

**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 Sailaja	Director
	Sri Selvam Ramaraj	Director
<b>REGISTERED OFFICE</b>	1/102, Sathyamangalam Village, Thumanapalli Post, 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>	Plot No. 7 Phase - II, Alexandria Knowledge Park ( Formerly S.P. Biotech Park), Kolthur Village, Shamirpet Mandal, R.R. Dist-500 078.	
<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.	
	Punjab National Bank, Bank Street Branch, Hyderabad-500001 Allahabad Bank, Himayatnagar Branch, Hyderabad.	
<b>AUDITORS</b>	M M REDDY & CO., Chartered Accountants, G-8, Amrutha Ville, Opp. Yashodha Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500082	
<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>	<b>Sri. P Sudhakar</b> Plot No. 7 Phase - II, Alexandria Knowledge Park (Formerly S.P. Biotech Park), Kolthur Village, Shamirpet Mandal, R.R. Dist-500 078.	

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## POCHIRAJU INDUSTRIES LIMITED

### NOTICE TO MEMBERS

Notice is hereby given that the Seventeenth 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 Thursday September 27th, 2012 at 11:30 A. M. to transact the following businesses:

#### ORDINARY BUSINESS:

1. Receive, consider and adopt the audited balance sheet as at 31st March, 2012 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.A.Ramaiah, who retires by rotation and being eligible, offers himself for reappointment.
3. Appoint a director in place of Smt.P.Sailaja, 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. M. M. REDDY & CO, Chartered Accountants 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.

#### SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification

##### **5. As an Ordinary Resolution:**

**“RESOLVED THAT** Sri Selvam Ramaraj 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 12<sup>th</sup> May, 2012 and who vacates his office at the conclusion of this Annual General Meeting be and he is hereby appointed as a Director of the Company liable to retire by rotation.”



**6. 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 Sri 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 3,50,000 per month
Allowances:	
HRA 50% of Basic	Rs 1,75,000 per month
Personal Allowance	Rs 50,000 per month
Telephone including mobile (long distance personal Calls To be recovered)	Actual reimbursement
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”.

Place: Hyderabad

Date: 27.08.2012

By order of the Board  
Pochiraju Industries Limited

Sd/-  
P Sudhakar  
Managing Director

**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 21<sup>st</sup> September to 27<sup>th</sup> September, 2012 (Both the dates 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.

**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:**

Sri Selvam Ramaraj was co-opted as Additional Director .As per the provisions of the section 260 of the Companies Act, 1956, he 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 Sri Selvam Ramaraj as Director of the Company.

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

Sri Selvam Ramaraj is interested in the resolution only to the extent of Directorship .No other Director is interested in the resolution.

**2. ITEM NO: 7**

Sri P.Sudhakar's term of office of 5 year as the Managing Director of the Company expires on 31<sup>ST</sup> March, 2012. Sri 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 27<sup>th</sup> August, 2012 requested Sri 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.

Sri P. Sudhakar is interested in the resolution only to the extent of his appointment as managing Director and proposed remuneration.



## DIRECTORS' REPORT

Dear Shareholders,

Yours Directors have pleasure in placing before you the Seventeenth Annual Report on the working and progress of the Company along with audited accounts of the company for the financial year ended 31st March, 2012 and the report of the auditors thereon.

## FINANCIAL RESULTS

**Key aspects of the company's financial performance for the year 2011-12 are tabulated below:** (Rs. in lakhs)

Particulars	2011-12	2010-11
Gross Revenue	7243.20	5543.94
Total Expenditure	5757.45	4336.67
Profit before Depreciation and taxation	1658.67	1380.19
Depreciation	172.92	172.92
<b>Profit / (Loss) before tax (PBT)</b>	1485.75	1207.27
Less: Provision for Current tax	0	35.06
<b>Profit / (Loss) after tax</b>	1485.75	1172.21
Prior Period Items	-	-
<b>Profit / (Loss) after Prior Period Items</b>	1485.75	1172.21
Profit Brought Forward from previous year	5632.35	4460.14
<b>Net Profit / (Loss) carried to Balance Sheet</b>	7118.10	5632.35

## OPERATIONS

The Company has recorded a turnover of Rs.7243.20 lacs in the current year. The Company earned a Net profit of Rs. 1485.75 lacs after depreciation and taxes. The amount of Net profit available for appropriation after adjustments for prior period items is Rs. 1485.75 lacs and the same is carried to balance sheet. The operations during the year ended on 31<sup>st</sup> March, 2012 were encouraging. In spite 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**

Your company has completed the construction of all the Blocks of its Bio pharma Unit at Shamirpet, Hyderabad. Your management is happy to inform you that the unit's R & D block, Administrative Block and Canteen Block along with the required necessary support services are fully operational. Plant and Machinery and equipment for the production blocks are being installed and the management is contemplating to complete the validation of the facility, plant and machinery by the end of this financial year.

