that all Forms duly completed should reach the Scrutinizer on or before 24th September, 2010 to be able to announce the result of Ballot by the Chairman at the Annual General Meeting to be held on 27th September, 2010 at Hotel Fortune Manohar, Begumpet, Hyderabad- 500016.

INWINEX PHARMACEUTICALS LIMITED

Regd. Off: PLOT NO.22 & 23, SVCIE, BACHEPALLY, MIYAPUR,

HYDERABAD - 500325

POSTAL BALLOT FORM

S. No.

1. Name(s) of Shareholder(s) (in block letters) (including joint holders, if any)	
2. Registered Address of the sole/first named shareholder	
3. Registered Folio No. DPID No. / Client ID No. (Applicable to investors holding shares in dematerialized form)	
4. Number of shares held	
I / We hereby exercise my/our vote in respect of the Ordinary/ Special resolution to be passed through Postal Ballot for the business stated in the Notice of the Company by sending my/ our assent / dissent to the said resolution(s) by placing tick (*) mark at the appropriate box given below.	

Item No. 9	No. of Shares		Please tick(*) in the appropriate box below
Special Resolution under Regulation 12 of the SEBI (Substantial Acquisition of Shares & Takover) Regulations 1996 for change in management control.		I / We Assent to the resolution	
		I / We Dissent to the resolution	

Place:

Date:

Signature of the shareholder

Please read the instructions printed overleaf before exercising the vote

INSTRUCTIONS:

1. A member desiring to exercise vote by Postal Ballot may complete this Form and send to the Registered Office in the self addressed pre-paid envelope. Envelopes containing Postal Ballot Form, if sent by courier at the expense of Shareholder will also be accepted.
2. The self addressed postage pre-paid envelope bears the address of Scrutinizer appointed by the Board of Directors of the Company.
3. This Form should be signed by the First name shareholder. In case of Joint holding, by the First named holder and in his absence by the next holder (as per the registered Specimen signatures).
4. Unsigned Postal Ballot Forms will be rejected.
5. Duly completed Postal Ballot Forms should reach the Company not later than the close of working hours on 24th September, 2010. All Forms received after the said date will strictly be treated as if the reply from the member has not been received.
6. In case of shares held by Trusts, Societies, Companies etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board resolution giving requisite authority to the person voting on the Postal Ballot Form.
7. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholder on the date of dispatch of the Notice for the said meeting ie..20th September, 2010.
8. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed Pre paid envelope as the same will be sent to the Scrutinizer and any extraneous paper found in the envelope would be destroyed by the Scrutinizer.

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the **Fifteenth** Annual Report of the Company together with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2010.

1. FINANCIAL RESULTS: -

Particulars	Rs. In Lakhs	
	31.03.2010	31.03.2009
Sales / Job Work Charges	34.76	21.20
Profit / (Loss) before depreciation		
Interest and Income Tax (PBDIT)	(56.91)	0.56
Interest & Finance Charges	0.05	0.05
Depreciation	16.49	9.10
Net Profit / (Loss) before tax	(73.45)	(8.60)
Provision for tax	NIL	NIL
Net Profit / (Loss) carried to Balance Sheet	(110.62)	(778.81)
Earning Per Share (Basic / Diluted)	(1.63)	(0.10)

2. OPERATIONS: -

The Sales / Job work charges income for the year ended 31st March, 2010 was Rs. 34,76,480 (Rs. 21,20,000 for the year ended 31st March, 2009). The sales of the Company have increased considerably i.e. by 64% (approx) during the year. On the other hand, there has also been an increase in the various expenditure of the Company. Owing to such similar unexpected expenditure, the loss before tax of the Company for the year has increased from Rs. 8,59,769 to Rs. 73,44,700. But however, as a result of the approval of the Scheme of Arrangement sanctioned by the Hon'ble High Court of AP, the Company could write off the accumulated losses substantially against its Paid-up Capital and consequently the accumulated losses during the year have declined to Rs. 1,10,61,866.

3. FUTURE OUTLOOK: -

With the approval of the Scheme of arrangement and the consequent allotment of shares to the Strategic Investors, their nominees have assumed control of the affairs of the Company as the largest shareholder. The Company is now in the process to draw several plans to undertake manufacturing of variety of Ayurvedic products including undertaking job work for various Ayurvedic Companies and firms and also line up to launch several products on its own in future.

With that intent, plans are being drawn to install new equipment with latest technology available and few old equipments are being replaced for optimization of the manufacturing capacity. Several balancing equipments are also being installed and few are being automated to shore up the capacity.

The Company is now poised to take off for steady growth in view of various accreditations obtained from various agencies like the ISO 22000 registered by Swiss based SGS HACCP certification from SGS, GMP certificate, USDA – Organic products approval, EEC and India Organic certification. These will enable the Company's products to be widely acceptable across the globe.

The Company shall also undertake the process of manufacturing various Ayurvedic capsules and tablets. It also has plans to undertake the work of export of various Ayurvedic capsules and tablets manufactured by the Company.

4. DIVIDEND:-

In view of the losses suffered during the year under review, your Directors do not recommend any Dividend for the year ended 31.03.2010.

5. DIRECTORS:-

In terms with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Arvind Varchaswi N retires by rotation, at the conclusion of the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

6. AUDITORS:-

M/s. Prakash Chokda, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. However, the Board of Directors have decided to appoint M/s Vijay Narayan & Co, Chartered Accountants, Hyderabad in his place as Auditors of the Company for the year 2010- 2011. The Company has received Certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Board recommends for their re-appointment and requests members to authorize the Board to fix their remuneration.

7. COMMENTS OF THE DIRECTORS ON THE OBSERVATIONS OF THE AUDITORS: -

- a) On point no. 3(a) of the Auditors Report, unsecured loans have been taken from the Promoter group company and a company relating to one of the Directors, to meet the normal working expenses since the Company was not able to operate at full capacity and generate suitable revenues.
- b) On point no. 5 of the Auditors Report, the transactions with related parties are detailed in Point no. 17 of the Notes to Accounts in accordance with AS - 18 and have been duly approved by the Board of Directors from time to time. Since the bulk of transactions with parties related to Promoter / Director are in the nature of loan and repayments are made whenever surplus are available, no specific approval has been sought.
- c) On point no. 9 (c) of the Auditors Report, the detailed explanation is given in point 1(d) in the Notes to Accounts.
- d) On point nos. 2 to 4 of the Notes to Accounts, same are factual position on various matters pending with Government Authorities which are under Appeals or litigation pending final settlement. Similarly, point no. 5 of the Notes to Accounts is the position of a pending litigation.

8. FIXED DEPOSITS:-

Your Company has not accepted any Fixed Deposits from the Public or its shareholders within the meaning of the section 58A of the Companies Act, 1956, during the year under review.

9. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, in respect of the financial statements as at 31st March, 2010 your Directors state:

- (i) That in the preparation of the Annual accounts, the applicable accounting standards have been followed.
- (ii) That your Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are 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 & loss of the Company for that period.
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (iv) That your Directors have prepared the Annual Accounts for the Financial Year ended on 31st March, 2010 on a going concern concept.

