



## **POCHIRAJU INDUSTRIES LIMITED**

### **NOTICE TO MEMBERS**

Notice is hereby given that the Fifteenth ANNUAL GENERAL MEETING of POCHIRAJU INDUSTRIES LIMITED will be held at Company's registered office situated at 1/102, Satyamangalam Village, Hosur Taluk, Krishnagiri Dist, Tamil Nadu – 635 105, on September 28, 2010 at 11:00 A. M. to transact the following businesses:

#### **ORDINARY BUSINESS:**

1. Receive, consider and adopt the audited balance sheet as at 31<sup>st</sup> March, 2010 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. Appoint a director in place of Dr. K. S. R. Siva Sai who retires by rotation and being eligible, offers himself for reappointment.
3. Appoint a director in place of Dr. S. S. N. Murthy who retires by rotation and being eligible, offers herself for reappointment.
4. Re-appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

“RESOLVED that M/s. B. Rama Rao & Co. be and is hereby reappointed as Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at remuneration to be decided by the Audit Committee of the Board in consultation with the Auditors.

Regd. Office :

1/102, Sathyamangalam Village Bagalur –  
Berigai Road, Thummanapalli Post,  
Hosur Taluk, Krisnagiri Dist. T.N. – 635 105.

**By order of the Board  
Pochiraju Industries Limited**

Sd/-

**P Sudhakar  
Managing Director**

Place: Hyderabad  
Date: 24.08.2010

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on a poll instead of himself / herself and the Proxy need not be a member of the Company.
2. Proxies, in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 22<sup>nd</sup> September to 28<sup>th</sup> September, 2010 (Both days inclusive).
4. Members are requested to notify immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
5. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
6. Members are requested to kindly bring their copies of the Annual Report to the meeting. As a measure of economy, copies of Annual Report will not be distributed at the AGM.



## POCHIRAJU INDUSTRIES LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Yours Directors have pleasure in placing before you the Fifteenth Annual Report on the working and progress of the Company alongwith audited accounts of the company for the financial year ended 31st March, 2010 and the report of the auditors thereon.

### FINANCIAL RESULTS

Key aspects of the company's financial performance for the year 2009-10 are tabulated below:

(Rs. in lakhs)		
Particulars	2009-10	2008-09
Gross Revenue	4333.54	3579.74
Total Expenditure	3237.55	2770.13
Profit before Depreciation and taxation	1285.95	1151.91
Depreciation	138.90	128.33
<b>Profit/(Loss) before tax(PBT)</b>	1147.05	1023.58
Less: Provision for Current tax	21.95	49.55
<b>Profit/(Loss) after tax</b>	1125.10	974.03
Prior Period Items	-	-
<b>Profit / (Loss) after Prior Period Items</b>	1125.10	974.03
Profit Brought Forward from previous year	3335.04	2361.01
<b>Net Profit / (Loss) carried to Balance Sheet</b>	4460.14	3335.04

### OPERATIONS

The Company has recorded a turnover of Rs.4333.54 lacs in the current year. The Company earned a Net profit of Rs.1125.10 lacs after depreciation and taxes. The amount of Net profit available for appropriation after adjustments for prior period items is Rs. 1125.10 lacs and the same is carried to balance sheet. The operations during the year ended on 31<sup>st</sup> March, 2010 were encouraging. Inspite of global recession your company achieved decent results. The company has been continuously working on quality up gradation and cost reduction plans.

### PUBLIC DEPOSITS

Your Company has not accepted any deposits falling within the meaning of Sec-58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

### LISTING

The equity shares of your company are listed on The Bombay Stock Exchange Limited and National Stock Exchange Limited



## MANAGEMENT AND DISCUSSION ANALYSIS

The management discussion and analysis of the financial condition and results of operations of the company for the period under review as required under clause 49 of the listing agreement of the stock exchange, is given as a separate statement forming part of this Annual report.

## BUSINESS INNOVATION, EXPANSION AND DIVERSIFICATION

The scope of the project has been increased to include manufacture of Vaccines and monoclonal anti bodies and as a result the cost of the project was revised to Rs. 6089.00 lakhs including a term loan component of Rs. 3000.00 lakhs. The construction of the state of art Biotech plant at Shapoorji Pallonji Biotech Park at Shameerpet is under active progress. Major production equipment is under erection and commissioning of the plant for validations will commence in another 9 months time. Our company has got DSIR Approval and Recognition for R&D activities.

Under the F&V division currently the company is procuring and sourcing different kinds of F&V from Farmers and is supplying them to all the major retail chains, institutions in the southern part of India and will expand to other regions in the coming financial years. Our company is also exploring to expand its agriculture division in African countries more particularly Kenya, Ethiopia etc.

## BANKS AND FINANCIAL INSTITUTIONS

Presently our Bankers are Oriental Bank of Commerce and we have been dealing with them since 1998. We have very good business relationship with our bankers and the bank has been supporting us throughout our business growth plans. For our Biotech Division – BIOPIL and Pharma Divisions – PHARMAPIL our company is opting to go for multiple banking with leading Nationalised Banks.

## CHANGES IN THE BOARD OF DIRECTORS

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Directors, Dr. K. S. R. Siva Sai and Dr. S. S. N. Murthy retire by rotation and are eligible for reappointment.

Your Board recommends the re-appointment of the above Directors in the best interest of the company. There are, otherwise, no changes in the constitution of the Board of the company.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. We 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 or loss account of the company for that period;
- iii. We 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 the Company and for preventing and detecting fraud and other irregularities;
- iv. We have prepared the Annual accounts on a going concern basis.



## **POCHIRAJU INDUSTRIES LIMITED**

### **PERSONNEL**

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, as amended, the names and other particulars of employee(s) are set out in the annexure of this report.

### **AUDITORS**

M/s. B Rama Rao & Co., Chartered Accountants, Hyderabad, retires at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends for their reappointment

### **CORPORATE GOVERNANCE**

As a listed company, necessary measures have been taken to comply with the Listing Agreement of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report as an Annexure.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions and other business constituents for their consistent support to the Company. The Directors also wish to place on record their appreciation of the hard work, dedication and commitment of the employees. The enthusiasm and unstinting efforts of the employees has enabled the Company to achieve sustained growth in the operational performance during the year under review.

For and on behalf of the Board  
Pochiraju Industries Limited

Sd/-

P Sudhakar

Managing Director

Place: Satyamangalam

Date: 24.08.2010



## POCHIRAJU INDUSTRIES LIMITED

### Annexure – I

a) Information under section 217(1)(e) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors Report.

#### FORM A

##### A) Power and Fuel Consumption

	<u>Current Year</u>	<u>Previous Year</u>
1) Electricity		
a) Purchases Units	274670	229419
Total Amount (Rs)	1268976	1059216
Average Rate/Unit (Rs)	4.62	4.62
b) Own Generation		
Through Diesel Generators (Units)	146619	129520
Unit per liter of Diesel Oil (Nos)	8.26	8.26
Cost/Unit (Rs)	4.63	4.23

##### B) Consumption per unit of production

	Standards		
Electricity	0.25	0.28	0.28
C) Foreign Exchange Earnings and out go		(Rs in Lakhs)	(Rs in Lakhs)
i) Foreign Exchange earned (Rs.)		-	-
ii) Foreign Exchange used (Rs)			
1. Raw Materials		-	-
2. Machinery		-	-
iii) Foreign Travel (Rs)		7.56	25.13
Commission/Import duty/handling charges			

##### D) FORM - B

Form for disclosure of particulars with respect to absorption

1) Research and development	384.93	144.00
2) Technology absorption, adaptation and innovation		
3) Foreign Exchange earnings and outgo		
Earnings (Rs in lakhs)	-	-
Outgo (Rs in lakhs)	7.56	25.13



## POCHIRAJU INDUSTRIES LIMITED

### ANNEXURE TO THE DIRECTORS' REPORT

**b) Information as per section 217(2A) of the companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year March 31, 2010.**

Employed for part of the year with an average salary above Rs.2 Lakh per month.

Employee Name	Title/ Role	Qualifi- cation	Age	Experience (Years)	Joining Date	Gross Remune- ration (Rs.)	Previous Employment
Dr. M Kuppuswamy	Senior. Vice President Bio-Pharma. Production and R&D	MSc. Bio-Chemistry  PhD – Microbiology	53	30 years in the field of Vaccines & Biologics	29.01.2009	3,600,000	President, Bio-Logics in Vins Bio-Products, Hyderabad.



## POCHIRAJU INDUSTRIES LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Your company is engaged in three core businesses viz. Agriculture, Pharmaceuticals and Bio Pharma.

#### ***I. Segment / Product Wise developments and Performance:***

The agriculture operations of the company carried under Agri division under the name and style of AGROPIL consists of Floriculture operations, Trading and Marketing soft cut flowers, ornamental plants, foliage, Fruits and Vegetable segment wherein the company is procuring different fruits and vegetables and supplying to major retail chains. The company's 6 hectare floriculture unit is located at Satyamangalam Village in Tamil Nadu, cultivating, processing and exporting cut flower roses under controlled environment using sophisticated greenhouse technology. The company also diversifies into manufacturing and outsourcing of herbal extracts, formulations and dietary supplements for lifestyle disease management.

The Pharma division namely PHARMAPIL is operating in range of pharmaceutical Formulations on a National Level through aggressive, dynamic and committed field force by outsourcing its formulations from different manufacturers under loan license agreement. The company is also setting up a state of the art modern multi product bulk API manufacturing unit at Nadikudi, Guntur District, Andhra Pradesh.

Company is also as a major diversification is setting up a state of art Multi product USFDA Compliance Bio-tech Pharma unit namely BIOFIL at Shapoorji Pallonji Park in Shameerpet, Hyderabad with a Bio-Pharma facility of International standards to develop, manufacture and market its Bio-tech Bulk APIs and Bio-Similars. The company has made arrangements for outsourcing of its Biotech and Oncology formulations under BIOFIL (the Biotech division).

#### ***AGROPIL:***

Floriculture:

The Company is presently replanting 2 hectares of its greenhouses with new and latest varieties of roses.

The company is approaching Nationalised banks for working capital facilities to meet the increasing volumes of business.

The company has its flower trading operations throughout India and F&V operations in southern part of India and is also contemplating to expand its agriculture activities in Africa.

#### ***PHARMA DIVISION – PHARMAPIL:***

##### **Bulk API Facility:**

The company has acquired 8 acres of land in APIIC industrial estate Nadikudi, Guntur district, Andhra Pradesh where in its state of the art US FDA compliance Bulk API unit is coming up with a capital outlay of Rs. 4500.00 lakhs

- The company has obtained all the necessary approvals for the proposed unit.
- Land Development and civil construction is under progress
- Major equipment has been identified and orders are being placed.
- The company has approached Nationalised Banks for the required term loan and working capital.





## POCHIRAJU INDUSTRIES LIMITED

### **Products:**

The API division is focusing on the development of Anti-cancer, Anti-Allergic, Anti-ulcer and cholesterol lowering drugs. The process technology for the above API is already developed by the In-house R&D group. Identification of basic raw material suppliers for the API manufacturing is under progress.

The company is also developing in house process technologies for about ten latest molecules in the anticancer, anti-cholesterol, antibacterial segments and is planning to file DMF for the same in the next 2 to 4 years time.

### **Manpower:**

A project management team comprising of qualified and experienced professionals in the concerned fields such as civil, mechanical and electrical has been recruited to oversee the implementation of the project.

A team of research professionals were recruited for carrying on the proposed R&D activities.

### **Research and Development:**

The company has got approval and recognition from DSIR for its R & D activities.

### **Bio-Pharma Industry – BIOPIL:**

#### **Facility:**

The company has revised the cost of the project as a result of increased scope of manufacturing additional products such as vaccines and monoclonal anti bodies. The techno economic viability of the project was done by ITCOT, Chennai, Tamilnadu which has arrived a revised project cost of Rs. 6089.00 lakhs. Civil works are completed and erection of equipment is under progress,

#### **Products:**

The Biotech division is focusing on the development of polysaccharide-protein conjugated vaccines for Typhoid, Haemophilus Influenza-B and Pneumococcal diseases. Efforts are under way to outsource bench scale technologies for therapeutic proteins and Monoclonal antibodies Identification of Bulk API suppliers for biopharmaceutical manufacturing is under progress.

#### **Manpower:**

The company has recruited a senior Vice President to head the technical operations of the division. A full time Civil Engineer with more than 10 years of building biotech facilities is looking after the construction activities.

An engineering head with more than 10 years of experience in Bio-Pharma manufacturing is in charge of the various utility installations of the company.

#### **Research and Development:**

The company's state of art R&D facility is ready and is operational shortly. The company has got DSIR approval and recognition for its R&D activities.



## POCHIRAJU INDUSTRIES LIMITED

### RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES:

PIL's R&D centre is actively involved in process development work in the areas of Bio-similar, vaccines & Bulk API's. The centre is equipped with the latest scientific equipments to carry out basic research in the above fields.