The company's agriculture and f & v divisions are having regular operations with steady growth. Presently the company apart from growing its own flowers in the green houses also procuring many varieties of flowers from different farmers all over the country and also its procurement for its f & v division is being done directly from farmers and also on contract farming basis. Taking into consideration the growth potential of this segment both in domestic and overseas and the relative locational and costs advantages your company is contemplating to setup its production basis in African countries such as Kenya, Ethiopia, Ghana, Tanzania etc and also identified large areas of lands for acquisition during the coming financial year.

### **BANKS AND FINANCIAL INSTITUTIONS**

Presently our Bankers are Oriental Bank of Commerce for our Agriculture division and Punjab National Bank for our Biopharma Unit at Shamirpet. We have been dealing with OBC since 1998 and PNB since 2010. We have very good business relationship with our bankers and the bank has been supporting us throughout our business growth plans.

### **CHANGES IN THE BOARD OF DIRECTORS**

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Directors, Dr.A. Ramaiah and Smt.P.Sailaja 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.

Sri Selvam Ramaraj was appointed as additional director of the company in terms of Section 260 of the Companies Act, 1956. He 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 Sri Selvam Ramaraj as Director liable to retire by rotation.

#### **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.

#### **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 M.M. Reddy & 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.

Place: Hyderabad

Date: 27.08.2012

By order of the Board  
Pochiraju Industries Limited

Sd/-  
P Sudhakar  
Managing Director



**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	270488	309230
Total Amount (Rs)	2028657	1493585
Average Rate/Unit (Rs)	7.5	4.83
b) Own Generation		
Through Diesel Generators (Units)	1352652	164225
Unit per liter of Diesel Oil (Nos)	9.15	8.13
Cost/Unit (Rs)	12.00	5.10

**B) Consumption per unit of production Standards**

Electricity	0.25	0.25
<b>C) Foreign Exchange Earnings and out go</b>	<b>(Rs in Lakhs)</b>	<b>(Rs in Lakhs)</b>
i) Foreign Exchange earned (Rs.)	-	-
ii) Foreign Exchange used (Rs)		
1. Raw Materials	5.50	-
2. Machinery	100.80	-
iii) Foreign Travel (Rs)	21.88	12.75
Commission/Import duty/handling charges		

**D) FORM - B**

Form for disclosure of particulars with respect to absorption

1) Research and development	809.38	620.83
2) Technology absorption, adaptation and innovation		
3) Foreign Exchange earnings and outgo		
Earnings (Rs in lakhs)	-	-
Outgo (Rs in lakhs)	128.18	12.75

**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, 2012.

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



## 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 is contemplating to focus trading of its agri products globally and getting many enquiries in this regard.

The Pharma division namely PHARMAPIL is operating in range of pharmaceutical Formulations on a National by outsourcing its formulations from different manufacturers under loan license agreement. The company is also contemplating to set up a state of the art modern multi product bulk API manufacturing unit at Nadikudi, Guntur District, Andhra Pradesh to manufacture some of the latest small volume molecules such as anti-cancer, anti-viral, anti-depression etc.

The implementation of first phase of company's Biopharma unit being setup under the name and style of BIOPIL was completed fully and the company has started its production and is going for expansion of the second phase of the project with an additional capital expenditure of around Rs. 40.00 crores which is under active implementation.

#### **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. 6000.00 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.

**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's Biopharma unit at Shameerpet constructed at a capital cost of Rs. 60.89 crores is fully ready for the production.

**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 scientific team consisting of Ph.Ds. and post graduates for its ongoing R& D projects and has project , production, admin and other necessary technical and non-technical staff.

**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.

**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 Theraptic Protiens.

**b. Bulk APIs:**

- Process for Ethambutol through n-substituted dehydro AA
- Process development for Rosuvastatin.
- Process development for Quetapine.
- Process development for Atrovasatin
- Process development for Olanzapine.





**Manpower:**

***I. 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.

***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.18.90 Crores.

***2. Secured Loan:***

The company has an outstanding term loan liability of Rs.0.36 Lakhs with Oriental Bank of Commerce and Rs.2878.30 lakhs with Punjab National Bank.