10. PARTICULARS OF EMPLOYEES:

During the year under review, there were no employees drawing salaries more than or equal to the limits laid under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended.

11. RESEARCH & DEVELOPMENT: -

The Company is planning to undertake several research works in the field of Ayurveda as well as pertaining to research of various kinds of herbal and nutritional supplements.

Company shall be focusing on the research for organic food and nutritional supplements with an optimum mix of naturally available ingredients for a sustainable HEALTH improvement for all.

12. LISTING:

The shares of your Company are listed at Bombay Stock Exchange. The Company has obtained the Certified Copy of the High Court Order relating to the approval of the Scheme of Arrangement on 6th November, 2009 and has obtained the trading permission for the reduced capital (as per the Order i.e. from Rs. 8,24,04,000 to Rs. 82,40,400) on 27th December, 2009.

Further, subject to the Order received, the Company has issued 36,76,000 Equity shares on preferential basis thereby increasing the Paid up Capital from Rs. 82,40,400 to Rs. 4,50,00,400 and the listing permission for the same was accorded by the Bombay Stock Exchange on 21st May, 2010.

13. SCHEME OF ARRANGEMENT: -

As was reported in the Annual Report for the year ended 31st March, 2009, the Scheme of Arrangement u/s 391-394 of the companies Act, 1956 for reduction of capital by writing off the losses and further issue of shares to shore up the capital base has been successfully completed with the Hon'ble High Court of Andhra Pradesh pronouncing the Order on 19th October, 2009 which has been successfully implemented also with the last stage being listing of the shares at Bombay Stock Exchange completed on 21st May, 2010.

14. CODE OF CONDUCT:-

The Company has adopted a uniform Code of Conduct for Directors and Senior Management and above Officers level to ensure ethical standards and ensure compliance to the laid down standards.

15. SUBSIDIARY COMPANIES:-

There are no subsidiaries to the Company as on date of the report.

16. CORPORATE GOVERNANCE CODE:-

The Code of Corporate Governance as per Clause 49 of the Listing Agreement is attached herewith. The Compliance Certificate on Corporate Governance received from the Statutory Auditors is given as Annexure to this report.

17. ACKNOWLEDGEMENTS:-

Your Directors take this opportunity to express their grateful appreciation for the cooperation and assistance by Government Authorities, Bankers and other business associates as well as shareholders and employees.

By order of the Board

Place: HYDERABAD

Date: 08.08.2010

ARVIND VARCHASWIN. NARAYANAN NARASIMHAN
Managing Director Director

ANNEXURE no.....

FORM-B

Form for disclosure of Particulars with respect to Technology Absorption, Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company

- (a) A new formulation by the name of 'Swasthi' was developed and manufactured by the company using a combination of herbs.
- (b) Research and Development for new formulations for both nutritional & curative products has also been initiated.
- (c) The Company researched the scope of making products that are Vegan in nature. The ingredients were changed to make a product that would comply with Vegan standards and certifications.
- (d) The Company also initiated various other research to ensure the products would meet international quality standards.

2. Benefits derived as a result of the above R & D.

- (a) These herbs combined as in Swasthi, help in improving and strengthening physiological functions and can be adjuvant during prolonged illness. This product was launched in the market.
- (b) The successful R&D for making the products Vegan and also improving them for international market resulted in orders for the same.

3. Future Plan of action.

- (a) More products that are under development are scheduled for launch during the current year.
- (b) The Company will be applying with the Vegan Society, United Kingdom, which is a highly regarded international certification.

4. Technology Absorption, Adoption and Innovation:

1. Efforts in brief made towards technology absorption, adoption and innovation

The Company adopted implementation of management systems viz., ISO 22000:2005, GMP and HACCP for procurement of raw material, Q.C. inspection, processing, packing & dispatch of herbal food supplements in the form of tablets, powders, capsules; spices based food products, cereals and pulses mix powder.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution.

The Company successfully got the Certifications for ISO 22000:2005, GMP and HACCP.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished:

- a) Technology imported -
- b) Year of import -
- c) Has technology been fully absorbed. -
- d) If not fully absorbed areas where this has not been taken place reasons thereof and future plans of action. -

5. Foreign Exchange Earnings & Outgo.

- (a) Foreign Exchange Earnings: NIL
- (b) Foreign Exchange Outgo: NIL

By order of the Board

Place: Hyderabad

Date: 08.08.2010

ARVIND VARCHASWIN. NARAYANAN NARASIMHAN
Managing Director Director

BRIEF PROFILES OF DIRECTORS SEEKING RE- APPOINTMENT OR BEING APPOINTED:

1. **Mr. Arvind Varchaswi N:** He is Commerce Graduate with specialization in International trade and marketing. His business interests are in the field of Software development, Real Estate and Ayurveda medicines. He is widely travelled and attended as faculty at various conferences and international seminars on youth empowerment.
2. **Mr. Nikhil Sen:** He is a Management Post Graduate having about 30 years of business experience, He started as Management trainee with Britannia Industries Limited and rose to the position of COO. He has been instrumental in many path breaking strategies at Britannia, including the launch of the now famous TIGER brand. He is now the Managing Director of Unibic Biscuits India Private Limited. He brings to the Company very rich experience in launching multi brand products, FMCGs etc which will enable the Company immensely to launch consumer products.
3. **Mr. Sriram Chandraskaran:** He is Engineering graduate from BITS, Pilani and a Management graduate from IIM, Lucknow. He has been associated with Tata Administrative Services at Leadership cadre and has worked as GM (Sales & Marketing) with Taj Group of Hotels, Manager (Brand)Tata Sons and Manager (Marketing) with Tata Motors. He has also been Business Productivity Advisor with Microsoft Corporation and, is now the Chief Executive Officer and Director with Broadvision Group of companies specializing in Brand advisory services and People transformation strategies. He brings a rich marketing/ branding experience of over 15 years to the Company.
4. **Mr. Srinivas Gowra :** He is a post graduate in Science having rich business experience of over 40 years in varied fields ranging from Finance, Petrochemicals, Real Estate and bio-organics. He has successfully floated many a ventures in all the above fields of business. He also has a distinction of promoting many a young entrepreneurs in many fields and turned them into successful professionals. He brings to the company this widely rich experience to play a vital role in financial and strategic planning and guiding the business for potential growth in future.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

India's pharmaceutical sector is currently undergoing unprecedented change. It is now the third largest in the world in terms of volume and stands 14th in terms of value. According to data published by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, the total turnover of India's pharmaceuticals industry between September 2008 and September 2009 was US\$ 21.04 billion. Of this the domestic market was worth US\$ 12.26 billion.

The increasing population of the higher-income group in the country will open a potential US\$ 8 billion market for multinational companies selling costly drugs by 2015. Besides, the report said the domestic pharmaceutical market is estimated to touch US\$ 20 billion by 2015, making India a lucrative destination for clinical trials for global giants.

Due to economic prosperity, a lot more customers are entering organized healthcare, antibiotics and acute therapies are normally being the first line of defense. Even though export and overseas trade remains the key for most of the domestic companies, many of them derive nearly 40% of their sales from the domestic market.