At present, we have a R&D man power of 15 which is expected to increase to 45 within 3 years.

The various research programs conducted at the centre are listed below:

- a. Bio-technology:
  - Development of conjugated HiB Vaccine.
  - Development of conjugated Typhoid Vaccine.
  - Pneumococcal conjugate vaccine.
  - Life cycle improvement of Therapeutic Proteins.
- b. Bulk APIs:
  - Process for Ethambutol through n-substituted dehydro AA
  - Process development for Rosuvastatin.
  - Process development for Quetapine.
  - Process development for Atrovastatin
  - Process development for Olanzapine.

### I. Industry Overview

#### II.1. Agriculture

##### II.1.1 OVERVIEW

India is the second largest producer of Fruits and Vegetables in the world. The total market size of Fruits and Vegetables in India in 2006 -2007 was Rs. 2,05,920 crores and is estimated to grow up to Rs. 3,28,516 crores by 2015. The market size of fruits and vegetables in south is about Rs.60,000 crores. The business is highly concentrated in cities like Bangalore, Hyderabad, Chennai and Cochin for logistic reasons. Organised retail consumes 500 mt of fruits and vegetables daily in Bangalore alone valued at Rs. 5-6 crores a day. Organised retail in Chennai, Hyderabad and Cochin together buy around Rs. 15.00 crores of fruits and vegetables everyday.

There is an opportunity in supply chain of fruits and vegetables as Indian Fruits and Vegetables industry has many intermediaries between the producer and the retailers. The farm produce moves to a consolidator and then to commission agent and to the retailer. The produce adds 25% to the cost before it reaches to the retailer from farmer. The cost could go even higher if multiple handling leads to the product damages. Many Organised retailers like Bigbazar, Max Hyper markets, Metro, Total, Star bazaar, Smart and More have limited or no direct sourcing facilities from farmers for some or all of the products. Many of the Organised retailers are outsourcing their purchases to reliable vendors.

Un-organised retailers and pushcart vendors take the major share of fruits and vegetable retail market. Most of the wholesale markets for fruits and vegetables are situated at some corners of the city. Low volume purchases and high cost of logistics leave them with high cost of purchases.



Organised retail consumes 500 mt of fruits and vegetables daily in Bangalore alone valued at Rs. 5-6 crores a day. Organised retail in Chennai, Hyderabad and cochin together buy around Rs.20 crores of fruits and vegetables every day. Typically in organized retail, onion, potato and tomato contribute 30% of sale. Fruits contribute 40% of sales remaining 30% is from other vegetables and leafy vegetables. While other vegetables are locally sourced the challenge is in sourcing the fruits, onion and potato which are grown in other states or far away from regular sourcing locations. The other major challenges are in sourcing bulk quantities and attaining economies. Many of the organised retailers like Bigbazaar, Max Hyper markets, Metro, Total, Star bazaar, Smart and More have limited or no company owned sourcing facilities from farmers for some or all of the products. Many of them can source only those products from farmers which are available locally. All the organized retailers are dependent on vendors for sourcing onion, potato and many of the fruits which contribute 60% to 70% of their sales.

### **Challenges for unorganized retail sector**

Un-organised retailers and pushcart vendors take the major share of fruits and vegetable retail market. Entire unorganized sector is dependent on wholesale markets for their sourcing. Most of the wholesale markets for fruits and vegetables situated at one corner of the city. Low volume purchases and high cost of logistics leave them with high cost of purchases. Apart from this Indian Fruits and Vegetables industry has many intermediaries between the producer and the retailers. The farm produce moves to a consolidator and then to commission agent and to the retailer. The produce adds 25% to the cost from farmer before it reaches to the retailer. The cost generally goes up even higher as multiple handling of sensitive produce leads to the product damages and thereby cost addition.

### **Other Opportunities**

#### **Moving from source locations to wholesale markets.**

Seasonal cropping and strategic sourcing offers opportunities in moving the produce from sourcing locations to traders & wholesale markets of non producing areas with reasonable margins. Chennai and cochin markets receive the produce throughout the year from kolar, malur and hosur areas which are the producing areas. Hyderabad, vijayawada and coastal areas of Andhra Pradesh are dependent on vegetable supplies from Bangalore surrounding areas at least for 6 months from May to November. Vegetables like Tomato, cauliflower, cucumber, cabbage and carrot offer opportunities from source to the wholesales.

Fruits like Mango, Grapes, Banana, sweet orange, pomegranate, papaya, watermelon, muskmelon, pineapple, sapota, strawberries and lichies offer advantage in moving them from sources to the markets faraway from their sources.

### **Exports**

Value of the fruits and vegetable exports from India in 2006 – 07 was Rs. 3960 crores (US\$ 0.9 billion) which is growing at compounded annual growth rate (CAGR) of 13 percent whereas the imports for the stated period were to the tune of Rs.1760 crores(US\$0.4 billion).



## II.I.II Outlook

Population of 1.14 billion is growing at about 1.5 per cent per annum Economy is growing at 7-9 per cent per annum More than 90 per cent of the population has at least 10 pure vegetarian meals per week.

There can be no doubt that India is the largest collection of consumers of fruits and vegetables. One may also add that Indian fruits and vegetables market is the fastest growing market in the world.

Credit Suisse expects food demand to grow at 3-3.5% per annum in India where population is expected to grow at 1.5% per annum in the next ten years Consumption of other high value item such as fruits and vegetables, milk and dairy products and sweeteners like sugar are on the rise.

Factors like rising income levels of people, strong economic growth etc are swiftly changing the food consumption landscape of India.

Combine this with the fact that India is the second-largest producer of fruits and vegetables. Looking at this gigantic market can be truly mind-boggling. The variety of fruits and vegetables produced in India is enormous. India buys a vast variety and ships an even larger variety of fruits and vegetables.

The total market size of fruits and vegetables was Rs.205920 crores (US\$47 billion) in the year 2006 – 07 and is estimated to grow up to Rs.328516 crores (US\$ 75 billion) by 2015. Value of the fruits and vegetable exports from India in 2006 – 07 was Rs.3960 crores( US\$ 0.9 billion) which is growing at compounded annual growth rate(CAGR) of 13 percent whereas the imports for the stated period were to the tune of Rs.1760 crores(US\$0.4 billion).

Market size and composition of Fruits and Vegetables ( Value in Rs. 000 crores)

Years	2002-03	2006-07	2010-11	2014-15
Market size	146	206	260	329
Processed	8	14	58	115
Non Processed	138	192	202	213
Processed organized	3	5	24	47
Processed unorganized	5	9	34	68

The organized form of food retail accounts for less than one percent of food consumed in India. Organised food retailing has grown 25% per annum for the last two years and the momentum is likely to increase with the entry of large corporates and possible relaxation of FDI norms. The proliferation of organised retailing in India is also promoting imported, branded and processed foods. Indian organised retail accounts for around 4 percent of the overall retail. However in the coming years organised retail is projected to grow at a CAGR of around 30 percent and is estimated to account for 13 percent to the total Indian retail by 2012.



## POCHIRAJU INDUSTRIES LIMITED

### **Demand**

A major shift in consumption patterns of fresh and processed fruits and vegetables is expected in the coming decade. Demographic profiles of the consumers have been changing and their level of disposable income and standard of living is on rise. According to NCAER (National Council of Applied Economic Research) surveys, about one third of the rural household could move to the middle income group and above by 2010, meaning more demand for fruits and vegetables. As against the recommended dose of per capita consumption of 120 gm of fruits/day and 280 gm of vegetables/day, the present consumption of fruits is 97 gm and vegetables 195 gm. The current market size for fruits and vegetables in India is about 122 mn tons. The emerging food retail sector, where F&V retail would account for 0.5-1% (0.5 to 1 mn ton), has brought in a lot of opportunities in the domestic sector. Market liberalization and increasing consumer demand has also offered attractive opportunities for agricultural exporters from India in selected products.

The increasing demand projected for both cut flowers and potted plants in Western countries will result in the production outside the traditional area, due to the pressure of escalating cost and environmental regulation. Asian countries would gain from the situation and expand further by increasing the production of existing products as well as expanding the product range. However, post-harvest management and meeting of the import standards would pose a challenge as the regulations of consuming countries would more stringent to safeguard the interests of local growers.

### **II.III Opportunities and Threats:**

Increasing exposure of Indian exporters to the global markets and frequent increasing interactions with global importers has increased the awareness levels and capability of Indian producers to produce quality food produce. Increasing willingness of Indian farmers and exporters to embrace global standards like CODEX and Global GAP, adoption of new technologies like irradiation, government focus through

National Horticulture Mission is further strengthening India's case as food exporter. India has witnessed an increase in exports of fresh produce like grapes and mangoes and vegetables like gherkins, broccoli and color capsicum. It can be rightly said that the potential for producing and having the capacity to be able to obtain produce, process and export according to approved protocol and quality standards have changed the face of Indian food exports. India is the fruit and vegetable basket of the world. India being a home of wide variety of fruits and vegetables holds a unique position in production figures among other countries. Over 90% of India's exports in fresh products goes to west Asia and East European markets India's exports of Fresh Fruit and Vegetable has increased Which is including the products like Fresh Onion, Walnut, Fresh Mangos, Fresh Grapes and other fresh Fruits & Vegetables.

Abundant investment opportunities are there in expanding the export market. An increasing acceptance of new products with market development efforts has been witnessed lately given the fact that there is a good international demand for certain fruits and vegetable products



India's fresh produce market is undergoing a transformation. Indian market for Fresh Fruit and Vegetables (F&V) is estimated at USD 35 bn (INR 1.45 trillion). Organised retailing of Fresh F&V would be USD 73 mn (INR 3 bn) growing at the rate of 30-40%. This segment is attracting 70% of the investment in retailing. Several domestic conglomerates like Reliance, Bharti, Birla and have made huge investments into setting up chain of stores in fresh fruits and vegetables

#### **Cases of backward linkages being strengthened**

With the modernisation of the Indian food retail and the entry of large organised players (national and international), huge investments are being made in developing the back-end. It is estimated that back-end creation investment (current and planned) by all retailers together would amount to USD 500 million (INR 20.5 trillion).

These retailers are increasingly working with farmers directly and offering them an assured market, at profitable rates. Some are going further by helping farmers to adopt better farming practices, and providing financial assistance to help in improving production, productivity and quality.

#### **II.IV Risk and Concerns**

The diverse agro climatic production regions and ensuing seasonality, together with limited storage facilities leads to high variation in prices and value loss in the Indian fruit and vegetable sector. A multi-modal logistics network between the various production centres and consumption centres that reduces transportation time and temperature abuse is totally absent in India.

Refrigerated container market in India has been dominated by a handful of medium size companies and is at very nascent stage. It is estimated that only about 2mn tonnes fresh fruits and vegetables goes through the reefer mode. This leads to huge quality and value loss. The growth in the development of refrigerated transportation in the country has not happened as the private players refrain themselves from investing due to High transportation cost as compared to normal trucks. A Refrigerated truck costs double that of a normal truck for 10 tonne capacity truck depending on level of technology (USD 0.03-0.05 mn Vs USD 0.01-0.02 mn per truck). Costs of operating the refrigeration system – has to be diesel based in absence of charging points and lower speeds and numerous increase non-productive moves due to absence of return perishable cargo. Due to high operating cost (nearly two and half times that of dry product transportation) transporters are unable to tap the F&V market that is price sensitive

Unawareness among the farmers / consumers regarding the benefit of transporting perishable through reefer containers. Reefer trucks are not in use throughout year due to seasonal nature of perishable produce / products.

### **II.II Pharma**

#### **II.II.I OVERVIEW**

The Indian pharmaceutical industry is driving product development and breaking new grounds in medicine research worldwide. The Indian domestic pharmaceutical market was estimated to be US\$ 10.76 billion in 2008 and is expected to grow at a high compound annual growth rate (CAGR) of 9.9 per cent till 2010 and thereafter at a CAGR of 9.5 per cent till 2015. Currently, the Indian pharmaceutical



industry is one of the world's largest and most developed, ranking 4<sup>th</sup> in volume terms and 13<sup>th</sup> in value terms. The country accounted for 8 per cent of global production and 2 per cent of world markets in pharmaceuticals in 2008. The Indian pharmaceutical off shore industry is slated to become a US\$ 2.5 billion opportunity by 2012, thanks to lower R&D costs and a high-talent pool in India.

#### **II.II.II. Outlook**

India exported drugs worth US\$ 4.15 billion in 2007-08. Between April to December 2008, India exported pharmaceutical products worth US\$ 3.77 billion.

A report by industry research firm, RNCOS forecasts that pharmaceutical exports will grow at a CAGR of 18.5 per cent between 2007-08 and 2011-12. This growth will be fuelled by multi-billion dollar patent expirations and growth in the global generics market.

India's pharmaceuticals market is expected to grow by about 12-13 per cent in 2009, says a study by consulting firm IMS.