***3. Fixed Assets:***

The company has capitalized an amount of Rs.6847.70lacs from capital work in progress and transferred to fixed assets belonging to Bio-pharma Unit on 31.03.12 the balance of Rs.2119.43 lakhs, consists of capital expenditure incurred towards proposed Bio-Pharma expansion and API Unit at Nadikudi. The same will be capitalized after the completion of the respective projects.

***4. Revenue:***

The company has generated net revenues of Rs.7243.20 lakhs with a PAT of Rs. 1485.75lakhs.

***II. 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 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 maximize 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, 2012 the Board comprised seven Directors including Managing Director and five 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, 2012.

	P Sudhakar	B V Ramana Reddy	Dr. A Ramaiah	Dr. K Siva Sai	Dr. SSN Murthy	Selvam Ramaraj	P Sailaja
Category	Managing Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Promoter Non – Executive Director
Date of appointment		04/05/1995	20/03/2006	20/03/2006	21/09/2007	12/05/2012	30/04/07
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 at the last AGM held on September 22, 2008	5	5	5	5	5	0	5
	Yes	Yes	Yes	Yes	Yes	No	Yes
No. of Shares held	4389145	Nil	Nil	Nil	Nil	Nil	1680619
Date of Closing as Director	NA	NA	NA	NA	NA	NA	NA

**Board Meetings**

During the Financial Year 2011-2012, the Board of Directors met 6 times on the following dates:

28-04-2011, 20-07-2011, 22-08-2011, 31-10-2011, 25-01-2012 and 29-03-2012.



## POCHIRAJU INDUSTRIES LIMITED

### 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.

Audit committee reports to the Board of Director. Our Audit Committee met five times during the financial year on 28-04-2011, 20-07-2011, 22-08-2011, 31-10-2011 and 25-01-2012. 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 twice on 31-10-2011 and 25-01-2012.

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	2
Mr. P Sudhakar	Member	Promoter, executive	2
Mr. Dr. S S N Murthy	Member	Independent, non-executive	2
Mr. Dr. A Ramaiah	Member	Independent, non-executive	2



## 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 31.03.2012

Name of the directors	Sitting Fees	Salary	Cont to Provident fund	Total
Mr. P. Sudhakar	N.A.	63,00,000	Nil	63,00,000
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

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	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	10	10	0
SEBI / Stock Exchange Complaints	2	2	0
Others	0	0	0

#### 5. Information on General Body Meetings:

The last 3 Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2010-11	29.09.2011	11.30AM.	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.
2009-10	28.09.2010	11.00 A.M	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.
2008-09	26.09.2009	3.00 P.M	1/102, Sathyamangalam Village, Hosur taluk, Krishnagiri Dist, Tamil Nadu – 635 105.

#### 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. The company has forfeited 30,00,000 no. of unsubscribed share warrants issued to Sri.P.Sudhakar, promoter of the company. Out of the total amount of Rs. 261.40 lacs lying in share application money received towards the unsubscribed share warrants an amount of Rs. 151.12 lacs was transferred to share warrant forfeiture account(Being 25%) and the balance of Rs. 110.28 lacs is pending refund.
- 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;



## POCHIRAJU INDUSTRIES LIMITED

- 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 Thina Bhoomi Tamil Nadu. The Quarterly Results, Shareholding Pattern and Annual Report of the Company are also posted on BSE & NSEs' website.

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

### 8. General Shareholder Information:

#### i) Annual Generals Meeting

Date : 27-09-2012  
Time : 11.30 A.M.  
Venue : 1/102, Satyamangalam Village, Hosur Taluk,  
Krishnagiri Dist, T N – 635 105.

#### ii) Financial Calendar: 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.

Financial Reporting for 2012-2013 (tentative schedule)

The first quarter results	Before 15.08.2012
The second quarter results	Before 15.11.2012
The third quarter results	Before 15.02.2012
The Fourth quarter results	Before 15.05.2013

