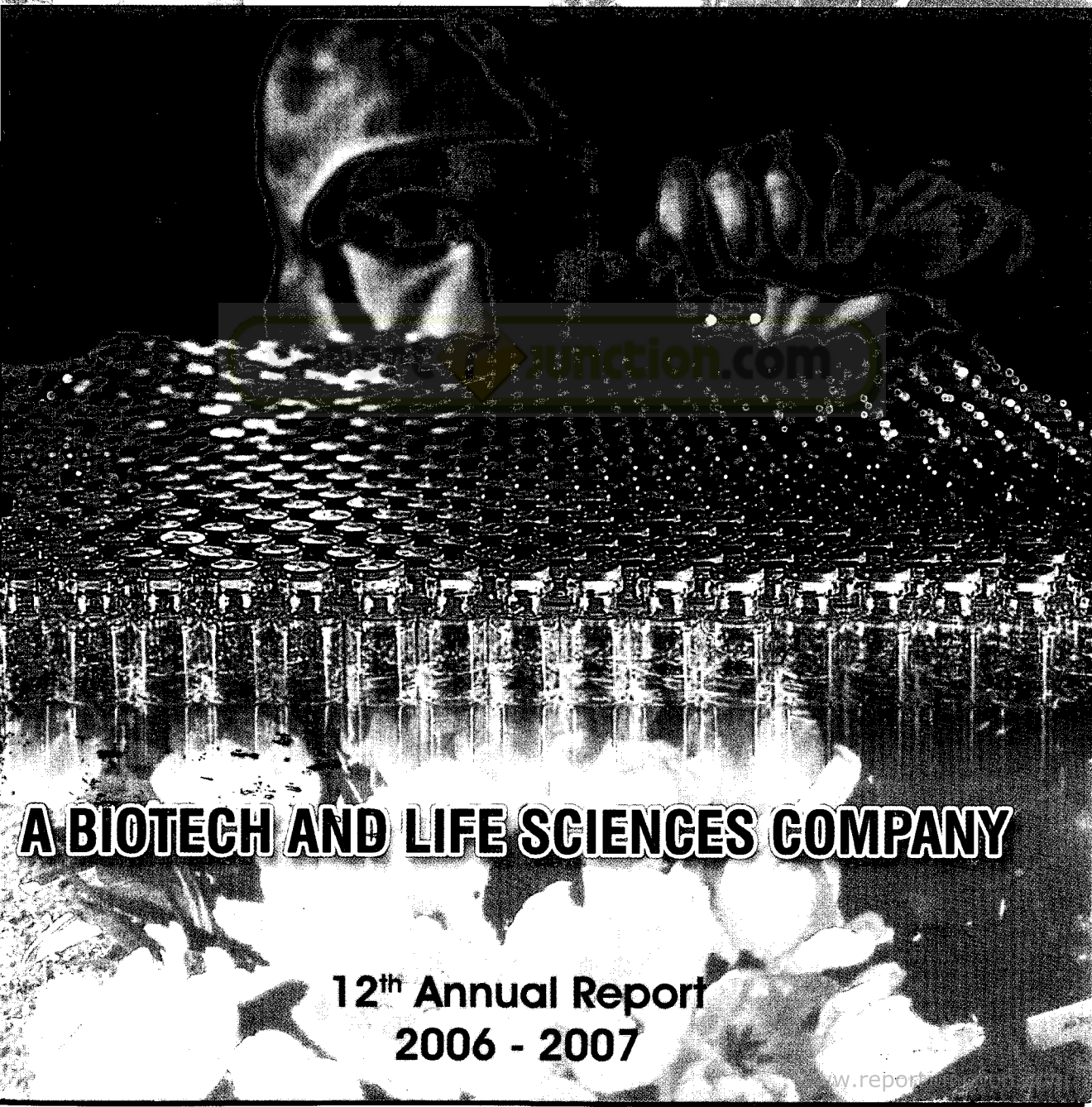




POCHIRAJU INDUSTRIES LIMITED



A BIOTECH AND LIFE SCIENCES COMPANY

**12th Annual Report
2006 - 2007**


DIRECTORS

Sri P.Sudhakar - Managing Director
 Smt P.B.T.Sundari - Director
 Sri A.Ramaiah - Director
 Sri B.V.Ramana Reddy - Director
 Smt. P.Suvarchala Devi - Director
 Sri M.Durga Prasad - Director
 Sri P.L.N.Serma - Alternate Director

REGISTERED OFFICE & FACTORY

1/102, Sathyamangalam Village
 Thummanapalli Post - 635 105
 Hosur Taluq
 Krishnagiri Dist
 Tamilnadu.