OPPORTUNITIES AND THREATS

The Pharmaceutical industries work in a dynamic environment compared to other industries. With the aging of the world population and increasing incomes of the individuals, there has been a growing attention towards health related aspects. Your Company is planning to undertake manufacturing of a variety of Ayurvedic products including job work for various Ayurvedic Companies and firms and also line up to launch several products on its own in future.

Further, due to increasing globalization and easier international trading, the Company has good opportunities to broaden its horizon and enter the international market. As the Company has now also registered itself with several international certification associations like USFDA, Swiss based SGS and the like; there will be a greater level of acceptance for the Company's products worldwide. The saturation point for the pharmaceutical industry is far away and hence there are several opportunities for the Company to maximize its growth and increase the revenue. The Company can also enter into a strategic partnership with other eminent pharmaceuticals industries to develop and market selected products across Indian market.

Threats start from invention to testing, manufacturing and marketing. In the recent past, Pharmaceuticals industries have witnessed rising compliances and regulatory barriers as seen in increased inspections and warning letters from statutory bodies. The cost of entering into the international market is also substantially high. Low technology level of the capital goods, non-availability of major intermediaries for bulk drugs, lack of experience to exploit efficiently the new patent regime and low level of Biotechnology in India and also for New Drug Discovery Systems could also act as a barrier and hinder the pace of growth for the Company.

OUTLOOK & FUTURE PLANS

The Company's belief on profitable and steady growth will create significant value in the near future. The Strategic investors who have now joined the Board of the Company as a result of the allotment of shares pursuant to the Scheme of arrangement have several constructive plans to increase infrastructure capacity to meet the future growth and take the Company to new heights. The Company has plans to enter into new markets including international markets by the way of finding new market for exports, exploiting the current market, expanding the market, finding new strategies for promoting Ayurveda in the international market and these plans had their beginning in the form of various accreditations obtained from various agencies like the ISO 22000 registered by Swiss based SGS, HACCP certification from SGS, GMP certificate, USDA – Organic products approval, EEC and India Organic certification. These will enable the Company's products to be widely acceptable across the globe.

The Company shall also undertake the process of manufacturing various Ayurvedic capsules and tablets. It also has plans to undertake the work of export of various Ayurvedic capsules and tablets manufactured by the Company. The Company has also started to modernize its existing machinery, several balancing equipments are being installed and few are being automated to shore up the capacity. Plans are also being drawn to install new equipment with latest technology available and few old equipments are being replaced for optimization. The Company is trying steadily to build its capacity and strengthen further initiatives for improving the productivity and reducing costs.

RISK & CONCERN

The Indian pharmaceutical companies are marred by the price regulation. Over a period of time, this regulation has reduced the pricing ability of companies. The NPPA (National Pharma Pricing Authority), which is the authority to decide the various pricing parameters, sets prices of different drugs, which leads to lower profitability for the companies. The companies, which are lowest cost producers, are at advantage while those who cannot produce have either to stop production or bear losses.

The introduction of product patents in India in 2005 has opened up the market for patented launches. However, the overseas players continue to believe that India's IP and regulatory system needs to be further strengthened. The global market appears to be very attractive especially as the regulatory pathway has either already opened up in some of the biggest markets, or is in process of doing so. However, penetration into these highly regulated markets is challenging. Given the high regulatory standards and the overall market dynamics, launching company's products in these markets is a complex process. It demands high-level capabilities at every stage from development to commercialization.

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.

Further, since the Company is planning to start manufacturing and dealing in Ayurvedic products also, the Company shall face various other risks. One such risk is related to the marketing and creating a brand image for these products.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The internal control systems are aimed at promoting operational efficiencies. The Company is conducting internal audit at regular intervals to ensure that:

- a) Transactions are executed in accordance with the Company's policies and authorizations.
- b) Deployment of funds is in accordance with the Company's policies and Project Budgets.

The internal audit is conducted as per the requirement of the Company and the report is submitted to the Audit committee and to the Management. It reviews the policies and procedures followed.

The Audit committee with three independent and non-executive directors meets to investigate any matter relating to the internal control system and reviews the Internal Audit. The committee reviews the quarterly and half yearly financials before they are submitted to the Board of Directors.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use or disposition. Also an exhaustive Budgetary Control system is in place to monitor capital related as well as other costs against Budgets on an ongoing basis.

The management of your Company duly considers and takes appropriate action on recommendation made by the internal auditor, statutory auditor and consultant.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company strongly believes that a right workforce makes all the difference in catapulting an organization to the highest echelons of success and achievement. Your company continuously focuses on recruiting the best talent and also retaining and motivating the talent with them. Working together, we intend to develop and hone a workforce strategy that will be integral to the business strategy of our customers. 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 throughout the year.

CAUTIONARY STATEMENT

Statement made in Management Discussion and Analysis report which seeks to describe the Objectives, projections, estimates, predictions may be considered to be forward looking statements and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied and are determined by many factors including global and domestic demand – supply conditions, process, raw materials availability, tax laws, governmental policies and other statutes which may affect actual results which may be different from what the Directors envisaged in terms of future performance and outlook.

Place: Hyderabad
Date: 08.08.2010

For and on behalf of the Board

Sd/-

Arvind Varchaswi N.
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

I. Company's philosophy on Code of Corporate Governance

The Company's Board of Directors and Management are committed to maximize shareholders' value on a sustained basis. The Company considers good Corporate Governance to be a pre-requisite for meeting the objective of shareholders' wealth maximization. The Company has always believed in managing its affairs with diligence, transparency, responsibility and accountability. 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. As a part of the Compliances of the revised Clause 49 of the Listing Agreement, the Company presents hereunder the required disclosures in the form of a report for the information of all the stakeholders.

II. Board of Directors

As on date, the Company's Board of Directors consists of the following 6 Directors: -

Composition and Category of Directors:

Name	Designation	Category	No. of other Director-ships	Attendance at Board Meetings	Attendance at previous AGM
Mr. Arvind Varchaswi N.	Managing Director	Promoter & Executive	5	4	No
Mr. Narayanan Narasimhan	Chairman & Director	Non- Executive - Independent	4	NIL	No
Mr. Ramesh Chandra Agarwal	Director	Non- Executive - Independent	1	6	Yes
Mr. ManMohan Agarwal #	Executive Director	Promoter & Executive	1	6	Yes
Ms. P.Sujatha #	Director	Non- Executive - Independent	NIL	4	No
Ms. C.Soujanya #	Director	Non- Executive - Independent	NIL	6	No
Mr. Nikhil Sen*	Additional Director	Non - Executive - Independent	3	-	-
Mr. Gowra Srinivas*	Additional Director	Non- Executive - Independent	6	-	-
Mr. Sriram Chandrasekaran*	Additional Director	Non- Executive - Independent	2	-	-

- *Appointed as Additional Directors w.e.f 25.06.2010

Resigned w.e.f 21.07.2010

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.

Board Meetings

During the year 2009-10, the Board met 6 times on the following dates, viz 29.06.2009, 31.07.2009, 31.10.2009, 27.11.2009, 29.01.2010, 30.01.2010. The maximum gap between any two successive meetings was less than 4 months.