#### iii) Book Closure : 21.09.2012 to 27.09.2012 (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 2011-12.





**POCHIRAJU INDUSTRIES LIMITED**

**v) Market Price Data**

<b>BOMBAY STOCK EXCHANGE LIMITED PRICE TRADED – POCHIRAJU (532803)</b>							
2011 –12	Monthly Volume	HIGH			LOW		
		Date	Price (Rs.)	Volume	Date	Price (Rs.)	Volume
April	3,29,474	29/04/2011	20.60	1,03,302	01/04/2011	15.35	15,046
May	1,29,966	02/05/2011	19.20	18,986	23/05/2011	16.05	5,556
June	1,08,435	01/06/2011	17.95	15,926	28/06/2011	15.75	3,857
July	2,01,316	20/07/2011	17.65	22,385	29/07/2011	15.10	2,516
August	1,35,317	16/08/2011	15.80	5,468	19/08/2011	11.65	22,766
September	94,455	14/09/2011	15.40	2,624	06/09/2011	12.15	1,246
October	78,784	28/10/2011	13.84	10,574	05/10/2011	12.15	5,408
November	90,356	14/11/2011	14.35	603	24/11/2011	10.39	9,085
December	7,03,681	27/12/2011	12.05	94,978	22/12/2011	9.60	81,424
January	8,24,595	30/01/2012	15.39	49,556	09/01/2012	9.50	1,15,525
February	3,52,790	16/02/2012	17.90	13,907	27/02/2012	14.00	7,664
March	1,84,241	05/03/2012	15.55	12,219	29/03/2012	12.30	7,966

<b>NATIONAL STOCK EXCHANGE OF (INDIA) LIMITED PRICE TRADED – POCHIRAJU</b>							
2011 –12	Monthly Volume	HIGH			LOW		
		Date	Price (Rs.)	Volume	Date	Price (Rs.)	Volume
April	3,40,497	29/04/2011	20.45	1,42,831	01/04/2011	15.30	34,802
May	3,02,439	02/05/2011	19.60	31,573	23/05/2011	16.05	4,815
June	1,66,947	07/06/2011	18.90	8,376	22/06/2011	14.45	5,711
July	2,72,585	20/07/2011	17.90	43,492	29/07/2011	14.90	9,086
August	1,58,566	01/08/2011	15.60	5,681	19/08/2011	11.70	15,950
September	1,79,425	15/09/2011	14.70	7,025	06/09/2011	12.20	14,016
October	3,00,411	24/10/2011	14.00	2,191	04/10/2011	11.50	98,461
November	1,63,067	08/11/2011	15.45	3,643	24/11/2011	9.55	14,866
December	1,77,874	01/12/2011	11.95	1,40,92	14/12/2011	8.75	38,306
January	4,15,931	20/01/2012	16.10	9,934	02/01/2012	9.65	22,16
February	4,58,450	15/02/2012	17.45	27,349	27/02/2012	13.95	12,639
March	2,28,218	03/03/2012	17.65	2,606	29/03/2012	12.20	14,995



## POCHIRAJU INDUSTRIES LIMITED

### 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.

### viii) **Dematerialization of shares:**

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



**POCHIRAJU INDUSTRIES LIMITED**

**ix) Shareholding Pattern As On 31-03-2012**

Category	% of shareholding	No. of shares held as on 31.03.2011
Promoters	33.44	6322264
Individuals	54.90	10380339
Domestic Companies	6.47	1222484
FIs, Mutual Funds and Banks	5.19	981588
<b>Total</b>	<b>100.00</b>	<b>18906675</b>

**Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

Sl. No.	Category	Holders	Holder %	Shares	Amount	Amount %
1	1 - 5000	11451	82	2862001	28620010	15.13
2	5001 - 10000	1410	10	1231867	12318670	6.52
3	10001 - 20000	574	4	899447	8994470	4.76
4	20001 - 30000	192	1	568165	5681650	3.00
5	30001 - 40000	89	1	357187	3571870	1.89
6	40001 - 50000	83	1	426423	4264230	2.25
7	50001 - 100000	121	1	1124778	11247780	5.95
8	100001 & Above	122	1	11436807	114368070	60.49
	<b>TOTAL :</b>	<b>14042</b>	<b>100</b>	<b>18906675</b>	<b>189066750</b>	<b>100</b>

**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 2012, 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 2012 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 **M M REDDY & CO.,**

Firm Registration Number : 010371S

Chartered Accountants

M Madhusudhana Reddy

Partner

Membership No. 213077

Place : Hyderabad

Date : 27.08.2012



**POCHIRAJU INDUSTRIES LIMITED**

***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, 2012.

For POCHIRAJU INDUSTRIES LIMITED

Sd/-

P Sudhakar

Managing Director

Date: August 27<sup>th</sup>, 2012



## 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, 2012 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.



**POCHIRAJU INDUSTRIES LIMITED**

- 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 27<sup>th</sup> August, 2012 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, 2012 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, 2012
- (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 **M M REDDY & CO.,**