Corporate Office

130, Amarjyoti Layout
 Off: Intermediate Ring Road,
 Domaluru, Bangalore,
 BANGALORE - 560 071
 Karnataka.

ADMINISTRATIVE OFFICE

202, SCG's Suresh Arcade
 Opp. Nature Cure Hospital
 Dharam Karam Road,
 Ameerpet,
 Hyderabad - 500 038.

BANKERS

Oriental Bank of Commerce
 Ameerpet Branch,
 Greenlands, Begumpet,
 MyHome Jupally,
 Hyderabad – 500 016.

AUDITORS

M/s B. Rama Rao & Co
 Chartered Accountants
 Flat No 7, Block No 6
 MIG 2, Baghlingampalli,
 Hyderabad - 500 004

Oriental Bank of Commerce
 Hosur Branch,
 Hosur – 635 109
 Tamilnadu.

COMPANY SECRETARY

Mrs. Ritu Tiwary
 207, Sanotsh Plaza
 Nagarjun Sagar Road,
 Saidabad, Hyderabad-59.

SHARE TRANSFER AGENTS

Aarthi Consultants Pvt. Ltd.
 1-2-285, Domulguda,
 Hyderabad – 500 029
 www.aarthiconsultants.com



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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELTH ANNUAL GENERAL MEETING OF THE MEMBERS OF POCHIRAJU INDUSTRIES LIMITED WILL BE HELD ON FRIDAY, THE 21ST OF SEPTEMBER 2007, at 3.00 P.M. AT THE REGISTERED OFFICE SITUATED AT 1/102, SATYAMANGALAM VILLAGE, HOSUR TALUK, KRISHNAGIRI DIST, TAMILNADU 635 105 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31-3-2007 and the Profit and Loss Account for the year ending 31st March, 2007 together with the reports of the Directors and Auditors thereon.
2. To reappoint Auditors and fix their remuneration.
3. To appoint a Director in place of A. Ramaiah, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
4. Shri M. Durga Prasad ceases to hold office from this Annual General Meeting. Dr. Krovvidi S. R. Siva Sai is now proposed to be appointed as Director and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."
5. Shri P.Suvarchala Devi retires by rotation and ceases to hold office from this Annual General Meeting. Dr.S. S. N. Murthy is now proposed to be appointed as Director and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification, the following Resolutions:

6. As an Ordinary Resolution:

"RESOLVED THAT Smt P. Sailaja who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from the conclusion of the meeting of the Board of Directors held on 30th April, 2007 and who vacates her office at the conclusion of this Annual General Meeting be and she is hereby appointed as a Director of the Company liable to retire by rotation."

7. As an Ordinary Resolution

"RESOLVED THAT in accordance with the provisions of Sections 269, 198, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, be and is hereby accorded to the appointment of Shri P. Sudhakar as Managing Director of the Company not liable to retire by rotation for a period of 5 years commencing from the conclusion of this Annual General Meeting at a remuneration and on terms and conditions set out below".



Basic	Rs 1,75,000 per month
Allowances:	
HRA 50% of Basic	Rs. 87,500 per month
Personal Allowance	Rs. 50,000 per month
Telephone including mobile	Actual reimbursement (long distance personal calls to be recovered)
Company car with chauffeur	
Contribution to Provident fund	as per company rules.
Health Insurance	not exceeding Rs 10,000 per annum
Business promotion/Entertainment	Actual reimbursement
Reimbursement of all out of pocket expenses including travel as per Bills.	

"FURTHER RESOLVED that the Board be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution".

Registered Office:
1/102, Sathyamangalam Village,

By the Order of Board
For POCHIRAJU INDUSTRIES LIMITED

Hosur Taluk, Krishnagiri Dist,
Tamilnadu -635 105

Ritu Tiwary
Company Secretary

30.07.2007

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 2007 to 21st September, 2007 (both days inclusive).