#### **II.II.III Opportunities and Threats:**

The domestic pharma retail market posted a healthy growth of 10 per cent in May over the previous month. On a moving annual total basis (April 2008 to May 2009), the organised pharma retail market grew by 10.4 per cent to US\$ 7.40 billion, which was slightly higher than the previous month's value of US\$ 7.32 billion, according to consulting company, ORG-IMS. A recent study by Yes Bank estimates that the domestic formulations market to touch US\$ 21.5 billion by 2015. The Indian vaccine market was worth US\$ 665 million in 2007-08 and is growing at over 20 per cent. Exports contribute over US\$ 360 million, while the domestic market for vaccines is US\$ 300 million.

#### **Rural Market**

According to estimates, rural areas account for 21 per cent of the country's pharmaceuticals market. In 2006-07, the rural Indian pharmaceuticals market was estimated at around US\$ 1.4 billion, having grown at about 40 per cent in 2006-07 against 21 per cent in the previous year. Elder Pharmaceuticals has earmarked US\$ 8.21 million investment for a rural thrust and set up a dedicated division called 'Elvista' to spread its network to villages, towns, sub-urban/periphery markets and hinterland districts.

#### **Pharmaceutical Retail**

India has 5.5 million chemists and druggists, and the organised retail market accounts for just 2 per cent of the industry but is posting a year-on-year growth of 30-40 per cent. The country's pharmaceutical retail market is expected to cross the US\$ 10 billion mark in 2010 and be worth an estimated US\$ 12 billion- US\$ 13 billion by 2012.

#### **Generics**

According to a report by IMS Health, the Indian generic manufacturers will grow to more than US\$ 70 billion as drugs worth approximately US\$ 20 billion in annual sales faced patent expiry in 2008. With nearly US\$ 80 billion worth of patent-protected drugs to go off patent by 2012, Indian generic manufacturers are positioning themselves to offer generic versions of these drugs.

#### **Diagnostics Outsourcing/Clinical Trials**

The Indian diagnostics and pathology laboratory business is presently around US\$ 864 million and is growing at a rate of 20 per cent annually.



## POCHIRAJU INDUSTRIES LIMITED

Moreover, the US\$ 200-million Indian clinical research outsourcing market will reach up to US\$ 600 million by 2010, according to a joint study by KPMG and the Confederation of Indian Industry (CII) in September 2008.

### Research & Development

The search for innovative drug molecules and better technologies by pharmaceutical MNCs is expected to offer a windfall for the smaller research-oriented Indian firms. MNCs, whose drug pipelines are drying up and more blockbuster drugs going off-patent, are looking for alliances for drug co-development, buying or licensing out innovative molecules which can further be developed into finished drugs. Smaller Indian firms such as Indus Biotech and Rubicon Research are set to sign multiple deals with MNCs for molecules as well as technology out-licensing. Moreover, in a bid to boost R&D in the pharmaceutical sector, the government will provide US\$ 422.96 million for establishing six National Institutes of Pharmaceutical Education and Research over the next five years.

### Government Initiative

The Government has taken various policy initiatives for the pharmaceutical sector

- Government has offered tax-breaks to the pharmaceutical sector. Units are eligible for weighted tax deduction at 150 per cent for the R&D expenditure incurred.
- Steps have been taken to streamline procedures covering development of new drug molecules, clinical research etc.
- Government has launched two new schemes—New Millennium Indian Technology Leadership Initiative and the Drugs and Pharmaceuticals Research Programme—especially targeted at drugs and pharmaceutical research.

In a bid to promote new drug research in the country, the government is mulling creating special purpose vehicles (SPV) with insurance cover which will be used to fund new drug research. The Department of Pharmaceuticals is also toying with the idea of creating drug research facilities and centres that can be used by private companies for such research work on a pay-and-use basis.

### Investment

- According to Ministry of Commerce, domestic investment in the pharmaceutical sector is estimated at US\$ 6.31 billion.
- The drugs and pharmaceuticals sector has attracted FDI worth US\$ 1.43 billion from April 2000 to December 2008.

### Road Ahead

The Indian pharmaceutical industry will see tremendous growth in the coming years as consumer spending on healthcare is increasing in India. Consumer spending on healthcare is expected to increase from 7 per cent of GDP in 2007 to 13 per cent of GDP by 2015.

## II.III. Biotech and Life Sciences

### II.III.I OVERVIEW

**BioTechnology Industry In India is one of the sunrise sectors in India. The biotech industry can be classified into five different segments.**





Biopharma, Agri-biotech, Bioinformatics, Bio industrial and Bio services with each concentrating on a particular area.

- Bio pharma deals with the production of vaccines, therapeutics and diagnostics, while the end products of the biotech industry find two different kinds of buyers, the first type include private hospitals, governments; patients and the second type include industries like pharmaceutical.
- Agri-biotech deals with hybrid seeds and transgenic crops, bio-pesticides and bio-fertilizers.
- Bio informatics deals with creation and maintenance of extensive electronic databases on various biological systems.
- Bio-services market deals with clinical trial, contract research and manufacturing activities.
- Bio Industrial industry deals with enzyme manufacturing and marketing companies and these enzymes are used in detergent, textile, food, leather, paper and pharmaceutical industry.

At present there are more than 350 biotech companies in India providing employment for over 20,000 scientists. Most of the companies are located in the six major cities of Delhi, Mumbai, Pune, Chennai, Bangalore, Hyderabad and Ahmadabad. The leading companies in India are Biocon, Serum Institute of India(in the biopharma space), MahycoMonsanto, Rasi seeds(in the agri-bio tech field), Strand Genomics, GVK Biosciences (in the bioinformatics arena), Syngene and Quintiles in the (in bio services).

#### **Importance of Biotechnology:**

- In today's era, when people are exposed to so many physical disorders, biotechnology plays a vital role in developing medicines, vaccines, energy production, and conservation. To keep pace with the competitive world, India has launched a comprehensive programme in biotechnology to make use of the resources available. In India the Department of Biotechnology (DBT) was established in the year 1986 under the ministry of Science and Technology.
- It is imperative that India has to keep up with the increasing demand for food from the ever expanding population. Agricultural land is also shrinking. Genetic engineering of plants to increase their yield is the way to go in future.
- Biotechnology can be used in a wide range of economic activity ranging from environment, animal husbandry, medicinal and aromatic plants, bio fuels, aquaculture and products like silk and leather.



### Future of the Bio Technology Sector

- According to reports bio technology industry in India has become the fourth largest adopter of biotech crop in the world, replacing Canada. The Indian biotechnology industry is slated to become a US\$ 5 billion industry by 2010.
- India is gaining recognition in the field of clinical trial. A large number of companies are providing research and development expertise to global pharmaceutical companies.
- The availability of a vast pool of English speaking science graduates, good regulatory processes and the cost advantage have positioned India as a favourable investment destination by the way of globalization, mergers and acquisition and alliances.
- Indian companies are also expanding overseas. The acquisition of 70 per cent stake of the German pharma company AxiCorp by Biocon is a case in testimony.
- In terms of technology, the nanotechnology is the next big opportunities.
- Stem Cell Therapy research also has huge potential.

### Medical Biotech segment

The Indian pharmaceutical market is growing exponentially. Its value in 1997 was a US \$ 3.00 bn, and is expected to rise to US \$25 bn by the end of year 2010. According to the Mckinsey study Indian Pharma industry is poised to grow to an innovation-led US \$ 25 bn industry by 2010 with a market capitalization of almost US \$ 150 bn from the current US \$ 5 bn generic based drug industry. Vaccine market in 2001 was US \$ 100 mn growing at 20%. Diagnostic market was US \$ 200 mn in 2001. Biotherapeutics and diagnostics of which recombinant Hep B dominate medical biotech segment vaccine is the major product. Others include GCSF, EPO & Interferon Alpha 2b.

The Indian government has granted marketing licenses for about 25 recombinant protein therapeutics. Some of the recombinant products already approved by the Genetic Engineering Approval Committee (GEAC) are:

- Insulin
- Interferon alpha
- Interferon gamma
- Interleukin-2
- Gm-CSF
- G-CSF
- Hepatitis B vaccine
- Erythropoietin
- Strptokinase
- EGF
- Chymotrypsin

Traditionally India has been a very strong player in conventional generics due to established track record of process engineering skills and capability to set up comparable manufacturing units at a fraction of the capital cost utilised overseas. Companies such as Shantha biotech, which started with just one product, are now effectively using this experience to launch other products like plasminogen



activators, interferons, sophisticated vaccines etc. Following the suit of globalization many multinationals like Monsanto, Pfizer, Unilever, Dupont, Bayer, have set up their businesses in India. Eli Lilly-Ranbaxy 50:50 joint venture in India has been marketing a range of biotech products such as Humalog and Hum insulin for diabetes. Hoechst Roussel Vet has developed a cow abortion IBH vaccine in India. Chiron-Boehringer is setting up a vaccine venture in India.

### **Agri Biotech Segment**

India being the second largest food producer after china offers a huge market for biotechnology products, especially agri-biotech products. This, combined with excellent scientific infrastructure in agriculture, rich bio-diversity and skilled and low cost human-power, make India a force to reckon with. Transgenics of rice, brassica, moonbean, pigeonpea, cotton, tomato and some vegetables like cabbage, cauliflower etc. will complete field assessment and some of them would be ready for large scale production. More protein rich wheat with a higher lysine content will be introduced in the farmer's field. Nutraceuticals market stands out to INR 25000-30,000 mn (US \$ 532-638 mn) presently. (Ernst and young report). Genetically engineered seed market was worth an estimated \$250 million from a total seed market worth US \$ 500 million in 2001. Marine resource development and aqua culture also hold a great potential with India having more than 8000 kilo meters of coastline including Andaman and Nicobar and Lakshadweep. There is presence of global companies in this sector too. US-based Hicks Muse's proposal to take up 75% percent equity in India Seed Holding through its Mauritius subsidiary was cleared by the government. The company will bring forth foreign investment worth 35 million for production and marketing of hybrid and improved variety of seeds. The Indian partner in this venture is Mahindra Hybrid Seeds, Besides this Bayer functions in India through acquiring New Delhi based ProAgro group companies.

### **Industrial Biotech Segment**

This segment is expected to show significant growth commensurate with the growth of the Biotech sector. Products include enzymes, bio-instrumentation and bioprocess equipment

### **Services segment**

An increasing number of large pharmaceutical companies are finding it difficult to conduct the entire drug discovery process-in-house. India on the other hand provides a cheaper infrastructure. For example a biotech based therapeutic product costs \$250 million and 10-15 years to reach the market. In India, it is estimated to cost \$250 million. This has given rise to contract research organizations specialising in drug discovery services. Contract Research services are largely focused on molecular biology, bioinformatics, genomics & stem cell research. Clinical research and trials are expected to grow exponentially over the next 5 years. Scores of large IT companies have already established bioinformatics units and Bangalore is bristling with bioinformatics start ups. There are tremendous opportunities in India for data-mining, gene annotation, and the development of software interfaces. These require enormous computing power for which India has established its supremacy.

### **Market Size and the Key Opportunity Segments**

The Indian biotechnology sector is one of the fastest growing knowledge-based sectors in India and is expected to play a key role in shaping India's rapidly developing economy. With numerous comparative



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advantages in terms of research and development (R&D) facilities, knowledge, skills, and cost effectiveness, the biotechnology industry in India has immense potential to emerge as a global key player.

The Indian biotech industry grew threefold in just five years to report revenues of US\$ 3 billion in 2009-10, a rise of 17 per cent over the previous year, according to the eighth annual survey conducted by the Association of Biotechnology-Led Enterprises (ABLE) and a monthly journal, Bio Spectrum, based on inputs from over 150 biotech companies.

The biopharma sector contributed nearly three-fifth to the industry's revenues at US\$ 1.9 billion, a rise of 12 per cent, followed by bio-services at US\$ 573 million and bio-agri at US\$ 420.4 million. The remaining revenue came from the bio-industrials US\$ 122.5 million and bioinformatics US\$ 50.2 million segments.

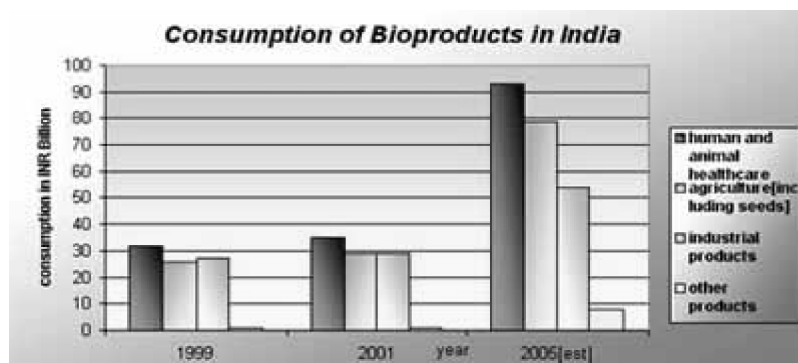
Biopharma and bioservices sectors contributed 63 per cent and 33 per cent, respectively, to the total biotech exports. The bioagriculture, bioindustrials and bioinformatics sectors remained focussed on domestic operations, bringing in nearly 90 per cent of their revenues from India.