Chartered Accountants

Firm Registration Number : 010371S

Place: Hyderabad

Date: 27-08-2012

Sd/-

**M. MADHUSUDHANA REDDY**

Partner

Membership No. 213077



**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, 2012 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.
- 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, 2012 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 31.03.2012.
- 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 **M M REDDY & CO.,**

Chartered Accountants

Firm Registration Number : 010371S

Place: Hyderabad

Date: 27-08-2012

Sd/-

**M. MADHUSUDHANA REDDY**

Partner

Membership No. 213077



**POCHIRAJU INDUSTRIES LIMITED**

**BALANCE SHEET AS ON 31ST MARCH, 2012**

<b>PARTICULARS</b>	<b>SCHEDULE REFERENCE</b>	<b>AS AT 31.03.2012 (Rs.)</b>	<b>AS AT 31.03.2011 (Rs.)</b>
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	2	<b>189,066,750</b>	189,066,750
(b) Reserves and Surplus	3	<b>987,765,110</b>	824,077,431
(c) Money received against share warrants		<b>11,028,000</b>	15,340,000
	A	<b>1,187,859,860</b>	1,028,484,181
(2) Share application money pending allotment	4	-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	<b>287,830,330</b>	132,555,169
(b) Defferred tax liabilities (Net)	6	-	-
(c) Other Long term liabilities	7	-	-
(d) Long term provisions	8	-	-
	B	<b>287,830,330</b>	132,555,169
(4) Current Liabilities			
(a) Short-term borrowings	9	-	-
(b) Trade payables	10	<b>2,326,583</b>	4,938,011
(c) Other current liabilities	11	<b>5,660,858</b>	-
(d) Short-term provisions	12	<b>1,456,934</b>	3,506,000
	C	<b>9,444,375</b>	8,444,011
Total	A+B+C	<b>1,485,134,565</b>	1,169,483,361
<b>II. Assets</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	<b>719,265,117</b>	169,887,377
(ii) Intangible assets	14	<b>42,230,147</b>	-
(iii) Capital work-in-progress		<b>211,943,000</b>	505,644,375
(iv) Intangible assets under development		-	-
	A	<b>973,438,264</b>	675,531,752
(b) Non-current investments	15	<b>192,743,440</b>	184,688,760
(c) Defferred tax assets (net)	5	-	-
(d) Long term loans and advances	16	<b>1,103,000</b>	12,331,600
(e) Other non-current assets	17	-	-
(f) Long term deposits			
	B	<b>193,846,440</b>	197,020,360

**POCHIRAJU INDUSTRIES LIMITED****BALANCE SHEET AS ON 31ST MARCH, 2012**

<b>PARTICULARS</b>	<b>SCHEDULE REFERENCE</b>	<b>AS AT 31.03.2012 (Rs.)</b>	<b>AS AT 31.03.2011 (Rs.)</b>
(2) Current assets			
(a) Current investments	18	-	-
(b) Inventories	19	69,528,881	74,551,642
(c) Trade receivables	20	180,332,907	153,984,475
(d) Cash and cash equivalents	21	13,856,947	26,405,272
(e) Short-term loans and advances	22	54,131,126	41,989,860
(f) Other current assets	23	-	-
	C	317,849,861	296,931,249
Total	A+B+C	1,485,134,565	1,169,483,361
Summary of Significant Accounting Policies	1		

The accompanying Notes are an Integral Part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and behalf of Board  
For POCHIRAJU INDUSTRIES LIMITED

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
P.Sudhakar  
Managing Director