Information supplied to the Board

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

- Quarterly and Half yearly results of the Company.
- Minutes of the Audit Committee, Shareholders Committee meetings.
- Details of Agreements entered into by the Company
- Non – Compliance of any statutory or listing requirement

Minutes of the Board Meeting

The minutes of the proceedings of each Board and Committee Meeting is prepared and approved by the Chairman within 30 days from the conclusion of the meeting.

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 2009-10 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 2010, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

For Inwinex Pharmaceuticals Limited

Sd/-

Arvind Varchaswi N.

Managing Director

Date: 08.08.2010

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 Committees of its members, and these Committees decide the matters referred to it and report to the Board at the subsequent Board meetings. Two Committees have been constituted viz., Audit Committee, and Shareholders/Investors Grievance Committee.

III. 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.
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 27.06.2009, 30.07.2009, 30.10.2009 and 29.01.2010.

The following table gives details of Directors, their attendance at the Audit Committee meetings held during the year 2009-2010.

Name of the Director	Status	Attendance
*Ms. C.Soujanya	Chairperson	4
*Ms. P.Sujatha	Member	3
*Mr. Ramesh Chandra Agarwal	Member	4
**Mr. Nikhil Sen	Member	-
**Mr. Gowra Srinivas	Chairman	-
**Mr. Sriram Chandrasekaran	Member	-

In addition, on invitation Mr.Sharad Gupta, Company Secretary in Practice Attended 3 meeting held on 27.06.2009, 30.07.2009 and 30.10.2009 and Mr.Prakash Chokda, Statutory Auditor attended all the 4 meetings.

- * Resigned w.e.f. 21.07.2010
- ** Appointed w.e.f 25.06.2010

IV. REMUNERATION COMMITTEE:

The remuneration Committee of the Company has been dissolved since no remuneration is being paid to the Managing Director, Executive Director and the other key managerial personnel. The Committee shall be reconstituted as and when the need

arises i.e. when it pays remuneration to its Managing Director, Executive Director and the other key managerial personnel.

V. Shareholders' / Investors Grievance Committee

The Composition of the Shareholders'/Investors' Grievance Committee as on date is as under:

Name of the Director	Designation	Category of Directorship	Attendance
*Ms. C.Soujanya	Member	Non-Executive	4
*Ms. P.Sujatha	Member	Non-Executive	3
*Mr.Manmohan Agarwal	Member	Executive	4
**Mr. Arvind Varchaswi N.	Chairman	Executive	-
**Mr. Gowra Srinivas	Member	Non-Executive	-
**Mr. Nikhil Sen	Member	Non-Executive	-

- * Resigned w.c.f. 21.07.2010
- ** Appointed w.c.f 25.06.2010

The Shareholders'/Investors Grievance Committee met four times during the year 2009-10, viz 29.06.2009, 31.07.2009, 31.10.2009, 29.01.2010,

In accordance with Clause 49(IV) (G) (iv) of the Listing Agreement with the Stock Exchanges, the Board has authorized Mr. Arvind Varchaswi N., 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 no complaints were received and no complaints were pending as on date.

Mr. Arvind Varchaswi N., Promoter & Managing Director is the Compliance Officer of the Company.

VI. Details of Annual / Extra-ordinary General Meetings:

Location and time of General meetings held in past 3 years:

YEAR	LOCATION	DATE	TIME
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.	30.12.2009	9.30am

(g) **CEO Certification:** The Managing Director has given a certificate as contemplated in Clause 49 of the Listing Agreement. The Management, Discussion and Analysis is provided elsewhere in this report.

VIII. 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.

IX. General Shareholder Information

1) **15th Annual General Meeting**

Date and Time : 27th September 2010 at 11.30 AM

Venue : Hotel Fortune Manohar, Begumpet, Hyderabad-500016

2) **Financial Calendar (2010-2011) (Tentative)**

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, 2010	On or before 31 st July, 2010
Unaudited Results for the Quarter ending : 30 th September, 2010	On or before 31 st October, 2010
Unaudited Results for the Quarter ending : 31 st December, 2010	On or before 31 st January, 2011
Audited Results for the year ended 31 st March, 2011	On or before 30 th June, 2011

3) **Book Closure date** : 22nd September 2010 to 27th September 2010 (both days inclusive)

4) **Registered Office** : Plot No.22 & 23, SVCIE, Bachepally, Miyapur, Hyderabad - 500325

- 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 2010-2011.
- 7) Stock Code : 531398
- 8) ISIN No. : INE679C01019

9) CIN Number : L24231AP1995PLC019106

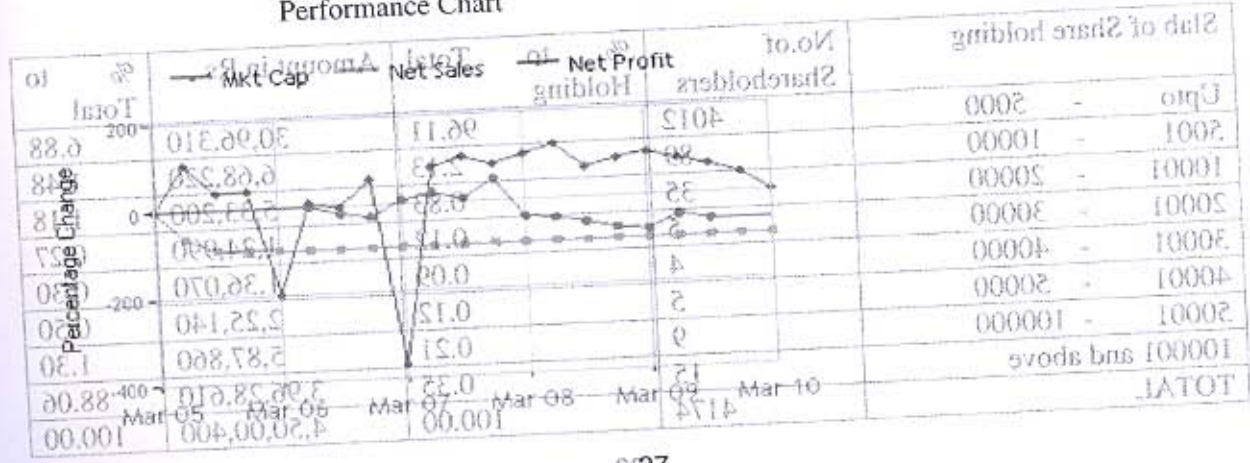
10) Market Price Data : Promoter's holding

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

MONTH	BSE, MUMBAI		
	HIGH PRICE	LOW PRICE	NO. OF SHARES TRADED
APRIL 2009	2.79	1.57	29995
MAY 2009	3.96	2.75	60393
JUNE 2009	4.77	3.66	40265
JULY 2009	4.31	2.60	32525
AUGUST 2009	3.34	2.52	38427
SEPTEMBER 2009	4.00	2.96	44672
OCTOBER 2009	3.58	2.77	26131
NOVEMBER 2009	4.75	3.08	75210
DECEMBER 2009	6.45	5.38	4800
JANUARY 2010	31.79	7.74	110676
FEBRUARY 2010	65.60	33.35	46121
MARCH 2010	45.75	28.20	67461