While the industry, spanning bio-pharma and agri-biotech, accounted for US\$ 3 billion, the equipment and ancillary segment contributed around US\$ 1 billion.

India is also gaining importance as a clinical trial destination. According to a joint study by an industry body and Ernst and Young (E&Y) released in August 2009, the industry-sponsored Phase II, Phase III clinical trial sites in India have grown by 116 per cent during June 2008 and August 2009, with the country moving from rank 18 to 12 across the 60 most active countries.

India participates in 7 per cent of the global Phase III trials and 3.2 per cent in the Phase II trials with industry-sponsored trials having grown by 39 per cent CAGR during 2004-08.

Over the last decade the biotech industry in India has grown at a rapid pace to achieve a sizeable scale with respect to turnover.



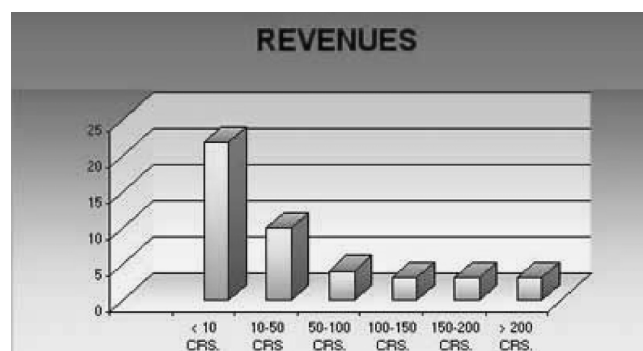


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There are about 170 biotech-based companies in India. Out of these, 60 are in the modern biotech sector. Companies in the modern biotech sector were selected and a questionnaire circulated to them to get data about investment in biotechnology, scientific and other manpower, funding and other details. The following picture has emerged from the analysis of the data submitted by 52 companies.

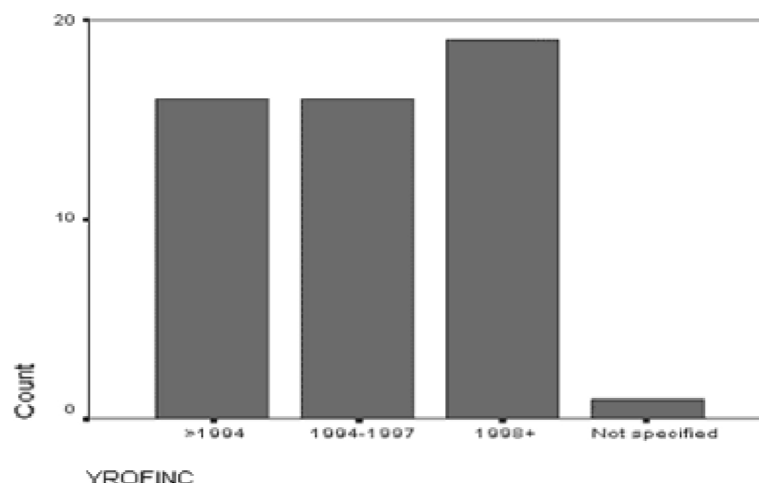
### Bio-financial Landscape is improving

The total Project investment by the companies we analyzed was over 100 m dollars in the last decade. The companies have received over 1.5 mn of VC Funding from 1999-2001. The total Revenues have been over 1500 mn.



### Biotechnology is a dynamic sector

Biotech is a dynamic and rapidly growing sector of the Indian economy. Out of 52 companies 32 alone were incorporated after 1998. Interestingly, most of the new companies are going into the service sector, including contract research and bioinformatics. As many as 11 companies out of the 19 new companies incorporated after 1998 were in the service sector.

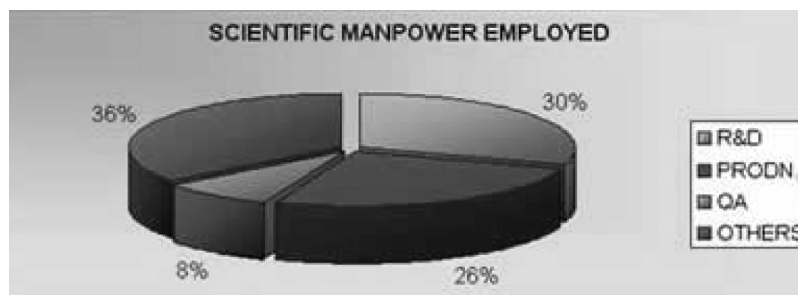




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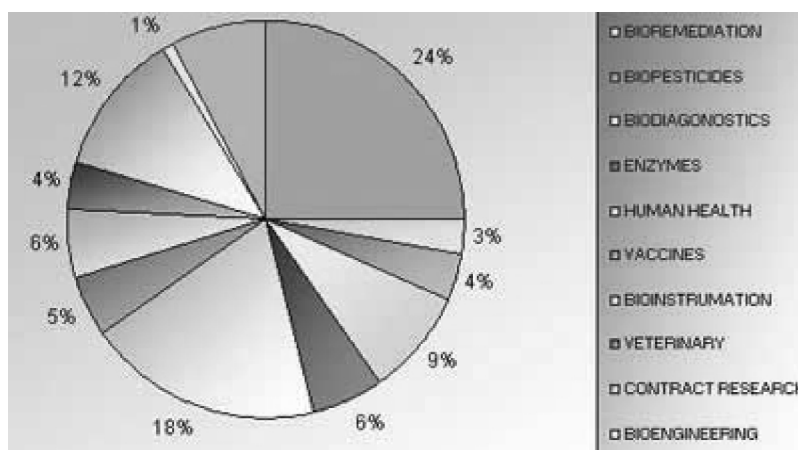
### Bio-human resources

Due the increase in the number of biotechnology companies the demand for scientific manpower has increased tremendously. The analysis depicted that 52 companies employ around 5000 people, out of which the majority is employed in R&D and Production.



### Agri-biotech is a large sector

A sectoral break-up of the biotech market in India is presented in the figure below. The largest percentage of the biotech companies in India operate in the agricultural domain. As many as 24% of the companies surveyed were in the agri-biotech area. More than 16% are in the human health area, including biondiagnostics and vaccines. The agri-biotech industry experienced a boost in the years 94-97 when as many as 12 out of 52 companies were incorporated, thereafter 8 companies have been incorporated.

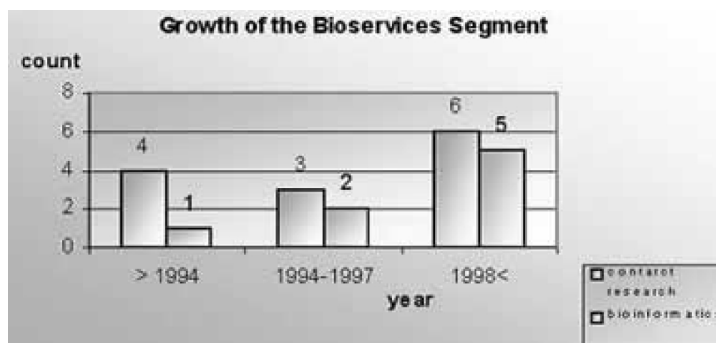


It will be seen from the above that the health care products will dominate the scene and may account for about 40% of the market by 2010. Contribution of biotechnology in agriculture may also rise to nearly 33.7% from its share of 29.8% in 1999. Contract research and bioinformatics are upcoming areas too accounting for 26% of the companies in the biotech sector. Out of the companies we surveyed 11 out of 52 companies were established in this segment after 1998. This shows that the trend of the Indian companies is towards that in the bio-services sector. The global bioinformatics industry



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clocked an estimated turnover of \$ 2 billion last year and this figure is expected to grow to \$60 billion by 2011. Bioinformatics probably represents the biggest opportunity for the IT industry since Y2K and If industry and government work together, experts feel it is possible to for Indian industry to achieve a 5% global market share.



### **I II.III.III Opportunities and Threats:**

Research institutes form the backbone of the biotech industry. India realising this has already taken a big leap forward by establishing a number of institutes which carry on a most advanced research programme. Major research in India so far is carried out at government funded research institutes like - Indian Council of Agricultural Research., Indian Council of Medical Research, Council of scientific & Industrial Research, Department of Biotechnology [under the Ministry of Science & Technology. With the research carried on in the above institutions there have been major achievements in basic biosciences in the last decade or so in India, where we have expertise in practically all areas of modern biology. Breakthroughs include studies on the three dimensional structure of a novel amino acid, a long protein of mosquito (university of Poona), and a demonstration of the potential of reconstituted Sendai viral envelopes containing only the F protein of the virus , as an efficient and site-specific vehicle for the delivery of reporter genes into hepatocytes.

In the agricultural and allied areas we have achieved the cloning and sequencing of at least six genes, developed regeneration protocols for citrus, coffee, mangrove species, and new types of bio-fertilizers and bio-pesticides formulations, including mycorrhizal fertilizers. An impetus has been given to the plant tissue culture industry after the successful tissue culture pilot plants at TERI in NEW DELHI and the other at NCL in PUNE have started functioning as micro-propagation technology parks.

Department of Biotechnology has already invested Rs. 1000 crore in this field and launched a five-year , \$ 20 million Indian Genome Initiative to study and map the genetic variations in the people of India.

- Institutions being set up for Genome research are -**Plant Genomics Center, New Delhi, Center for Human Genetics, Bangalore.** Ministry of health with assistance from Japan and US has established institute for research, manufacturing and clinical trials - National Institute of Biologicals, at New Delhi.
- **Centre for Cellular and Molecular Biology (CCMB)** Established in 1977 solely for the advancement of biotechnology, it has spawned a number of industry collaborations and technology spin-offs .It worked with private institutions to produce India's first recombinant DNA vaccine for Hepatitis B.
- **National Facility for Macromolecular Crystallography, BARC, Mumbai:** The facility was created jointly by the Department of Atomic Energy and Department of Biotechnology. Some of the specific uses were: Synthesis of primers required for cloning and site directed



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mutagenesis of human carbonic anhydrase using a gene assembler. The FPLC system is routinely used for purification of mutants of recombinant carbonic anhydrase, HIV-I protease and Saponin.

- **National Facility for High Field NMR, TIFR, Mumbai:** A number of contemporary research in the area of biological NMR are pursued by the use of multidimensional NMR techniques. These include : Structure and Dynamics of proteins, Nucleic acids, Nucleic acid - protein interaction, Conformation of bioactive peptides membrane architecture etc.
- **Central Drug Research Institute, Lucknow:** This facility is maintaining several different strains of some species of rodents. The breeding unit of this facility at present is maintaining a large number of animals, and every year supplies more than 50,000 animals within and outside the institute for use in various projects.

**NATIONAL INSTITUTE OF IMMUNOLOGY, NEW DELHI** THE INSTITUTE HAS SO FAR DEVELOPED, VALIDATED AND TECHNOLOGY TRANSFERRED TO THE INDUSTRY, THE FOLLOWING DIAGNOSTIC KITS: TWO KITS FOR PREGNANCY, ONE EACH FOR TYPHOID, HEPATITIS B, AMOEBIC LIVER ABSCESS AND INTESTINAL AMOEBIASIS. THE INSTITUTE HAS DEVELOPED AN ELISA TEST TO DETECT THE PRESENCE OF HIV- 1 AND HIV-2 ANTIBODIES IN SERUM WITH HIGH SPECIFICITY TO THE

<b>Strengths</b> <ul style="list-style-type: none"> <li>• Trained manpower and knowledge base</li> <li>• Good network of research laboratories</li> <li>• Rich Biodiversity</li> <li>• Well developed base industries (e.g.: pharmaceuticals, seeds)</li> <li>• Access to intellectual resources of NRIs in this area.</li> <li>• Extensive clinical trials and research ~ access to vast &amp; diverse disease populations</li> <li>• Bio-diversity ~ India's human gene pools offer an exciting opportunity for genomic</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Missing link between research and commercialisation.</li> <li>• Lack of venture capital</li> <li>• Relatively low R&amp;D expenditure by industry</li> <li>• Image of Indian industry -doubts about ability of Indian products to meet international standards of quality</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Large market</li> <li>• Export potential</li> <li>• Base for contract research for international companies due to rising costs of R&amp;D abroad.</li> <li>• Large number of patients covering wider range of diseases</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Danger of anti-biotech propaganda gaining ground</li> <li>• IPR policies</li> </ul>

### **I II.III.IV Risk and Concerns**

- Most biotechnology companies are young companies developing their first products and depend on investor capital for survival. According to Bio-World, biotechnology attracted more than \$24.8 billion in financing in 2007 and raised more than \$100 billion in the five-year span of 2003-2007.
- The biosciences

#### **1. Internal Control Systems and their Adequacy**

The company has an adequate internal control system commensurate with the size and complexity of the organization. The company has undertaken a comprehensive review of all internal control systems to take care of the needs of the expanding size of the company. The Audit Committee periodically reviews the adequacy of the internal audit functions.