Place : Hyderabad  
Date : 27-08-2012

Sd/-  
P.Sailaja  
Director



**POCHIRAJU INDUSTRIES LIMITED**

**PART II-FORM OF STATEMENT OF PROFIT AND LOSS**

**POCHIRAJU INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS**

**Profit and Loss statement for the year ended 31 st -March, 2012**

PARTICULARS	Note No.	AS AT 31.03.2012 (Rs.)	AS AT 31.03.2011 (Rs.)
<b>A. INCOME:</b>			
I. Revenue from operations	24	<b>724,320,514</b>	554,394,598
II. Other Income	25	-	
III. Total Revenue (I +11)		<b>724,320,514</b>	554,394,598
IV. Expenses:			
Cost of materials consumed	26	<b>432,375,759</b>	340,438,218
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	<b>5,023,498</b>	3,195,248
Employee benefit expense	28	<b>28,803,435</b>	20,730,749
Other operating expenses	29	<b>24,803,796</b>	23,591,153
Administrative Expenses	30	<b>19,289,447</b>	13,138,985
Financial costs	31	<b>629,141</b>	1,949,571
Depreciation and amortization expense	13&14	<b>17,292,113</b>	17,292,113
Research and Development expenditure	32	<b>28,729,044</b>	-
Selling Expenses	33	<b>18,799,102</b>	13,331,451
Total Expenses		<b>575,745,335</b>	433,667,488
V. Profit before exceptional and extraordinary items and tax ( HI - IV)		<b>148,575,179</b>	120,727,110
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		<b>148,575,179</b>	120,727,110
VIII. Extraordinary Items		-	
IX. Profit before tax (VII - VIII) X.			
X. Tax expense:		<b>148,575,179</b>	120,727,110
(1) Current tax		-	3,506,000
(2) Deferred tax		-	-



**POCHIRAJU INDUSTRIES LIMITED**

**PART II-FORM OF STATEMENT OF PROFIT AND LOSS**

**POCHIRAJU INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS**

**Profit and Loss statement for the year ended 31 st -March, 2012**

PARTICULARS	Note No.	AS AT	AS AT
		31.03.2012 (Rs.)	31.03.2011 (Rs.)
XI. Profit(Loss) from the period from continuing operations ( IX - X)		148,575,179	117,221,110
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		148,575,179	117,221,110
XVI. Earning per equity share:			
(1) Basic		7.86	6.2
(2) Diluted		7.86	6.2

The accompanying Notes are an Integral Part of the Financial Statements  
AS PER OUR REPORT OF EVEN DATE

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and behalf of Board  
For POCHIRAJU INDUSTRIES LIMITED

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
P.Sudhakar  
Managing Director

Place : Hyderabad  
Date : 27-08-2012

Sd/-  
P.Sailaja  
Director



**Note No.1**

**NOTES ON ACCOUNTS**

- 1) SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012.

**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) Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended) and the relevant provisions of the Companies act, 1956,. The financial statements have been prepared on accrual basis and under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those of previous year.

**c) Revenue recognition**

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

**d) 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



## POCHIRAJU INDUSTRIES LIMITED

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.

### **e) 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.

### **f) 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.

### **g) Non-current assets**

Expenditure incurred for public issue, pre-operative expenses, market development expenditure and expenditure on research and development will be amortized in over a period of 5 years in equal installments from the year of start of commercial production.

### **h) 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.

### **i) 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.

### **j) 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 and leave encashment has been provided based on the actuarial valuation.





## POCHIRAJU INDUSTRIES LIMITED

**k) Taxation:**

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961.

**l) 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.

**m) 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 unutilized Public issue funds.

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

**o) 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 recognized once the diversification projects are completed.



**POCHIRAJU INDUSTRIES LIMITED**

Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

**NOTE NO. 2: SHARE CAPITAL**

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised Equity shares of Rs.10 each with voting rights	25000000	250000000	25000000	250000000
(b) Issued Equity shares of Rs.10 each with voting rights	18906675	189066750	18906675	189066750
(c) Subscribed and fully paid up Equity shares of Rs.10 each fully paid up with voting rights	18906675	189066750	18906675	189066750

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

<b>Equity Shares</b>				
At the beginning of the reporting period	18906675	189066750	17906675	179066750
Issued during the period	-	-	1000000	10000000
Outstanding at the end of the reporting period	18906675	189066750	18906675	189066750

b) Details of the shareholders holding more than 5% shares in the company

Number of shares	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	% Share holding	Number of shares	% Share holding
Mr. P. Sudhakar	4389145	23.21	3841201	20.32
Mrs. P. Sailaja	1680619	8.89	1680619	8.89

c) The company has only one class of equity shares having a face value of Rs.10/- each. Each shareholder is eligible for one vote per share held.



