



Pochiraju Industries Limited

15th Annual Report

2009 - 2010

Not just healthcare.....lifecare



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 31st 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 22nd September to 28th 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
Profit/(Loss) before tax(PBT)	1147.05	1023.58
Less: Provision for Current tax	21.95	49.55
Profit/(Loss) after tax	1125.10	974.03
Prior Period Items	-	-
Profit / (Loss) after Prior Period Items	1125.10	974.03
Profit Brought Forward from previous year	3335.04	2361.01
Net Profit / (Loss) carried to Balance Sheet	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 31st 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



POCHIRAJU INDUSTRIES 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.



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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.