**Annexure to the Notice****EXPLANATORY STATEMENT**

The following Explanatory Statements relating to Special Business at Item Nos. 6 and 7 of the accompanying Notice set out all material facts as required under Section 173 of the Companies Act, 1956 :

1. ITEM NO 6:

Smt Sailaja Pochiraju was co-opted as Additional Director as per the provisions of the section 260 of the Companies Act, 1956, she ceases to be the Director at the ensuing Annual General Meeting. As required by section 257 of the said Act, Notice along with a Deposit of Rs 500/- has been received from Members signifying their intention proposing the appointment of Smt Sailaja Pochiraju as Director of the Company.

The Board considers it desirable that the company should continue to avail itself of her services.

Smt Sailaja Pochiraju is interested in the resolution only to the extent of Directorship. No other Director is interested in the resolution.

2. ITEM NO:7

Shri P. Sudhakar's term of office of 5 year as the Managing Director of the Company expires on 31ST March, 2007. Shri P. Sudhakar has been serving the company since its inception and has been instrumental in the growth of the Company and the present diversification into the Bio Pharma and Pharma field is also accredited to his able guidance, continuous support and proves that he is indeed a visionary and will take the Company to great heights

The Directors confidently feel that the Company should continue to avail of his services as a very able and experienced person. Hence the Board of Directors at its meeting held on 02-01-2007 requested Shri P. Sudhakar to continue as Managing Director of the Company till the date of next AGM.

Further the Board proposes Shri P. Sudhakar to continue as Managing Director of the company for a further period of 5 years effective from the conclusion of this Annual General Meeting. The same is put forth for approval by the shareholders.



DIRECTOR'S REPORT

To,
The members

Your Directors have the pleasure in presenting the Twelfth Annual Report on the working and the progress of the company along with audited accounts of the company for the year ended 31st March, 2007 and report of the Auditors thereon.

FINANCIAL RESULTS:

Your Directors have pleasure in presenting the following financial results of the company for the year ended 31st March, 2007.

	(Rs in Lakhs)	
	31.03.2007	31.03.2006
Gross Income	2933.74	949.68
PBDT	1006.13	343.93
Depreciation	88.25	79.28
Net Profit for the year before Taxation	917.88	264.65
Add: Provisions no longer required	0.00	0.00
Provision for Taxes	10.75	0.00
Net Profit after Taxes	907.13	264.65
Profit brought forward from previous year	396.3	139.69
Net Profit Carried to Balance Sheet	1303.43	396.3

OPERATIONS:

The Company has earned a Net Profit of Rs 907.13 Lakhs after Depreciation and Taxes The amount of Net Profit available for appropriation is Rs 907.13 lacs and the Net Profit of Rs 1303.43 Lakhs is carried to the Balance Sheet. The operations during the year ended on 31st March, 2007 were encouraging. The Gross income has increased by 209% through our last year income and Net Profit has shown an increase of 228.8 % over previous years profit.

Management Discussion and analysis

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 with the Stock Exchange is given as a separate statement forming a part of the Annual Report.

EXPANSION AND DIVERSIFICATION

The expansion program conceptualized by the Company in the year 2005 has been successfully implemented this year. The Company has diversified its activities to Bio Pharma businesses from the existing flower production, trade and other related activities. We have already made effective plans and strategies to Manufacture and market its biotech products like Erithropoietin, interferon alpha pegylated and hyaluronice acid and bio parental products with our own branded formulation.



POCHIRAJU INDUSTRIES LIMITED

It is in this direction the company had gone for a Initial Public Offer of **125,34,625 Equity Shares** through 100% Book Building process. We appointed UTI SECURITIES LIMITED and ALLBANK FINANCE LTD as our Lead Managers and underwriters. ENAM securities as a Syndicate member to the issue. We also appointed M/s Aathi Consultants Pvt Ltd as our Share Registrars and Transfer agent. The whole issue was subscribed, the proceeds have been properly channelized into the proposed diversified business activities and refunds have been redirected to the respective investors. There have been no complaints from our investors/ shareholders and those, if any, have been properly dealt with by the Investor Grievance Committee.

We have entered into a technical collaboration with internationally renowned organizations like Biofin laboratories and ICGEB, Italy, who would provide technical know-how and support for the bio pharmaceutical plant. The Company is also looking for newer and cost effective technologies for our proposed Bio Pharma products and also for new molecules.

We have been allotted a land at Shapoorji Paloonji Biotech Park at Shameerpet extending to 3.86 acres and the same has been registered. The company is also pursuing a further allotment of 2 acres in the said park.