We have been continuously upgrading our production technologies for improving efficiency.





## POCHIRAJU INDUSTRIES LIMITED

### *Discussions of financial performance with respect to operational performance.*

#### **1. Shareholders Fund:**

The company has an authorized capital of Rs.25 Crores comprising of 250 lakhs equity shares of Rs. 10/- each. The company has a paid-up capital of Rs.17.90 Crores and there are no changes in the capital structure of the company during the financial year.

Company's reserves and surplus consist of share premium amounting to Rs. 25.06 Crores and Profit and Loss account balance of Rs.44.60 Crores by including current year profit of Rs.11.25Crores.

#### **2. Secured Loan:**

The company has an outstanding term loan liability of Rs. 189.37 Lakhs with Oriental Bank of Commerce.

#### **3. Fixed Assets:**

The fixed assets of the company includes capital expenditure of Rs. 3732.37 lakhs, which will be capitalized after the completion of the Bio-Pharma unit.

#### **4. Revenue:**

The company has generated net revenues of Rs. 4333.54 lakhs with a PAT of Rs. 11.25.03 lakhs. Other income consists of interest earned on the fixed deposits with the bank.

#### **I. Material development in Human Resources / Industrial Relations front including number of people employed:**

There are no material developments in the Human Resources area. The industrial relations have been cordial. The company constantly reviews the man power requirements and has a properly equipped Department to take care of the requirements. The total number of people employed by the company on an average is 90 approximately.

#### **Cautionary Statement:**

Statement in the Management Discussion and Analysis describing the company's objectives, projections estimates and expectation may be forward looking statements within the meaning applicable securities laws and regulations. Further the discussion on risks, concerns, opportunities etc are valid only at the time of making statements. A variety of factors known/unknown expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions.

## REPORT OF CORPORATE GOVERNANCE.

### **Company's Philosophy on Code of Governance**

Pochiraju Industries Limited is committed to good corporate governance and always strive to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. The Board of Directors of the company believes in good governance and fully supports the principles of Corporate



## POCHIRAJU INDUSTRIES LIMITED

Governance. While striving to achieve the financial targets, the company seeks to follow the business principles and ethics and in all its dealings. The company has been regularly implementing the best practices of corporate governance in order to attain total transparency, accountability and integrity.

The company has designed its system to enhance overall performance and maximise shareholder value in the long run. The company's core philosophy on the code of corporate governance is to ensure:

- Fair and transparent business practices.
- Accountability for performance.
- Compliance of applicable statute
- Transparent and timely disclosure of financial and management information.
- Effective management control and monitoring of executive performance by the Board.
- Adequate representation of professionally qualified non executive and independent Directors on Board.

We have pleasure in reporting that requirement of Stock Exchange Regulations and the provisions of the Listing Agreement, the compliance report on the corporate governance have been complied with in all features and the same is reproduced here under:

### 1. **Board of Directors:**

In terms of the Articles of Association of the company, the strength of the board shall not be less than three Directors and not more than twelve Directors.

### **Composition of Board:**

As on 31<sup>st</sup> March, 2010 the Board comprised seven Directors including chairman and Managing Director and four Independent Directors. The Directors bring to the board wide range of experience and skills.



## POCHIRAJU INDUSTRIES LIMITED

Key information Pertaining to directors as on 31<sup>st</sup> March, 2010.

	P Sudhakar	B V Ramana Reddy	Dr. A Ramaiah	Dr. K Siva Sai	Dr. S S N Murthy	P Sailaja	P B T Sundari
Category	Managing Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Promoter Non-Executive Director	Promoter Non-Executive Director
Date of appointment	04/05/1995	20/03/2006	20/03/2006	21/09/2007	21/09/2007	30/04/07	30/09/02
Directorship in other companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chairmanship / membership in committees of Board of other companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
No. of Board Meetings	5	5	5	5	5	5	5
Attendance at the last AGM held on September 22, 2008	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of shares held	2,841,201	Nil	Nil	Nil	Nil	1,680,619	224,499

### Board Meetings

During the Financial Year 2008-2009, the Board of Directors met 5 times on the following dates: 27-04-2009, 28-07-2009, 26-08-2009, 29-10-2009 and 29-01-2010.

### 2. Audit Committee

The Audit Committee was formed by the Board of Directors. The terms of reference of this committee cover the matters specified in the clause 49 of the Listing Agreement and as may be referred to the committee by the Board of Directors of the company.



## POCHIRAJU INDUSTRIES LIMITED

Audit committee reports to the Board of Director. Our Audit Committee met five times during the financial year on 27-04-2009, 28-07-2009, 26-08-2009, 29-10-2009 and 29-01-2010. Statutory Auditors are invitees to the meeting.

The composition of Audit Committee and their attendance are tabled below:

Name	Position	Category	Number of meetings attended
Mr. B V Ramana Reddy	Chairman	Independent, non-executive	5
Mr. P Sudhakar	Member	Promoter, executive	5
Mr. Dr. K Siva Sai	Member	Independent, non-executive	5
Mr. Dr. A Ramaiah	Member	Independent, non-executive	5

### 3. Compensation Committee

The primary responsibilities of the compensation committee are to determine and recommend terms of appointment, salaries / remuneration to Senior Management and executive directors for approval of the Board as well as shareholders.

Remuneration policy is to review periodically the remuneration of Managing / Whole time Director and recommend suitable revision to the Board. The committee has met once on 29 January, 2010.

The composition of the compensation committee and their attendance are tabled below

Name	Position	Category	Number of meetings attended
Mr. B V Ramana Reddy	Chairman	Independent, non-executive	1
Mr. P Sudhakar	Member	Promoter, executive	1
Mr. Dr. S S N Murthy	Member	Independent, non-executive	1
Mr. Dr. A Ramaiah	Member	Independent, non-executive	1



## POCHIRAJU INDUSTRIES LIMITED

Details of sitting fees paid to the Non-Executive Directors for attending Board Meetings and Committee meetings and Remuneration paid to Executive Director for the year ended 31.03.2010

Name of the directors	Sitting Fees	Salary	Cont to Provident fund	Total
Mr. P. Sudhakar	N.A.	3,15,000	Nil	3,15,000
Mr. B V Ramana Reddy	Nil	N.A.	N.A.	Nil
Dr. A Ramaiah	Nil	N.A.	N.A.	Nil
Dr. S S N Murthy	Nil	N.A.	N.A.	Nil
Dr. K S R Siva Sai	Nil	N.A.	N.A.	Nil
Smt. P Sailaja	Nil	N.A.	N.A.	Nil
Smt. P BT Sundari	Nil	N.A.	N.A.	Nil

The company does not have any stock option plan or performance linked incentive for the Executive Directors. The appointments are made for a period of five years on the terms and conditions contained in the respective resolutions passed by the members in the General Meetings.

#### 4. Shareholders & Investors Grievance Committee:

The Shareholders' / Investors' Grievance Committee is responsible for resolving investor's complaints pertaining to share transfers, non receipt of annual reports, issue of duplicate share certificates, transmission of shares and other related complaints. The Chairman of the Committee is an independent non executive director.

The Shareholders/Investors Grievance Committee is constituted with the following members:

Name	Position
Dr. A Ramaiah, Independent, Non – Executive.	Chairman
Mr. P Sudhakar, Managing Director	Compliance Officer
Mr. B. V. Ramana Reddy, Independent, Non – Executive.	Member

The status on the shareholder queries and complaints we received during the financial year, and our response to the complaints and the current status of pending queries if any, is Tabulated below:

Description	Received	Replied	Pending
Non receipt of Securities	0	0	0
Non receipt of Annual Reports	11	11	0
SEBI / Stock Exchange Complaints	0	0	0
Others	0	0	0



## POCHIRAJU INDUSTRIES LIMITED

### 5. Information on General Body Meetings:

The last 3 Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2008–09	26.09.2009	3.00 P.M.	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.
2007–08	22.09.2008	3.00 P.M.	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.
2006-07	21.09.2007	3.00 P.M.	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.

### Special Resolution(s) passed during the previous three Annual General Meeting:

No special resolutions have been passed in any of the above meetings.

Extra Ordinary General Meeting of the company was held on 25/03/2010 at its Registered Office situated at 1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105. to increase the Authorized Capital from Rs. 20,00,00,000 to Rs. 25,00,00,000 and issue of 40,00,000 share warrants to Sri P. Sudhakar promoter of the company.

1. An ordinary resolution was passed at the above EGM to increase Authorised Capital as above mentioned.
2. A special resolution was passed to alter Memorandum and Articles of Association to give effect and amend capital clause accordingly.
3. A special resolution was passed to issue 40,00,000 share warrants to P. Sudhakar, Promoter of the company

### 6. Disclosures

- i) There are no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or their relatives etc. that may have potential conflicts with the interest of the company at large;
- ii) The Company has complied with the requirements of the Stock Exchange and SEBI on matters related to Capital Markets, as applicable. There are no penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any non-compliance of laws related to capital markets, during last three years;
- iii) Your board has laid down a code of conduct covering the ethical requirement to be complied with covering all the Board members and Senior Management Personnel of the company. Information of compliance with the code is received from them on an annual basis.

### 7. Means of Communication:

We have established procedures to disseminate, in a planned manner, relevant information to our shareholders, analysts, employees and the society at large.

Our quarterly results are published in widely circulated national newspapers such as The Financial Express and the local daily Malai Murasi Tamil Nadu. The Quarterly Results, Shareholding Pattern and Annual Report of the Company are also posted on BSE & NSEs' website.



## POCHIRAJU INDUSTRIES LIMITED

Apart from this, we also intimate the stock exchange of material information on any latest developments.

### 8. General Shareholder Information:

#### i) Annual General Meeting

Date : 28-09-2010  
Time : 11.00 A.M.  
Venue : 1/102, Satyamangalam Village, Hosur Taluk, Krishnagiri Dist, T N – 635 105.

#### ii) Financial Calendar: 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

Financial Reporting for 2010-2011 (tentative schedule)

The first quarter results	Before 31.07.2010
The second quarter results	Before 31.10.2010
The third quarter results	Before 31.01.2011
The Fourth quarter results	Before 30.04.2011

#### iii) Book Closure : 22.09.2010 to 28.09.2010 (both dates inclusive).

#### iv) Listing on Stock Exchanges(ISIN : INE332G01032):

Sl. No.	Equity Shares	Stock Codes
1	National Stock Exchange of (India) Limited	POCHIRAJU
2	Bombay Stock Exchange Limited	532803

The Company has paid Annual Listing Fees for the year 2010-11.

#### v) Market Price Data

NATIONAL STOCK EXCHANGE OF (INDIA) LIMITED PRICE TRADED – Pochiraju							
2009 –10	Monthly Volume	HIGH			LOW		
		Date	Price (Rs.)	Volume	Date	Price (Rs.)	Volume
April	2643754	28.04.2009	15.00	745981	01.04.2009	8.00	15455
May	1392579	26.05.2009	17.20	147128	11.05.2009	11.20	35405
June	725604	03.06.2009	17.70	86765	24.06.2009	13.20	14705
July	1241065	29.07.2009	19.60	271922	13.07.2009	10.70	11904
August	1590895	31.08.2009	19.65	205348	12.08.2009	14.45	17253
September	1393992	01.09.2009	20.65	302634	15.09.2009	17.25	24897
October	711146	01.10.2009	19.50	30134	29.10.2009	15.65	47758
November	579667	25.11.2009	18.90	39770	04.11.2009	15.35	22874
December	983905	11.12.2009	20.65	177400	18.12.2009	17.10	15720
January	3329733	11.01.2010	25.75	429561	29.01.2010	17.50	59550
February	2467163	04.02.2010	22.40	65019	23.02.2010	18.40	1030904
March	767157	08.03.2010	21.00	50992	15.03.2010	18.65	14261



## POCHIRAJU INDUSTRIES LIMITED

### BOMBAY STOCK EXCHANGE LIMITED PRICE TRADED – POCCHIRAJU (532803)

2009 – 10	Monthly Volume	Date	HIGH Price (Rs.)	Volume	Date	LOW Price (Rs.)	Volume
April	1165810	28.04.2009	14.77	297528	01.04.2009	8.13	5623
May	843409	26.05.2009	17.23	95576	12.05.2009	11.40	4879
June	499288	03.06.2009	17.50	57155	24.06.2009	13.25	6008
July	630394	29.07.2009	19.32	185296	13.07.2009	11.00	11015
August	723316	31.08.2009	19.45	28247	12.08.2009	14.40	11819
September	772859	01.09.2009	20.40	130417	17.09.2009	17.20	15697
October	557702	01.10.2009	19.60	30187	29.10.2009	15.75	26567
November	372917	25.11.2009	18.90	34702	04.11.2009	15.55	15904
December	688180	11.12.2009	20.60	116461	09.12.2009	17.25	17879
January	2240923	09.01.2010	27.90	106678	04.01.2010	19.05	18613
February	1233249	04.02.2010	22.40	40850	16.02.2010	18.35	73691
March	405129	16.03.2010	21.60	21897	29.03.2010	18.00	23637

#### vi) Registrars and Transfer Agents

(for shares held in both physical and Dematerialized form)

M/s Aarthi Consultants Private Limited

H. No. 1-2-285, Domalguda, Hyderabad – 500 029 Andhra Pradesh, India.

Phone: 040 - 27642217/27638111/27634445, Fax: 040 – 27632184

Web: [www.aarthiconsultants.com](http://www.aarthiconsultants.com)

#### vii) Share Transfer System:

Your Board has delegated the power of share transfer to its Registrar and Share Transfer Agents for processing of share transfers to Aarthi Consultants Pvt. Ltd, Registrars of the Company at the address given above. The turnaround time for completion of transfer of shares in physical form is generally less than 7 days from the date of receipt, if the documents are clear in all respects. We have internally fixed turnaround times for closing the queries/complaints within 7 days of receipt from the shareholders.