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

Performance Chart



12) Investors' Correspondence / Registrar & Share Transfer Agents:

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

13) Share Holding pattern as on 31st March, 2010

	Category	No. of Shares Held	Percentage of Share holding
A	Promoter's holding		
1	Promoters		
	- Indian Promoters	33,68,184	74.85
	- Foreign Promoters	Nil	Nil
2	Persons acting in concert	Nil	Nil
	Sub-Total	33,68,184	74.85
B	Non-promoters Holding		
3	Institutional Investors	Nil	Nil
a	Mutual Funds and UTI	4,960	0.11
b.	Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/non-government Institutions)	Nil	Nil
C	FII's	Nil	Nil
	Sub-Total	4,960	0.11
4	Others		
a	Private Corporate Bodies	62,913	1.40
b	Indian Public	10,61,080	23.58
c	NRI's/OCBs	2,903	0.06
d	Any other (Please Specify)	Nil	Nil
	Sub-Total	11,26,896	25.04
	GRAND TOTAL (A+B)	45,00,040	100.00

14) Distribution of shareholding as on 31st March 2010

Slab of Share holding	No. of Shareholders	% to Holding	Total	Amount in Rs.	% to Total
Upto - 5000	4012		96.11	30,96,310	6.88
5001 - 10000	89		2.13	6,68,220	1.48
10001 - 20000	35		0.83	5,33,200	1.18
20001 - 30000	5		0.12	1,24,990	0.27
30001 - 40000	4		0.09	1,36,070	0.30
40001 - 50000	5		0.12	2,25,140	0.50
50001 - 100000	9		0.21	5,87,860	1.30
100001 and above	15		0.35	3,96,28,610	88.06
TOTAL	4174		100.00	4,50,00,400	100.00

15) Share Transfer System:

Share transfers which are received in physical form are processed by the Registrar and Share Transfer Agents and the share certificates are returned after affecting the transfer, subject to the documents being valid and complete in all respects.

16) Dematerialization of Shares:

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

As on 31st March, 2010, 7,67,030 Equity Shares of Rs.10/- each aggregating to 17.04% are being held with NSDL & CSDL in demat form of the paid up capital & the rest 37,33,010 aggregating to 82.96% are in physical form.

17) Outstanding Bonds/ Convertible Instruments - Nil

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

For and on behalf of the board

Place: Hyderabad

Date: 08.08.2010

**Arvind Varchaswi N.
Managing Director**

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 31st 2010, 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, 2010, 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 Accountants

Sd/-

PRAKASH CHOKDA
(Proprietor)
M.No. 207582

Place: Hyderabad
Date : 08th August, 2010

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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010 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 Accountants

PRAKASH CHOKDA
(Proprietor)
M.No. 207582

Place: Hyderabad
Date: 31st May, 2010

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-1 Amount involved is Rs.47,26,000/-
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 few 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 and has been so entered as required.
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 and the rules framed there under would apply.
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, 2010 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 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.
12. 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 made preferential allotment of 36,76,000 shares to various parties according to the Scheme of Arrangement approved by the Honorable High Court of Andhra Pradesh.
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.

For PRAKASH CHOKDA
Chartered Accountants

Place : Hyderabad
Date: 31st May, 2010

PRAKASH CHOKDA
(Proprietor)
M.No. 207582

INWINEX Pharmaceuticals Limited

Plot No.22 & 23, SVCIE, Bachepally, Qutubullapur (M), Hyderabad - 500 090

BALANCE SHEET AS ON 31.03.2010

PARTICULARS	Sl. No.	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
SOURCES OF FUNDS:			
(1) SHARE HOLDER'S FUNDS:			
a) SHARE CAPITAL	1.1	45,000,400	82,404,000
b) RESERVES & SURPLUS	1.2	-	2,000,000
c) SHARE PREMIUM		6,102,160	-
(2) LOAN FUNDS:			
a) SECURED LOANS	2.1	-	-
b) UNSECURED LOANS	2.2	4,726,000	29,085,455
TOTAL:		55,828,560	113,489,455
APPLICATION OF FUNDS:			
(1) FIXED ASSETS	3.1		
a) GROSS BLOCK		38,642,874	38,566,194
b) LESS: DEPRECIATION		11,010,469	9,361,014
c) NET BLOCK		27,632,405	29,205,180
d) CAPITAL WORK IN PROCESS		1,522,871	1,708,544
(2) INVESTMENTS			
(3) CURRENT ASSETS, LOANS & ADVANCES:			
a) INVENTORIES	4.1	729,944	-
b) SUNDRY DEBTORS	4.2	3,296,265	2,747,329
c) CASH & BANK BALANCES	4.3	10,064,304	505,826
d) OTHER CURRENT ASSETS	4.4	1,717,656	1,616,054
e) LOANS & ADVANCES	4.5	1,773,784	1,263,837
		17,581,953	6,133,046
LESS: CURRENT LIABILITIES & PROVISIONS			
a) LIABILITIES	5.0	2,153,052	1,109,746
b) PROVISIONS	6.0	1,308,933	328,335
NET CURRENT ASSETS		14,119,968	4,694,965
(4) (a) MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		1,491,450	-
(b) PROFIT AND LOSS ACCOUNT	7.0	11,061,866	77,880,767
TOTAL:		55,828,560	113,489,455

9

Notes forming part of accounts

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 : 31.05.2010

For and on behalf of the Board

 SD/-
Ramesh Chandra Agarwal
 Managing Director

 SD/-
Man Mohan Agarwal
 Executive Director

INWINEX Pharmaceuticals Limited
 Plot No.22 & 23, SVCIE, Bachepally, Qutubullapur (M), Hyderabad - 500 090

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2010

PARTICULARS	SHI. NO.	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
INCOME:			
GROSS SALES / JOB WORK CHARGES	7.1	3,476,480	2,120,000
OTHER INCOME	7.2	396,482	1,078,839
TOTAL:		3,872,963	3,198,839
EXPENDITURE:			
(ACCRETION)/DECRETION TO STOCK	7.3	(362,458)	-
MATERIALS CONSUMED	8.1	912,388	5,336
CENTRAL EXCISE DUTY		13,952	-
STAFF COST	8.2	3,731,893	596,717
MANUFACTURING EXPENSES	8.3	1,983,819	370,305
ADMINISTRATIVE SELLING & DISTRB. EXP.	8.4	2,910,650	2,168,634
FINANCIAL CHARGES	8.5	5,100	4,666
DEPRECIATION	3.1	1,649,455	910,578
LOSS ON SALE OF FIXED ASSETS		-	2,372
MISC EXPENDITURE WRITTENOFF (DEFERRED REVENUE)		372,862	-
		11,217,662	4,058,608
PROFIT/(LOSS) BEFORE TAX		(7,344,700)	(859,769)
PRIOR PERIOD ADJUSTMENT		-	-
PROVISION FOR TAX		-	-
NET PROFIT/(LOSS) AFTER TAX		(7,344,700)	(859,769)
PROFIT/(LOSS) FROM PREVIOUS YEAR		(77,880,766)	(77,020,998)
CARRIED FORWARD LOSS SETOFF AGAINST CAPITAL REDUCTION		74,163,600	-
STATE SUBSIDY WRITTEN OFF		-	-
NET PROFIT/(LOSS) CARRIED TO BALANCE SHEET		(11,061,866)	(77,880,767)
EARINGS PER SHARE		(1.63)	(0.10)