Our Company has identified vendors for the plant and machinery/equipment to be purchased and civil contractors/architects for construction of civil structures and the construction work has already started. In future we do not foresee any problem in procuring them.

We have recruited sufficient number of professionals and experts to head our Biotech and Pharma as well as Marketing divisions. With support of professional experts in our company's Management and guidance from technical collaborators we strive for continuous research and development for developing effective processes for our existing product range and identify new future molecules. We have identified competent production team, which follows good Manufacturing Practices ensuring proper defined procedures of manufacturing and handling of raw materials including adequate testing.

Our company has been successful in recruiting and retaining sufficient number of key managerial personnel in all the important fields i.e. Production, Research & Development, Finance and Commercials for the existing floriculture business. We have never faced any work stoppage as a result of labour disagreements or otherwise. We have also recruited a sufficient number of Professionals and experts to meet the requirement of Bio-tech and Pharma business this year.

Our main focus will be on Research and Development and to build strong technical partnerships with industry leaders in India and Overseas to continuously improve our processes resulting in cost cutting, higher process yields and also creating economies of scale in production to remain competitive. With these efforts in place, our Company is confident of meeting competition and challenges both internal and external.

The products of our floriculture segment have, till date not been subject to any environmental or other litigation and we do not foresee any such eventuality. With regard to our Pharma segment we have taken all the precautions to comply with all environmental laws and regulations as prescribed by the State Pollution Control Board and other regulatory bodies.

We have applied for required registrations and permits from the government and regulatory authorities under Single window clearance for our proposed business activities.



BANKS AND FINANCIAL INSTITUTIONS:

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 same has been supporting us throughout our business growth plans. A term loan of Rs. 10.00 crores and working capital of Rs. 5.70 crores was sanctioned by our bankers for our proposed Bio-tech division.

CHANGES IN THE BOARD OF DIRECTORS:

During the period under review Shri M. Durga Prasad and Shri P. Suvarchala Devi ceased to be the directors of the Company.

Smt P. Sailaja was appointed as additional director of the company in terms of Section 260 of the Companies Act, 1956. She holds office up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Smt P. Sailaja, as Director liable to retire by rotation. Dr. A. Ramaiah is liable to retire by rotation and being eligible offers himself for reappointment.

Appointments

Dr. Krovvidi S. R. Siva Sai, appointed as Director of the Company has vast experience in the Bio-technology field..He is a Doctorate in Bio-technology and has been a Professor and Head of Department of BioTechnology, Sreenidhi Institute of Science and Technology. Shri S.S.N.Murthy also appointed as Director of the Company is a Post Graduate in M. Pharma and a Doctorate in Pharmacy. Mr. Murthy is well versed with USFDA and other regulatory norms. Mr Murthy has worked with various bulk drugs and Pharmaceutical Companies and has varied experience in Manufacture of Pharmaceutical products, Quality Control, Validations etc and the Management is quiet hopeful of realizing the goals and objectives under the able guidance of these two knowledgeable directors.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

- a) In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of state of affairs of the company as at the end of 31st March, 2007 and the Profits for the year ended on that date.
- c) The Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis.

**AUDITORS:**

M/s B. RAMA RAO & CO., Chartered Accountants, Hyderabad, the present Auditors of the company retire at the ensuing Annual General Meeting and are eligible for reappointment.

Auditors Report

The notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

EMPLOYEE RELATIONS:

In terms of the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 names and other particulars of employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Act, the Annual Report is being sent to all the members of the Company excluding this information. Any member interested in obtaining such particulars may write to the Company Secretary at the Administrative Office of the Company.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the Stock Exchange, a separate section on Corporate Governance forms a part of Annual Report.

A Certificate from the Auditors of the Company confirming compliance with conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is annexed to this Report.

ACKNOWLEDGEMENTS:

Your Directors would like to express their sincere appreciation for the co-operation and support received from Shareholders, Bankers, Regulatory Bodies; Customers and other business constituent's. Your Directors also place on record their deep sense of appreciation for the commitment displayed by all employees of the Company resulting in successful performance, consistent growth of business during the period under review.

For and on behalf of the Board
For POCHIRAJU INDUSTRIES LIMITED

Place: Satyamangalam,
Date: 30-07-2007

P.Sudhakar
Director