**POCHIRAJU INDUSTRIES LIMITED**

**NOTE NO. 3 : RESERVES AND SURPLUS**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
<b>I</b>	<b>RESERVES AND SURPLUS</b>		
	a) Securities Premium Reserve		
	As at the commencement of the year	<b>260842500</b>	260842500
	Add: Additions during the year	<b>15112500</b>	0
	Less: Utilised for — during the year	<b>0</b>	0
		<b>275955000</b>	260842500
	h) Surplus :		
	i) Opening Balance -		
	Profit and Loss Account	<b>563234931</b>	446013821
	Add: Transfer from Profit & Loss Account	<b>148575179</b>	117221110
	Less: Transfer To General Reserve	<b>0</b>	0
	Less: Dividend	<b>0</b>	0
	Less: Bonus shares	<b>0</b>	0
	Less: Transfer to/from reservs.	<b>0</b>	0
		<b>711810110</b>	563234931
II	A Reserve specifically represented by earmarked investments	<b>0</b>	0
III	Negative balance of reservs and surplus account	<b>0</b>	0
	Total Reserves and Surplus	<b>987765110</b>	824077431

**NOTE NO. 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Share Application Money	0	0
	Notes:		
	Period of Delay in the allotment of shares if any along with the reasons to be stated	0	0



**POCHIRAJU INDUSTRIES LIMITED**

**NOTE NO. 5 : LONG TERM BORROWINGS**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Long Term borrowings		
	a) Bonds/debentures		
	Secured	0	0
	Unsecured	0	0
	b) Term loans:		
	From banks:		
	Secured Loan	287830330	124093607
	(Term loans from Punjab National Bank is secured by way of hypothication of Biopharma Unit situated at Shameerpet Hyderabad and Second charge on the company's Floriculture Assets like Land, Buildings and other Fixed Assets and further secured by personal guarantee of the managing director)*1		
	Secured loan 1	0	2374613
	Secured loan 2	0	6086949
	(Term loans from Oriental Bank of Commerce is secured by way of equitable mortgagage of company's land, buildings and other fixed assets and further secured by personal guarantee of the Managing Director)		
	<b>Total long term borrowings</b>	<b>287830330</b>	<b>132555169</b>

**Security Details**

\*1. Term Loan from Bank is Secured by equitable mortgagage of land and buildings of Bio Pharma unit situated at PLOT No.7 Phase II Alexandria Knowledge park KOLTHOOR (vill) SHAMIRPET (M) R.R.(Dist). The same is further secured by second charge on the floriculture assets of the company situated at 1/102, satyamangalam village, Hosur Tq., Krishnagiri Dist., Tamil Nadu and personal guarantee from promoter directors. The Loan is repayble quaterly over a period of 5 years with an intial morotorium of 18 months. The Loan carried interest @17.50 p.a. presently.

**NOTE NO. 6 : DEFERRED TAX LIABILITY ( NET )**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Deferred Tax Liability</b>	0	0

**NOTE NO. 7 : OTHER LONG TERM LIABILITES**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Total other long term liabilites</b>	0	0

**NOTE NO. 8 : LONG TERM PROVISIONS**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Total Long Term Provisions</b>	0	0

**NOTE NO. 9 : SHORT TERM BORROWINGS.**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Total short term borrowings</b>	0	0



## NOTE NO. 10 : TRADE PAYABLES

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	a) Trade Payables	0	0
	b) Sundry creditors	1811754	2395152
	b) Expenses Payable	514829	2542859
	<b>Total Trade Payables</b>	<b>2326583</b>	<b>4938011</b>

## NOTE NO. 11 : OTHER CURRENT LIABILITES

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	Term Loan Payable	5625000	0
	Interest accrued but not due on termloan	35858	0
	<b>Total other current liabilites</b>	<b>5660858</b>	<b>0</b>

## NOTE NO. 12 : SHORT TERM PROVISIONS

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	a) Provisions for employee benefits	0	0
	Provision for gratuity	1456934	0
	b) Others		
	Statutory Liabilities	0	0
	Provision for Income Tax	0	3506000
	<b>Total short term provisions</b>	<b>1456934</b>	<b>3506000</b>



**POCHIRAJU INDUSTRIES LIMITED**

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Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