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

For and on behalf of the Board

 SD/-
 Ramesh Chandra Agarwal
 Managing Director

 SD/-
 Man Mohan Agarwal
 Executive Director

Place : Hyderabad

Date : 31.05.2010

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2010

		AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
1.1	SHARE CAPITAL:		
	AUTHORISED:	90,000,000	90,000,000
	90,00,000 Equity Shares of Rs.10/- each		
	Issued, Subscribed & paid up	45,000,400	82,404,000
	45,00,040 Equity Shares of Rs.10/-each	45,000,400	82,404,000
1.2	RESERVES & SURPLUS:		
	State Subsidy	-	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	-	123,327
	- From Banks (Scheduled Bank - Syndicate bank - Current Account)	-	603,901
	- From Other (Directors)	-	14,197,227
	i) Body Corporate - Ionic Healthcare Pvt. Ltd	4,726,000	14,161,000
	ii) Body Corporate - Sumeru Ayurveda Pvt. Ltd	4,726,000	29,085,455
4.1	INVENTORIES:		
	(As taken, valued and certified by the Management)		
	Raw Material	224,182	-
	Packing Material	143,304	-
	Work In Progress	357,040	-
	Finished Goods	5,418	-
		729,944	-
4.2	SUNDRY DEBTORS		
	a) Debts Outstanding for a period Exceeding six months	1,609,737	1,563,842
	Unsecured considered Good	1,045,913	1,045,913
	Unsecured considered Doubtful	-	-
	b) Debtors Outstanding for a period less than six months	640,615	137,574
	Unsecured considered Good	3,296,265	2,747,329
4.3	CASH & BANK BALANCES:		
	Cash on Hand	194,440	505,826
	a) Balance with Schedule banks:		
	- Current Account - HDFC Bank Ltd	865,681	-
	- Current Account - Syndicate Bank	14,183	-
	- Deposits Accounts	8,990,000	-
	b) With Others	-	-
		10,064,304	505,826

INWINEX Pharmaceuticals Limited

Plot No.22 & 23, SVCIE, Bachepally, Qutubullapur (M), Hyderabad - 500 090

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2010

	PARTICULARS	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
4.4	OTHER CURRENT ASSETS [Unsecured, considered good]		
	Deposits	1,256,579	1,160,191
	Cenvat Credits	393,387	455,863
	Interest Accrued on FDR's	67,690	-
		1,717,656	1,616,054
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	112,000	192,337
	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	1,661,784	1,071,500
		1,773,784	1,263,837
5.0	CURRENT LIABILITIES:		
	a) SUNDRY CREDITORS :		
	i) Total outstanding dues to small scale industrial undertakings	206,208	206,208
	ii) Total outstanding dues to creditors other than small scale industrial undertakings.	-	-
	b) Subsidiary Companies	-	-
	c) Investor Education & Protection Fund - Unclaimed Share Application Money	1,946,844	903,538
	d) Other Liabilities	2,153,052	1,109,746
6.0	PROVISIONS		
	Interest Payable	16,302	-
	TDS - Contractors	2,874	269
	Service Tax Payable	12,591	-
	Leave Encashment payable	278,750	-
	Wages Payable	258,426	259,226
	Gratuity Payable	554,572	54,668
	Electricity Bill Payable	153	100
	Telephone Bill payable	7,849	1,665
	P F Payable	8,771	-
	Power Bill Payable	24,745	-
	Professional Tax Payable	4,740	-
	Salaries Payable	121,816	-
	ESI Payable	9,711	-
	FBT Payable	-	4,682
	TDS Professional	1,000	7,725
	TDS Salaries	6,633	-
		1,308,933	328,335
7.0	PROFIT AND LOSS ACCOUNT		
	LOSS TRANSFERRED FROM PROFIT & LOSS ACCOUNT	11,061,866	77,880,767
		11,061,866	77,880,767

INWINEX Pharmaceuticals Limited

Plot No.22 & 23, SVCIE, Bachepally, Qutubullapur (M), Hyderabad - 500 090

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31.03.2010

		AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
7.1	SALES	1,764,329	-
	JOB WORK CHARGES	1,712,152	2,120,000
		3,476,480	2,120,000
7.2	OTHER INCOME:	86,799	9,924
	Interest Received	1,200	128,359
	Discount Received	8,483	140,556
	Sundry Balance Writtenoff	300,000	800,000
	Rent Received	396,482	1,078,839
7.3	ACCRETION/(DECRETION) TO STOCK:		
	FINISHED GOODS:		
	Closing Balance	5,418	-
	Less: Opening Balance	5,418	-
	ACCRETION/(DECRETION)		
	WORK-IN-PROCESS:		
	Closing Balance	357,040	-
	Less: Opening Balance	357,040	-
	ACCRETION/(DECRETION)	362,458	-
	TOTAL		
8.1	MATERIALS CONSUMED:		
	OPENING STOCK	-	-
	ADD: PURCHASES	891,403	5,191
	RAW MATERIAL	310,875	145
	PACKING MATERAIL	77,597	-
	CONSUMABLES	1,279,874	5,336
	LESS: CLOSING STOCK	224,182	-
	RAW MATERIAL	143,304	-
	PACKING MATERAIL	912,388	5,336
	NET CONSUMED		
8.2	STAFF COST	1,886,944	554,492
	Salaries & Wages	67077	11,627
	Contribution to ESI & Provident Fund	75,604	26,271
	Staff Welfare	1,003,578	4,327
	Gratuity	698,690	-
	Leave Encashment	3,731,893	596,717
8.3	MANUFACTURING EXPENSES:		
	1 Power & Fuel	520,275	266,404
	2 Repairs & Maintenance - P & M	316,554	46,543
	3 Repairs & Maintenance - Others	309,622	26,769
	4 Carriage Inward	59,686	1,381
	5 Factory Maintenance	556,713	29,208
	6 Analytical Testing Charges	220,970	-
		1,983,819	370,305