#### Address for correspondence:

All correspondence relating to the shares of the Company should be addressed to Registrars & transfer Agents at the address given below:

M/s Aarthi Consultants Private Limited

H. No. 1-2-285, Domalguda, Hyderabad – 500 029, Andhra Pradesh, India.

Phone: 040 - 27642217/27638111/27634445, Fax: 040 – 27632184

Shareholders' grievance can also be sent through e-mail to the following designated e-mail id: [info@arthiconsultantsy.com](mailto:info@arthiconsultantsy.com) quoting the Company name

**Pochiraju Industries Limited.**





## POCHIRAJU INDUSTRIES LIMITED

### viii) Dematerialization of shares:

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited.

### ix) Shareholding Pattern As On 31-03-2010

Category	% of shareholding	No. of shares held as on 31.03.2010
Promoters	29.72	5322264
Individuals	49.65	8890264
Domestic Companies	10.42	1865875
FIs, Mutual Funds and Banks	10.21	1828272
<b>Total</b>	<b>100.00</b>	<b>17906675</b>

### Distribution of Shareholding as on 31<sup>st</sup> March, 2010

Sl. No.	Category	Holders	Holder %	Shares	Amount	Amount %
1	1 - 5000	12493	82	2422001	24220010	13.53
2	5001 - 10000	1539	10	1331960	13319600	7.44
3	10001 - 20000	627	4	999484	9994840	5.58
4	20001 - 30000	210	1	538155	5381550	3.01
5	30001 - 40000	98	1	357097	3570970	1.99
6	40001 - 50000	91	1	436521	4365210	2.44
7	50001 - 100000	133	1	1004763	10047630	5.61
8	100001 & Above	128	1	10816694	108166940	60.41
	<b>TOTAL :</b>	<b>15319</b>	<b>100</b>	<b>17906675</b>	<b>179066750</b>	<b>100</b>



## POCHIRAJU INDUSTRIES LIMITED

### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The company has obtained a certificate from the Auditors of the Company regarding compliances of conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges. The said Corporate Governance is as under:

#### CERTIFICATE

To

The Members of  
POCHIRAJU INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by POCHIRAJU INDUSTRIES LIMITED, for the period of 12 months ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges of India.

The compliance conditions of Corporate Governance are the responsibility of the management. Our examination was limited to a review of the procedures and implementation there of, adopted by the Company for ensuring the compliance with the conditions of the 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 the 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 abovementioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Company has certified that as on 31st March 2010 there were no investor grievances remaining unattended/pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has the affairs of the company.

For B Rama Rao & Co.  
Chartered Accountants

G.V Ranga Babu  
Partner  
Place: Hyderabad  
Date: 24.08.2010

#### ***Declaration as required under Clause 49 (I)(D)(ii) of the Stock Exchange Listing Agreement:***

All Directors and senior management personnel of the Company have affirmed compliance with Pochiraju's Code of Business Conduct and Ethics for the financial year ended March 31, 2010.

Date: August 24, 2010

Sd/-  
P Sudhakar  
Managing Director



## POCHIRAJU INDUSTRIES LIMITED

### AUDITORS REPORT

To

The Members of

M/s POCHIRAJU INDUSTRIES LIMITED

We have audited the attached Balance Sheet of M/s POCHIRAJU INDUSTRIES LIMITED ("the Company"), as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and 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 conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a 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.

1. As required by the companies (Auditor's Report) Order, 2003(CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto a Statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report, complies with the Accounting Standards referred to in Section 211 (3C) of Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, none of the directors of the Company are disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and 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 State of Affairs of the Company as at 31<sup>st</sup> March, 2010
    - (ii) In the case of the Profit and Loss Account, of the Profit, of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **B. RAMA RAO & CO,**  
Chartered Accountants

Place: Hyderabad  
Date: 24-08-2010

Sd/-  
**GV RANGA BABU**  
Partner  
Membership No. 202432



## POCHIRAJU INDUSTRIES LIMITED

### ANNEXURE TO AUDITORS' REPORT

With reference to the annexure referred to in Para No. 3 of the Auditor's Report to the members of M/s POCHIRAJU INDUSTRIES LIMITED ("the Company") on the financial statement for the year ended as on 31<sup>st</sup> March, 2010 we report that:

In respect of its fixed assets:

- a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, all the fixed assets have been physical verified by the management in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) As per information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- 2) In respect of its inventories:
- a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of Inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.
- 3) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. During the year from the parties mentioned above.
- 4) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets, sales of goods and services, we have not observed any major weakness in such internal control system.
- 5) (a) According to information and explanations given to us, we are of the opinion that the transactions, if any, made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) Where each of such transaction is in excess of Rs 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (c) According to the information and explanations given to us, the company has not accepted any deposits from the public during the year.
- 6) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 7) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried on by the company. Hence the provisions of clause 4 (viii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.



## POCHIRAJU INDUSTRIES LIMITED

- 8) (a) According to the records of the company, the company has been regular in depositing with appropriate authorities undisputed statutory dues including, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- 9) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and in the immediately preceding financial year.
- 10) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to banks and financial institutions.
- 11) In our opinion, the company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 12) Term loans obtained by the company were applied for the purpose for which the loans were obtained, other than temporary deployment pending application.
- 13) According to Cash Flow Statement and other records examined by us and the information and explanation given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year been used for long term investment.
- 14) According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- 15) During the year the Company has not made any preferential allotment of equity shares to a Company, covered in the register maintained under section 301 of the Companies Act, 1956, at price which is prejudicial to the interest of the Company.
- 16) The Company has not issued any debentures during the year ending on 31.03.2010.
- 17) The company has not raised any money by public issues during the year.
- 18) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **B. RAMA RAO & CO,**  
Chartered Accountants

Place: Hyderabad  
Date: 24-08-2010

Sd/-  
**GV RANGA BABU**  
Partner  
Membership No. 202432



# POCHIRAJU INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE REFERENCE	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	179,066,750	179,066,750
RESERVES & SURPLUS	2	696,706,321	584,196,336
<b>LOAN FUNDS</b>			
Secured Loans	3	18,937,258	64,214,772
<b>TOTAL</b>		<b>894,710,329</b>	<b>827,477,858</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	4	186,384,520	154,062,659
Less: Depreciation		79,074,580	65,184,243
Net Block		107,309,940	88,878,416
Capital Work in Progress including capital advances		373,237,637	235,595,993
<b>NET CURRENT ASSETS:</b>			
Current Assets Loans & Advances	5	270,210,778	390,901,522
Less: Current Liabilities & Provisions	6	6,347,036	12,123,025
Net Current Assets		263,863,742	378,778,497
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
Preliminary & Preoperative Expenses	7	150,299,010	124,224,952
<b>TOTAL</b>		<b>894,710,329</b>	<b>827,477,858</b>
<b>NOTES ON ACCOUNTS</b>	16		

Schedules 1 to 7 and 16 referred to above form an integral part of the Balance sheet as per our report of even date.

For B. RAMARAO & CO  
Chartered Accountants  
Sd/-

G. V. RANGA BABU  
Partner  
M No 202432  
Place : HYDERABAD  
Date : 24.08.2010.

For and on behalf of board  
FOR POCHIRAJU INDUSTRIES LTD  
Sd/-

P. SUDHAKAR  
Managing Director.  
Sd/-  
P SAILAJA  
Director



# POCHIRAJU INDUSTRIES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE REFERENCE	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>Income from operations</b>			
Sales	8	433,354,175	357,973,392
Increase in Stock	9	3,305,285	12,470,000
Other Income	10	1,800,770	8,928,149
<b>TOTAL</b>		<b>438,460,230</b>	<b>379,371,541</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	11	51,335,843	41,345,437
Consumption of Nursery Material		61,871,978	51,835,260
Purchase of Flowers		116,479,625	126,040,340
Fruits and Vegetables purchased		41,526,687	0
Staff Cost	12	13,226,331	14,135,545
Administrative Expenses	13	11,734,245	10,456,674
Selling Expenses	14	10,274,889	12,052,697
Financial Charges	15	3,415,310	8,314,813
Depreciation	4	13,890,337	12,832,571
<b>TOTAL</b>		<b>323,755,245</b>	<b>277,013,337</b>
<b>Profit for the Year</b>		114,704,985	102,358,204
Less: Provision for Tax		2,195,000	4,380,175
Provision for FBT		0	575,000
<b>Profit after Tax</b>		112,509,985	97,403,029
Less: Income Tax of Previous years		0	0
<b>Profit after prior period items</b>		112,509,985	97,403,029
Profit brought forward from the last Balance sheet		333,503,836	236,100,807
<b>Net Profit carried to Balance Sheet</b>		<b>446,013,821</b>	<b>333,503,836</b>
Earnings per Share Basic & Diluted		6.28	5.44

The Schedules referred to above form an integral part of the Profit and Loss Account.

For B. RAMARAO & CO  
Chartered Accountants  
Sd/-  
G. V. RANGA BABU  
Partner  
M No 202432  
Place : HYDERABAD  
Date : 24.08.2010.

For and on behalf of board  
FOR POCHIRAJU INDUSTRIES LTD  
Sd/-  
P. SUDHAKAR  
Managing Director.  
Sd/-  
P. SAILAJA  
Director



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 1</b>		
<b>SHARE HOLDERS FUNDS:</b>		
<b>AUTHORISED CAPITAL:</b>		
2,50,00,000 Equity Shares of Rs.10/- each	250,000,000	200,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP:</b>		
17906675 Equity Shares of Rs.10/- each	179,066,750	179,066,750
<b>TOTAL</b>	179,066,750	179,066,750
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium	250,692,500	250,692,500
<b>PROFIT AND LOSS ACCOUNT:</b>		
Openeing balance	333,503,836	236,100,807
Add: Profit for the year	112,509,985	97403,029
<b>TOTAL</b>	696, 706,321	584,196336
<b>SCHEDULE – 3:</b>		
<b>SECURED LOANS:</b>		
(Secured by way of equitable mortgage of company's land, building and other fixed assets)		
Oriental Bank of Commerce:		
Term Loan – I	8,654,787	13,331,904
Interest accrued on TL - I	0	0
Term Loan – II	10,282,471	16,915,668
Interest accrued on TL – II	0	0
Term Loan – III	0	33,967,200
Cash Credit	–	0
<b>TOTAL</b>	18,937,258	64,214,772





# POCHIRAJU INDUSTRIES LIMITED

## POCHIRAJU INDUSTRIES LIMITED

### SCHEDULE-4 STATEMENT OF FIXED ASSETS

S. No	DEPRECIATION	As at 01.04.09	GROSS BLOCK			DEPRECIATION			NET BLOCK	
			Additions	Deletions	As at 31.03.10	up to the year	For the year	TOTAL	As at 31.03.10	As at 31.03.09
1	LAND & DEVELOPMENTS	15763957	0	0	15763957	0	0	0	15763957	15763957
2	BUILDINGS	28398679	4697365	0	33095944	1643807	539464	2183271	30912673	26754872
3	IRRIGATION	12146891	1481670	0	13628471	1899791	647352	2547143	11081327	10247011
4	MISC.FIXED ASSETS	3027460	322165	0	3349625	1711157	212031	1923188	1426437	1316303
5	GREEN HOUSE	33809135	6275866	0	40085001	11308332	2116488	13424820	26660180	22500803
6	PLANTING MATERIALS	50770240	17162919	0	67933159	45729647	9585065	55314712	12618447	5040593
7	ELECTRICALS	2234762	0	0	2234762	1107451	117995	1225446	1009316	1127311
8	COLD CHAIN FACILITIES	4248978	1639846	0	5888824	1255247	310930	1566177	4322647	2993731
9	OFFICE EQUIPMENT	587832	0	0	587832	131151	31038	162189	425643	456680
10	FURNITURE & FITTINGS	2641838	0	0	2641838	396698	139489	536187	2105650	2245140
11	COMPUTERS	432977	742130	0	1175107	962	190485	191447	983660	432015
	TOTAL	154062659	32321861	0	186384520	65184243	13890337	79074580	107309940	88878416



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 5</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>i. CURRENT ASSETS:</b>		
(Considered good as certified by the Management)		
Sundry Debtors		
More than six months	4,667,845	5,983,310
Less than six months	138,324,976	165,715,157
Inventories	74,343,530	74,150,117
Cash and bank Balances	7,017,322	7,642,694
Fixed Deposits (Issue Proceeds)	0	115,698,843
<b>TOTAL – (A)</b>	<b>224,353,673</b>	<b>369,190,121</b>
<b>ii. LOANS &amp; ADVANCES</b>		
Advances receivable in cash or		
in kind or for value to be received	32,822,793	15,732,232
Advance income tax	0	1,676,000
Tax Deducted at Source	922,287	2,790,669
Other Deposits	12,112,025	1,512,500
<b>TOTAL – (B)</b>	<b>45,857,105</b>	<b>21,711,401</b>
<b>TOTAL (A+ B)</b>	<b>270,210,778</b>	<b>390,901,522</b>
<b>SCHEDULE – 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors for suppliers	2,099,257	2,195,756
Security Deposits	0	1,880,000
Outstanding Liabilities	2,052,779	3,092,094
Provisions for Income Tax	2,195,000	4,380,175
Provisions for Fringe Benefit Tax	0	575,000
<b>TOTAL</b>	<b>6,347,036</b>	<b>12,123,025</b>



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 7:</b>		
<b>MISCELLANEOUS EXPENDITURE:</b>		
a) Public Issue Expenses	61,343,858	61,343,858
b) Preliminary & Pre-operative Expenses	40,427,750	38,446,244
c) Market development Expenses	10,034,250	10,034,250
d) R & D Expenditure	38,493,152	14,400,600
<b>TOTAL</b>	<b>150,299,010</b>	<b>124,224,952</b>
<b>SCHEDULE – 8</b>		
<b>SALES:</b>		
Agri Division	421,720,763	346,731,265
Pharmaceuticals Formulations	11,633,412	11,242,127
<b>TOTAL</b>	<b>433,354,175</b>	<b>357,973,392</b>
<b>SCHEDULE – 9</b>		
<b>INCREASE / DECREASE IN STOCKS</b>		
<b>FINISHED GOODS</b>		
Opening Stock	22,807,948	10,377,948
Closing Stock	26,113,233	22,807,948
<b>INCREASE IN FINISHED GOODS</b>	<b>3,305,285</b>	<b>12,470,000</b>
<b>SCHEDULE – 10:</b>		
<b>OTHER INCOME:</b>		
Interest on FDR (Gross)	3,658,075	12,900,967
Less Interest Paid on TL-3 taken for Bio Pharma Project	1,863,745	3,972,818
Other Income	6,440	0
<b>TOTAL</b>	<b>1,800,770</b>	<b>8,928,149</b>



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 11</b>		
<b>MANUFACTURING EXPENSES</b>		
CONSUMPTION OF RAW MATERIALS:		
Opening Stock	5,853,128	7,261,044
Add: Purchases	31,067,850	22,825,029
	36,920,978	30,086,073
Less: Closing Stock	6,047,828	5,853,128
<b>Consumption</b>	30,873,150	24,232,945
<b>Other Direct Expenses:</b>		
Carriage Inwards	8,697	162,585
Excise Duty	0	338,066
Labour Wages	10,984,859	8,652,681
Electricity Charges	1,268,976	1,059,216
Power & Fuel	678,954	548,816
Repairs & Maintenance (repairs to Plant & Machinery)	982,634	894,670
Job work Charges	129,607	467,821
Factory Maintenance	251,990	0
Other Manufacturing Expenses	6,156,976	4,988,637
<b>TOTAL</b>	51,335,843	41,345,437
<b>SCHEDULE – 12</b>		
<b>STAFF COST</b>		
Salaries	11,858,975	12,048,155
Contribution to Provident Fund	30,134	800,273
ESI	7,068	283,588
Profession Tax	43,200	82,480
Staff Welfare	1,286,954	921,049
<b>TOTAL</b>	13,226,331	14,135,545



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 13</b>		
<b>ADMINISTRATIVE EXPENSES:</b>		
Audit Expenses	0	35,480
Audit Fees	150,000	110,000
Meeting and Conference Expenses	221,074	7,325
Bank Charges	322,898	312,145
Books & Periodicals	67,890	81,403
Consultancy charges	40,000	61,750
Computer Maintenance	75,325	50,737
Conveyance	596,874	572,135
Custodial Fee	101,275	99,011
Demat Charges	55,670	54,220
Directors Remuneration	3,150,000	3,150,000
Donation	5,000	6,500
Filing Fee	8,750	7,000
Insurance	135,383	141,071
Legal Expenses	122,750	10,000
Licenses Fees	11,850	12,300
Listing Fee	81,786	79,876
Membership and Subscription	172,875	167,558
Miscellaneous Expenses	184,312	146,640
Office Expenses	478,651	456,160
Postage	178,962	169,617
Printing Stationary	296,875	274,016
Printing Statutory	296,805	215,825
Professional Charges	150,250	252,000
Pooja Expenses	35,347	29,003
Rates and Taxes	152,698	157,113
Rent	877,865	846,578
Repairs and Maintenance	207,126	138,105
Security Charges	446,980	427,247
Service Charges	215,650	197,860
Telephone and Communication Charges	522,986	481,235
Travelling Expenses Domestic	1,289,654	1,319,587
Vehicle Maintenance	521,929	147,300
Sales Promotion	548,730	229,130
Discount allowed	275	1,518
Vehicle Hire Charges	9,750	9,229
<b>TOTAL</b>	<b>11,734,245</b>	<b>10,456,674</b>



# POCHIRAJU INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE – 14:</b>		
<b>SELLING EXPENSES:</b>		
<b>PACKING MATERIAL CONSUMED</b>		
Opening stock	4,896,891	4,813,239
Add: Purchases	5,698,775	7,665,507
	10,595,666	12,478,746
Less: Closing Stock	4,396,719	4,896,891
Consumption Packing Materials	6,198,947	7,581,855
Printing of packing and brochure	0	—
Freight	2,386,977	2,259,303
C&F Commission	0	810,000
Samples	0	7,342
Other Selling Expenses	1,688,965	1,394,197
<b>TOTAL</b>	<b>10,274,889</b>	<b>12,052,697</b>
<b>SCHEDULE – 15</b>		
<b>FINANCIAL CHARGES:</b>		
Interest on Term Loan-1	1,518,590	1,916,282
Interest on Term Loan-2	1,896,720	2,784,979
Interest on working capital limits	0	3,613,552
Other Interest	0	0
<b>TOTAL</b>	<b>3,415,310</b>	<b>8,314,813</b>



## POCHIRAJU INDUSTRIES LIMITED

### SCHEDULES TO BALANCE SHEET

#### SCHEDULE – 16

##### NOTES ON ACCOUNTS

- 1) SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

**a) Basis of Accounting**

The accounts are prepared under the Historical Cost Convention. The Company adopts the accrual basis in the preparation of accounts in accordance with the Accounting standards referred to in Section 211(3C) of the Companies Act 1956.

**b) Revenue recognition**

Sale of goods is recognised on transfer of property to the buyers for consideration. Interest on deployment of surplus funds is recognised using the time proportion method, based on interest rates implicit in the transaction.

**c) Fixed Assets**

- i) Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/ commissioning expenses etc. upto the time asset is ready for its intended use.
- ii) Capital Work in progress is stated at the expenditure incurred upto the date of the Balance Sheet including capital advances.
- iii) The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of Impairment based on external/ internal factors. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value of the weighted average cost of capital.

**d) Depreciation**

Depreciation on the Assets has been provided on straight-line methods at the rates and in the manner specified in schedule-XIV of the Companies Act, 1956. Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life. Planting material is written off over a period of 5 years equally.

**e) Investments**

Long term investments, if any, are stated and carried at cost. However, unutilized issue proceeds are invested in fixed deposits with the company's bankers.

**f) Miscellaneous Expenses**

Miscellaneous Expenditure includes public issue expenses and pre-operative expenses of the expansion project under implementation and expenditure on Research and Development, Market Development.

**g) Foreign Currency Transactions**

Foreign Exchange Transactions are recorded at the exchange rates prevailing on the date of transaction and any exchange differences arising on foreign transactions are recognized as income or expense in the year in which they arise.



## POCHIRAJU INDUSTRIES LIMITED

### h) **Borrowing costs:**

Borrowing costs are charged to profit and loss account except in cases where the borrowings are directly attributable to the acquisition, construction or production of a qualifying asset.

### i) **Retirement Benefits:**

As regards to provident fund benefits, the company makes the stipulated contribution in respect of certain class of employees to regional provident fund authority under which the company's liability is limited to the extent of contribution. Gratuity will be accounted for on payment basis.

### j) **Taxation:**

Tax expense comprises of current and fringe benefit tax. Current Income tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961.

### k) **Earnings per share:**

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### l) **Expenditure during construction period:**

The expenditure incidental to the expansion/ new projects is allocated to Fixed Assets in the year of commencement of commercial production. Interest on Loans raised for the expansion/ diversification project is set off against interest earned on unutilised Public issue funds.

### m) **Raw materials, stores and spare parts, packing materials, finished goods and work in progress are valued at lower of cost and Net realisable value (as certified by the management).**

### n) **Deferred Tax Liability:-**

The income from Agro based operations of the company comprises Horticulture and Nursery operations, which is exempted from Income Tax. Hence, Accounting Standard on deferred Tax Liability is not applicable in so far as it relates to the income from its agro based operations. However, for its Bio tech and Pharmaceutical operations, differed liability/ asset can be recognised once the diversification projects are completed.

### o) **Contingent Liabilities**

All known liabilities, wherever material, are provided by way of Notes to accounts.

## 2) **NOTES TO ACCOUNTS**

<b>PARTICULARS</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
a) Capital Commitments		
Estimated amount of contracts		
remaining to be Executed on		
Capital Account and not provided for		
(net of advances)	Nil	Nil
b) Contingent Liabilities not provided for	Nil	Nil





## POCHIRAJU INDUSTRIES LIMITED

### c) DUES TO SSI:

There are no dues to SSI units in respect of sundry creditors as required to be disclosed in accordance with section 211 read with part 1 of schedule VI of the Companies Act, 1956.

d) Managing Director Remuneration Rs.31,50,000 Rs.31,50,000

### 3) Information pursuant to the provisions of part II of Schedule V of the Companies Act, 1956.

PARTICULARS	31.03.2010	31.03.2009
a) Licensed and installed capacity and production		
1) Licensed Capacity	120.00 lakhs	120.00 lakhs
2) Installed Capacity	120.00 lakhs	120.00 lakhs
3) Production	118.50 Lakhs	118.55 lakhs
b) CIF value of Imports	Nil	Nil
c) Expenditure in Foreign Currency		
Foreign Travel	Rs.7.56 Lacs	Rs.25.13 Lacs
d) Earnings in Foreign Currency	Nil	Nil
e) Remittances made in foreign Currency in respect of dividends (Net of Taxes)	Nil	Nil
f) Auditor's Remuneration		
- Audit Fee	Rs.1,00,000	Rs.75,000
- Tax Audit fees	Rs.25,000	Rs.25,000
- Certification work	Rs.10,000	Rs.10,000

- 4) The term loan facilities with Oriental Bank of commerce are secured by first charge on the Immovable properties, and Movable properties of the company and also by the personal Guarantees of the promoter directors, Sri. P. Sudhakar, Smt. P. Sailaja, and Smt. P.B.T. Sundari.