INWINEX Pharmaceuticals Limited

Plot No.22 & 23, SVCIE, Bachepally, Qutubullapur (M), Hyderabad - 500 090

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31.03.2010

	PARTICULARS	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
8.4	ADMINISTRATIVE SELLING & DISTRIBUTION EXPENSES:		
1	Travelling Expenses & Conveyance Charges	61,648	62,055
2	Postage & Telephones	161,236	107,270
3	Printing & Stationery	409,088	97,005
4	Vehicle Repairs & Maintenance	179,812	49,800
5	Sales Promotion Expenses	7,690	-
6	Directors Remuneration	435,500	-
7	Advertisement	27,062	32,087
8	Security Service Charges	117,804	105,920
9	Insurance	27,331	42,981
10	Electricity Charges	1,163	1,013
11	Filing Fee	4,090	54,790
12	Listing Fee	17,908	15,000
13	Custodial Fee	34,996	22,975
14	Garden maintenance	57,300	-
15	Registration & Renewals	44,000	8,675
16	Commisson	233,333	840,000
17	FBT	1,701	10,022
18	Directors Sitting Fee	6,000	5,000
19	Professional Service Charges	262,000	108,500
20	Rent	120,000	84,000
21	Freight Outwards	10,505	201,040
22	Subscriptions & Periodicals	80	4,672
23	Professional Tax	2,500	1,200
24	Internal Audit Fee	15,000	15,000
25	Statutory Audit Fee	75,000	75,000
26	Share Transfer Expenses	68,059	54,355
27	Admn Charges on P.F	4,285	1,117
28	Legal Fee	111,500	125,390
29	Incidental expenses	6,500	5,000
30	AGM expenses	3,960	9,200
31	Pooja Expenses	600	394
32	Penalty	54,592	500
33	Office Maintenance	31,948	4,605
34	Hamali	1,355	60
35	Labour Charges	268,190	24,008
36	EGM Expenses	14,900	-
37	Stamping fee	618	-
38	Interest	16,452	-
39	Job Work charges on Foil Printing	353	-
40	Medical Expenses	2,000	-
41	Service Tax on Freight Outwards (2005-2006)	12,591	-
		2,910,650	2,168,634
8.5	FINANCIAL CHARGES:		
	Bank Charges	5,100	4,666
		5,100	4,666

INWINEX Pharmaceuticals Limited
Plot No.22 & 23, SVDE, Bachepally, Cuttubullapur (M), Hyderabad - 500 090

3. FIXED ASSETS

S.N	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK ON	NET BLOCK ON
		AS ON 01.04.2009 Rs.	ADDITIONS Rs.	DELETIONS	STATE SUBSIDY ADJUSTED	AS ON 31.03.2010 Rs.	AS ON 01.04.2009 Rs.	FOR THE PERIOD Rs.	DEP. ON DELETION Rs.	AS ON 31.03.2010 Rs.	31.03.2009 Rs.
1	LAND	504,810	-	-	-	504,810	-	-	-	504,810	504,810
2	BUILDINGS	18,288,855	18,000	-	-	18,306,855	2,183,282	611,176	-	2,794,458	15,512,397
3	PLANTS & MACHINERY	17,344,268	1,884,357	-	2,000,000	17,228,625	6,242,325	841,556	-	7,083,881	10,144,744
4	FURNITURES	1,483,793	77,884	-	-	1,561,677	285,145	96,772	-	361,917	1,199,760
5	OFFICE EQUIPMENTS	147,288	31,389	-	-	178,677	92,024	7,246	-	99,270	55,264
6	VEHICLES	647,589	-	-	-	647,589	461,082	61,521	-	522,603	124,986
7	COMPUTER	149,592	65,050	-	-	214,642	117,156	31,184	-	148,340	66,302
		38,566,194	2,076,680	-	2,000,000	38,642,874	9,361,014	1,649,455	-	11,010,469	27,632,405
	Previous Year	38,643,331	158,067	235,204		38,566,194	8,581,922	910,578	131,486	9,361,014	29,205,180
	PLANT & MACHINERY - WIP										
	Total					1,522,871					30,061,409
						<u>1,522,871</u>					

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 the goods on Job Work basis. Further company also manufactured Masala's on sale basis.

d. Purchases :

Purchases have been accounted on receipt basis and the liabilities thereon have also been provided.

e. 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. State Subsidy of Rs.20 Lakhs has been adjusted against plant and machinery.

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.

g. Inventories:

a. Raw Material, Packing Material, Stores & Spares are valued at cost by following FIFO method.

b. Work in Process is valued at cost.

c. Finished goods are valued at lower of cost or net realizable value.

h. 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.

i. Prior period items etc:

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

j. 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.

k. 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 31.03.10	As on 31.03.09
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	Nil	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 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.	PIL (Pochiraju Industries Limited) 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.5367803/- for the year 2007-2008 & 2008-2009 from PIL. Hence, Inwinex has adjusted the said amount from Rs.60.00 Lacs of Security Deposit.		
	Further during the financial year, company has adjusted an amount of Rs.300,000/- towards Rent.		
	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.56,67,803/-.		
6.	Excise Duty of Rs.13,952/- is charged to Profit & Loss Account.		
7.	Deferred Revenue Expenditure: During the year company has incurred certain expenditure of non recurring nature like payment of underwriting commission, capital reduction scheme expenses, etc which were deferred to current and subsequent four years equally.		

8. During the year, the company has adjusted state subsidy of Rs.20,00,000 against Plant and Machinery.
9. The Company has adopted AS 22 - Accounting for Taxes on Income. The accumulated net deferred tax assets amounts to Rs.146.65 Lacs on account of timing differences between book and tax losses as on 1.4.2010.

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.

10. MANAGERIAL REMUNERATION	31.03.2010	31.03.2009
	Rs.In Lacs	Rs.In Lacs
Remuneration to Managing Director		
- Salary	2.25	-
- Provident Fund	-	-
Remuneration to Executive Director		
- Salary	2.25	-
- Provident Fund	-	-
11. AUDIT FEE		
As Statutory Auditors	0.65	0.65
As Tax Auditor	0.10	0.10
For other Matter	0.25	-

12. 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 31.03.10	As At 31.03.09
	(Triple Shift)	(Triple Shift)
Tablets	Nos.in Lacs 6000	6000
Capsules	Nos. in lacs 600	600

B. QUANTITATIVE DETAILS OF PRODUCTION AND STOCKS

	Product	Unit	As at 31.03.2010			As at 31.03.2009		
			Opening	Production	Closing	Open- ing	Production	Closing
I.	Organic Medicin	Nos.	Nil	36,000	Nil	Nil	Nil	Nil
II	Masala's	Kgs	Nil	1570.50	Nil	Nil	Nil	Nil
III	Swasti Tablets	Nos.	Nil	304,800	4800	Nil	Nil	Nil

Note: During the year your Company has manufactured 264.80 Lacs Ayurvedic Semi finished Tablets on Job work basis.

C. SALES

	Product	Unit	As at 31.03.2010		As at 31.03.2009	
			Quantity	Value	Quantity	Value
I.	Organic Medicines	Nos.	36,000	17,632.00	Nil	Nil
II	Masala's	Kgs	1570.50	509,697.00	Nil	Nil
III	Swasti Tablets	Nos.	300,000	237,000.00	Nil	Nil
	TOTAL			764,329.00		

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

	Rupees	Percentage	Rupees	Percentage
Imported	Nil	Nil	Nil	Nil
Indigenous	12,79,874/-	100%	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

1. Import of Raw-Material Nil Nil
13. Prior period adjustments is Rs.Nil
14. Balance of Sundry Creditors, Sundry debtors, Loans, advances and deposits are subject to confirmation from parties concerned and reconciliation thereof.