# POCHIRAJU INDUSTRIES LIMITED

## 5) Managerial remuneration:

The computation of net profit in accordance with the provisions of section 349 of the Companies Act, 1956:

Particulars	Year ended 31-3-2010	Year ended 31-3-2009
Net profit as per profit and Loss account	112,509,985	97,403,029
<b>Add:</b>		
Directors sitting fees	-	-
Managerial remuneration	3,150,000	3,150,000
Commission paid to non executive directors	-	-
Depreciation	13,890,337	12,832,571
Loss on sale of fixed assets	-	-
Provision for doubtful debts and advances	-	-
	129,550,322	113,385,600
<b>Less:</b>		
Depreciation u/s 350	13,890,337	12,832,571
<b>Net profit as per section 198/ 349 of the companies Act, 1956</b>	115,659,985	100,553,029
Maximum permissible remuneration to Managing director as per Section 198/309	5,782,999	5,027,651
Maximum permissible remuneration to Non executive director as per Section 198/309	NA	NA
6) Segment information	2009-10	2008-09
<b>Segment Revenue</b>	Rs. in lacs	Rs. in lacs
Floriculture	4217.20	3467.31
Pharma	116.34	112.42
Total	4,333.54	3,579.73
<b>Segment Result</b>		
(Profit before tax and interest net of interest income)		
Floriculture	1096.42	901.00
Pharma	32.62	33.30
Total	1,129.04	934.30
Add interest income (net)	18.01	89.28
Profit Before Tax	1,147.05	1,023.58
<b>Capital Employed</b>		
(Segment Assets-Segment liabilities)		
Floriculture	3,930.76	3,660.61
Pharma	534.88	560.50
Bio Pharma	4,292.09	3,411.52
Total	8,757.73	7,632.63



# POCHIRAJU INDUSTRIES LIMITED

## 7) Information regarding stocks

	2009 -10		2008 - 09	
Opening Stocks	Quantity	Value	Quantity	Value
FLORI DIVISION				
a) Fertilizers	94.74MT	34.94lacs	122.86 MT	43.15 lacs.
b) Pesticides	—	18.69 lacs	—	21.82 lacs
c) Packing Materials	70.55 MT	45.46 lacs	70.67 MT	44.62 lacs
d) Consumables	—	4.12 lacs	—	3.86 lacs
e) Finished Goods	2.68 lacs	13.93 lacs	2.59 lacs	12.98 lacs
	Stems		stems	
f) Nursery Items	—	401.80 lacs	—	279.18 lacs
PHARMA DIVISION				
a) Tablets	70.50 lakhs	214.14 Lacs	3,864,426	90.40 lacs
b) Raw Material		4.90 Lacs		7.64 lacs
c) Packing Material		3.11 Lacs		3.51 lacs
CLOSING STOCKS				
FLORI DIVISION		Rs. in lacs		Rs. in lacs
a) Fertilizers	111.55 MT	41.18	94.74 MT	34.94
b) Pesticides	—	19.29	—	18.69
c) Packing Materials	67.26 MT	38.15	70.55 MT	45.86
d) Consumables	—	-	—	4.12
e) Finished Goods	2.57 lakh	13.96	2.68 lacs	13.93
	stems.		stems	
f) Nursery Items	—	494.62	—	401.80
PHARMA DIVISION				
a) Raw Material	—	-	—	4.91
b) Packing Material	—	5.82	—	3.11
c) Tablets	42.94lakhs	130.42	7050200	214.14
	2009 -10		2008 - 09	
Sales	stems in lacs	Rs. in lacs	stems in lacs	Rs. in lacs
FLORI DIVISION				
a) Export Sales ( Deemed)	118.61	716.28	118.55	715.15
b) Nursery & Other Flowers	—	3064.89	—	1468.92
c) Fruits & vegetables	—	436.03	—	1283.24
d) Pharma division	27.56.lakhs	116.34	3685242	112.42

NOTE: Since the items of Nursery and other flowers are of many varieties it is not practically possible to give quantity details.



## POCHIRAJU INDUSTRIES LIMITED

### CONSUMPTION OF RAW MATERIALS

	2009 -10		2008 - 09	
FLORI DIVISION		Rs. in lacs		Rs. in lacs
a) Fertilizers	596.60 MT	221.52	353.39 MT	128.16
b) Pesticides	—	82.30	—	64.62
c) Packing Materials	83.03 MT	59.84	94.72 MT	62.03
Value of imported and indigenous raw materials etc. and percentage of the Total Consumption.				
Imported	Nil		Nil	
Indigenous	100%		100%	
PHARMA DIVISION	2009 -10		2008 - 09	
		Rs. in Lacs		
Raw Material	0	0	7325 KG	49.55
Consummables	0	0	—	-
Packing Material	0	2.15	5.51 MT	13.78

### 8) RELATED PARTY DISCLOSURES:

Transaction with related parties pursuant to AS-18 for the financial year 2009-10

Sl. No.	Name of the party	Nature of transaction	Amount Rs. in lacs
1	Shri P. Sudhakar	Remuneration	31.50

### 9) EARNINGS PER SHARE

	2009-10	2008-09
Profit after tax (as per profit and loss A/c)	1125.10	974.03
No. of Equity shares	17906675	17906675
Earnings per share (in Rs.)		
Nominal value Rs. 10 per share	6.28	5.44

- 10) In the opinion of the management, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, unless specifically mentioned otherwise and provisions for all known liabilities have been made.
- 11) Sundry Debtors, sundry creditors, other liabilities, loans and advances, advances from customers etc., are subject to confirmation.
- 12) The figures are rounded to the nearest rupee and previous year's figures have been re-arranged/ re-grouped wherever necessary to conform to the current year's classification.



## POCHIRAJU INDUSTRIES LIMITED

### 13) Information pursuant to the provisions of part IV of Schedule of the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile:

#### I) Registration Details

Registration No.:	10762
State Code:	18
Balance Sheet Date:	31.03.2010

#### II) Capital raised during the year (Amount in Rs. Thousand)

Public Issue:	Nil
Rights Issue:	Nil
Bonus Issue:	Nil
Share Capital:	Nil

#### III) Position of Mobilization and Deployment of funds (Amount in Rs. Thousand)

Total Liabilities :	894710
Total Assets :	894710
Sources of Funds:	
Paid-up Capital :	179067
Share Application Money :	—
Reserves & Surplus :	696706
Secured Loans :	18937
Total :	894710
Application of Funds:	
Net Fixed Assets :	107309
Capital Work-in-Progress :	373238
Net Current Assets :	263864
Miscellaneous Expenditure	150299
Total :	894710



## POCHIRAJU INDUSTRIES LIMITED

IV) Performance of Company	(Amount in Rs. Thousand)
Turnover :	Rs. 433354
Total Expenditure :	Rs. 323755
Profit :	
Profit before Tax :	Rs. 114705
Profit after Tax :	Rs. 112509
Profit after tax and Prior Period items	Rs. 112509
Earnings per Share (Rs.) :	Rs. 6.28
Dividends (Rate %) :	Nil

V) Generic Names of three Principal Products/  
Services of Company (as per monetary items)

- |                               |                             |
|-------------------------------|-----------------------------|
| 1) Item Code No. (ITC Code) : | 060-31000                   |
| Product Description :         | Cut Flower Roses            |
| 2) Item Code No. (ITC Code) : |                             |
| Product Description :         | Pharmaceutical formulations |
| 3) Item Code No. (ITC Code) : | Nil                         |
| Product Description :         | Nil                         |

For B. RAMARAO & CO  
Chartered Accountants  
Sd/-  
G. V. RANGA BABU  
Partner  
M No 202432  
Place : HYDERABAD  
Date: 24.08.2010

For and on behalf of board  
For Pochiraju Industries Limited  
Sd/-  
P. SUDHAKAR  
Managing Director.  
Sd/-  
P SAILAJA  
Director



# POCHIRAJU INDUSTRIES LIMITED

## CASHFLOW STATEMENT FOR THE PERIOD ENDED MARCH 31<sup>ST</sup> 2009

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>A CASH FLOW FROM OPERATION ACTIVITIES:</b>		
Net Profit after tax	112,509,985	97,403,029
ADD: Depreciation	13,890,337	12,832,571
<b>Operating Profit before working capital changes</b>	126,400,322	110,235,600
Adjusted for increase/decrease of Current Assets And Current Liabilities		
Increase in inventories	(193,413)	(23,433,460)
Increase in debtors	28,705,646	(32,815,548)
Increase in loan & advances	(24,145,704)	(206,2671)
Increase/Decrease in Current Liabilities	(5,775,990)	(1,434,559)
<b>Net Cash generated from operating activities</b>	(1,409,461)	(597,462,38)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in Fixed Assets	(32,321,861)	(25,302,569)
Decrease in Fixed Deposits	115,698,843	95,997,046
Increase in Miscellaneous Expenses	(26,074,058)	(31,354,197)
Increase in Capital Work in Progress	(137,641,644)	(67,107,693)
<b>Net Cash generated from Investing Activities</b>	(80,338,720)	(27,767,413)
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Bank Borrowing (Secured)	(45,277,513)	(21,404,224)
Proceeds from Share Capital including share premium	-	-
<b>Net Cash generated from financing activities</b>	(45,277,513)	(21,404,224)
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	(625,372)	1,317,725
<b>Opening Balance of Cash and Cash Equivalents</b>	7,642,694	6,324,969
<b>Closing Balance of Cash and Cash Equivalents</b>	7,017,322	7,642,694
<b>Cash and Cash Equivalents</b>	7,017,322	7,642,694

As per our report of even date

For B. RAMA RAO & CO  
Chartered Accountants

Sd/-  
G.V. RANGA BABU  
Partner  
M NO 202432  
Place: Hyderabad,  
Date: 24.08.2010

For and on behalf of the board  
For Pochiraju Industries Limited

Sd/-  
P. SUDHAKAR  
Managing Director  
Sd/-  
P. SAILAJA  
Director



# POCHIRAJU INDUSTRIES LIMITED

Regd. Off. : 1/102. Satyamangalam Village, Thummanapalli Post,  
Hosur (Tq) Krishnagiri (Dt), T N – 635 105

## ATTENDANCE SLIP

I hereby record my/our presence at the 15<sup>th</sup> Annual General Meeting of the Company at the registered office on Tuesday, 28th September 2010, at 11.00 am

Name of the Shareholder/ Proxy\* \_\_\_\_\_ No. of Shares Held: \_\_\_\_\_

<b>FOLIO No.</b>	<b>DP ID:</b>	<b>CLIENT ID:</b>
------------------	---------------	-------------------

**Signature of the  
Shareholder/Proxy\***

Notes:

- Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.
- No gifts / Coupons will be distributed at the Annual General Meeting.**
- Shareholder/Proxy should bring his/her copy of the Annual Report.

# POCHIRAJU INDUSTRIES LIMITED

Reg. Off: 1/102. Satyamangalam Village, Thummanapalli Post,  
Hosur (Tq) Krishnagiri (Dt), T N – 635 105

## PROXY FORM

<b>FOLIO No.</b>	<b>DP ID:</b>	<b>CLIENT ID:</b>
------------------	---------------	-------------------

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the District of \_\_\_\_\_ being a member(s) of the above  
named company, hereby appoint Mr./Mrs./Ms \_\_\_\_\_ in the District of \_\_\_\_\_  
as my/our Proxy to attend and vote for me /us on my/  
our behalf at the 15<sup>th</sup> Annual General Meeting of the Company to be held at Registered  
office of the company at 11.00 A.M on Tuesday, 28.09.2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Address \_\_\_\_\_

No. of shares: \_\_\_\_\_ Signature: \_\_\_\_\_

**Note:** The proxy in order to be effective must reach duly filled  
and signed in at least 48 (forty-eight) hours before the time  
of holding the aforesaid meeting. A proxy need not be a member.

Affix  
Re.1/-  
Revenue  
Stamp



**POCHIRAJU INDUSTRIES LIMITED****CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	Sri P Sudhakar	Managing Director
	Sri Dr. A Ramaiah	Director
	Sri B V Ramana Reddy	Director
	Sri Dr. K S R Siva Sai	Director
	Sri Dr. S S N Murthy	Director
	Smt. P B T Sundari	Director
	Smt. P Sailaja	Director
<b>REGISTERED OFFICE</b>	1/102, Sathyamangalam Village, Thumanapalli Post -635 105, Hosur Taluk, Krishnagiri Dist, Tamil Nadu, PIN – 635 105.	
<b>CORPORATE OFFICE</b>	130, Amarjyoti Layout, Off Intermediate Ring Road, Domalur, Bengaluru – 560 071, Karnataka.	
<b>ADMINISTRATIVE OFFICE</b>	202, SGC's Suresh Arcade, Opp. Nature Cure Hospital, Dharam Karam Road, Ameerpet, Hyderabad – 500 016.	
<b>BANKERS</b>	Oriental Bank of Commerce, Ameerpet Branch, Greenlands, Begumpet, My Home Jupally, Hyderabad – 500 016.	
	Oriental bank of Commerce, Hosur Branch, Hosur – 635 109, Tamil Nadu.	
<b>AUDITORS</b>	B Rama Rao & Co., Chartered Accountants, Flat No.7, Block No. 6, MIG 2 baghlingampalli, Hyderabad – 500 004.	
<b>REGISTRARS AND SHARE TRANSFER AGENT</b>	Aarthi Consultants Pvt. Ltd 1-2-285, Domalguda, Hyderabad - 500 029 <a href="http://www.aarthiconsultants.com">www.aarthiconsultants.com</a>	
<b>LISTED AT</b>	Bombay Stock Exchange National Stock Exchange Limited	
<b>COMPLIANCE OFFICER</b>	Sri. P Sudhakar 202, SGC's Suresh Arcade, Opp. Nature Cure Hospital, Dharam Karam Road, Ameerpet, Hyderabad – 500 016.	

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