15. 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 Allopathic formulations is Nil. 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.

16. Earnings Per Share

	As on	As on
Earnings	31.03.10	31.03.09
(Net Loss for the year)	(Rs.73,44,700)	(Rs.859,769)
No. of equity Shares (Rs.10/- each)	45,00,040	82,40,400
Basic (Rs.)	(1.63)	(0.10)
Diluted (Rs.)		

17. 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.
Jenirik Products
Sumeru Ayurveda Pvt. Ltd
Arvind Varchaswi
Narasimhan. N
Ashok Kumar Agarwal | Associate Company
Partnership firm
Associate Company
Director, Sumeru Ayurveda Pvt. Ltd.
Director, Sumeru Ayurveda Pvt. Ltd
Brother of Sri Ramesh Chandra Agarwal |
| b) | Key Management Personnel
Ramesh Chandra Agarwal
Manmohan Agarwal | Managing Director
Executive Director |

c. TRANSACTIONS WITH ASSOCIATE COMPANIES:

Nature of Transaction	During Current Year	During Previous Year	Receivable (Payable) as on 31.03.2010	Receivable (Payable) as on 31.03.2009
Managerial Remuneration –Ramesh Agarwal	Rs.225,000/-	Nil	Nil	Nil
Managerial Remuneration – Manmohan Agarwal	Rs.225,000/-	Nil	Nil	(Rs.382,500/-) Sri Manmohan Agarwal
Sitting Fee / Incidental Charges	Rs.12,500/-	Rs.10,000/-	Nil	Nil
Advances not in the nature of Loan	Nil	Nil	Rs.97,094/- (Shri Ashok Kumar Agarwal)	Rs.97,094/- (Shri 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.43,42,900/- (Net off)	Nil	(Rs.141,97,227/-) (Ionic Healthcare Pvt. Ltd)
Unsecured Loan	Rs.94,35,000/- (Net Off)	Rs.141,61,000/-	(Rs.47,26,000/-) (Sumeru Ayurveda Pvt. Ltd	(Rs.141,61,000/-) (Sumeru Ayurveda Pvt. Ltd
Sales to Arvind Exports	Rs.10,37,632/-	Nil	(Rs.10,12,368/-)	Nil
Sales to Sumeru Ayurveda P Ltd	Rs.45,895/-	Nil	Rs.45,895	Nil

18. Figures for the previous year have re-grouped, re-classified and rearranged wherever necessary.
19. Since the Company is not aware of the SSI status of its creditors, the amounts due to them have not been identified.
20. Paise have been rounded off to the nearest rupee.

As per our Report of Even date

For and on behalf of the Board

PRAKASH CHOKDA
 CHARTERED ACCOUNTANT

RAMESH CHANDRA AGARWAL
 MANAGING DIRECTOR

 Place : Hyderabad
 Date : 31.05.2010

MAN MOHAN AGARWAL
 EXECUTIVE DIRECTOR

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2010

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
Cash flow from operating activities		
Net Profit/(Loss) before tax and extra-ordinary items	(73.45)	(8.60)
Adjustment for:		
Depreciation	16.49	9.11
Miscellaneous Expenses Written off	3.73	-
Loss on sale of Assets	-	0.02
Prior Period Adjustments	-	-
Operating Profit/(Loss) before working capita	(53.22)	0.53
Changes in Working Capital		
Inventories	(7.30)	-
Sundry Debtors	(5.49)	8.42
Other Current Assets	(1.02)	-
Current Liabilities	20.24	(98.47)
Cash from operations	(46.79)	(89.52)
Deferred Revenue Expenses Incurred	(18.64)	-
Net Cash Flow from operations	(65.43)	(89.52)
Cash flow from investing activities		
Purchase of fixed Assets	(20.77)	(0.57)
Capital Work-in-process	1.86	(15.36)
Sale of Fixed Assets	-	-
(Increase)/Decrease in Loans & Advances	(5.10)	(2.32)
Investment in Fixed Deposits	(89.90)	-
Net cash used for investing activities	(113.91)	(18.25)
Cash flow from financing activities		
Share Application Money	367.60	-
Loss on Capital Reduction	-	-
Share Premium	61.02	-
Interest paid	-	-
Penalty Paid	-	-
Unsecured Loans	(243.59)	105.46
Net cash from financing activities	185.03	105.46
Net increase in cash and cash equivalents	5.68	(2.31)
Cash and Cash equivalents, beginning of the year	5.06	7.37
Cash and Cash equivalents, end of the year	10.74	5.06
1 Cash & cash equivalents		
Cash on hand	1.94	5.06
balances with schedule banks in current account	8.80	-
Total	10.74	5.06

2 Prepared on the basis of the Accounted Financial Statements

3 The above cash flow statement has been prepared under the "Indirect method" set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

4 While preparation of cash flow statement, Deposits of Rs.89.90 Lakhs as on 31st March,2010 are not considered as cash equivalents as they are long term in nature.

As per our Report of even date

SD/-
 PRAKASH CHOKDA
 CHARTERED ACCOUNTANT

Place : Hyderabad
 Date : 31.05.2010

For and on behalf of the Board

SD/-
 RAMESH CHANDRA AGARWAL
 MANAGING DIRECTOR

SD/-
 MAN MOHAN AGARWAL
 EXECUTIVE DIRECTOR

Part IV
BALANCE SHEET ABSTRACT AND COMPANYS GENERAL BUSINESS PROFILE
1.Registration details

 Registration No. - State Code
 Balance Sheet Date
2. Capital Raised during the year (Amount in Rs.Thousands)

 Public Issue Rights Issue
 Bonus Issue Private Placement
3. Position of Mobilisation and Development of Funds (Amount in Rs.Thousands)

 Total Liabilities . Total Assets .
Sources of Funds

 Paid-up Capital . Reserves & Surplus
 Secured Loans Unsecured Loans .
Application of Funds

 Net Fixed Assets . Investments
 Net Current Assets . Misc.Expenditure .
 Accumulated Losses .
5. Performance of Company (Amount in Rs.Thousands)

 Turnover . Total Expenditure .
 Profit/(Loss) before tax . Profit/(Loss) after tax .
 Earnings per Share in Rs. Dividend Rate
6. Generic Names of Three Principal Products of Company

 Item Code No.
 Product Description ORGANIC ASHWAGANDHA TABLETS-WITH Ania somnifera
 Item Code No.
 Product Description ORGANIC TRIPHALA TABLETS - Emblica officinalis, Terminalia chebula, Terminalia bellesica
 Item Code No.
 Product Description ORGANIC SATAVARI TABLETS - Asparagus racemosa

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.....of.....in the District of.....as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting to be held on Monday 27th September, 2010 at the Hotel Fortune Manohar, Begumpet, Hyderabad - 500016 and any adjournment thereof.

As witness my hand / our hands this.....day of.....2010,

Affix
1 Rupee
Revenue
Stamp

Signed by the said

- 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.

-----Cut here-----

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

**15th 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 15th Annual General Meeting to be held on Monday 27th September, 2010 at the Hotel Fortune Manohar, Begumpet, Hyderabad - 500016.

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.