Note Number : 13 & 14 FIXED ASSETS

Floriculture:-

S. No	DEPRECIATION	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As on 01.04.11	Additions During the year	As on 31.03.2012	Rate of Dep.	Dep. As on 01-04-11	Dep. for year 2011-12	Impairment Loss / Reversal of Impairment Loss for the Year	Total Dep.	Net Block	Net Block as on 31.03.2011	
1	Land & Developments	15763957	0	15763957	0	0	0	0	0	0	15763957	15763957
2	Buildings	33095944	0	33095944	0	3288676	1105405	0	4394081	0	28701863	29807268
3	Irrigation	13628471	0	19163688	0	3194495	647352	0	4841847	0	15321841	10433976
4	Misc. Fixed Assets	3349625	0	6937995	0	2082295	159107	0	2241402	0	4696593	1267330
5	Green House	40085001	0	47129286	0	15328858	1904038	0	17232896	0	29896390	24756143
6	Planting Materials	71933159	0	116305394	0	68061159	12746447	0	80807606	0	35497788	3872000
7	Electricals	2234762	0	7662217	0	1331597	106151	0	4437748	0	6224469	903165
8	Cold Chain Facilities	5888824	0	10864998	0	1845896	279719	0	2125615	0	8739383	4042928
9	Office Equipment	587832	0	2560375	0	190111	27922	0	218033	0	2342342	397721
10	Furniture & Fittings	2641838	0	5595109	0	661674	125487	0	787161	0	4807948	1980164
11	Computers	1175107	0	1175107	0	381932	190485	0	572417	0	602690	793175
12	Capital Work in Progress	75869550	0	75869550	0	0	0	0	0	0	0	75869550
	Total(A)	266254070	0	266254070		96366693	17292113	0	114658806	0	152595264	169887377

Contd.



**POCHIRAJU INDUSTRIES LIMITED**

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Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

Note Number : 13 & 14 FIXED ASSETS

**Bio-Pharma:-**

S. No	DEPRECIATION	GROSS BLOCK						DEPRECIATION				NET BLOCK		
		As on 01.04.11	Additions During the year	Additions through business acquisitions	Capitalised during the year	Sale Deletions during the year	As on 31.03.2012	Rate of Dep.	Dep. As on 01-04-11	Dep. for year 2011-12	Impairment Loss/ Reversal of Impairment Loss for the Year	Total Dep.	Net Block	Net Block as on 31.03.2011
1	Land and Development	0	0	0	54031830	0	54031830	0	0	0	0	0	54031830	0
2	Buildig and civil works	0	0	0	171752158	0	171752158	0	0	0	0	0	171752158	0
3	Plant and machinery	0	0	0	286813070	0	286813070	0	0	0	0	0	286813070	0
4	Technical knowhow and R&D	0	0	0	42230147	0	42230147	0	0	0	0	0	42230147	0
5	Electricals and accessories	0	0	0	28922670	0	28922670	0	0	0	0	0	28922670	0
6	Miscellaneous assets	0	0	0	25150125	0	25150125	0	0	0	0	0	25150125	0
7	Capital Work in Progress	505644375	315198625	0	0	608900000	211943000	0	0	0	0	0	211943000	505644375
	Total(B)	505644375	315198625	0	608900000	608900000	820843000	0	0	0	0	0	820843000	505644375
	Total(A+B)	771898445	315198625	0	684769550	684769550	1087097070	0	96366693	17292113	0	113658806	973438264	675531752
	Previous year	186384520	79869550	0	0	0	266254070		79074580	17292113	0	96366693	169867377	107309940





**POCHIRAJU INDUSTRIES LIMITED**

**NOTE NO. 15 : OTHER NON- CURRENT INVESTMENTS:**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Total Current Investments</b>	0	0

**NOTE NO. 16 : LONG TERM LOANS AND ADVANCES**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
<b>I</b>	<b>Long - term loans and advances:</b>		
	Security Deposit		
	Secured	<b>1103000</b>	12331600
	Unsecured	<b>0</b>	0
	Doubtfull	<b>0</b>	0
	Total Long term loans & advances	<b>1103000</b>	12331600
	Less : Provision for Doubtfull Debts	<b>0</b>	0
	Total Long term loans & advances( net )	<b>1103000</b>	12331600

**NOTE NO.17 : OTHER NON - CURRENT ASSETS**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	Public Issue Expenses.	<b>61343858</b>	61343858
	Preliminary & Pre-operative Expenses	<b>40427750</b>	40427750
	Market Development Expenses	<b>10034250</b>	10034250
	Research & Development Expenditure *2	<b>0</b>	23599902
		<b>111805858</b>	135405760
	Research and Development expenditure of capital nature	<b>49283000</b>	38483000
	Add: Incurred during the year *3	<b>31654582</b>	10800000
		<b>80937582</b>	49283000
	<b>Total Non Current Assets</b>	<b>192743440</b>	184688760

\*2 Research and Development Expenditure of Rs. 2,35,99,902 consists of R & D Revenue expenditure of Rs. 100.21 Lakhs during the financial year 2010-11 and Rs. 135.79 lakhs during the financial year 2011-12 spent on product development of Bio-pharma Division and eligible under Section 35(2)(b) of Income Tax Act 1961 shown separately.

\*3 The R & D Expenditure of Rs. 8,09,37,582 consists of capital equipment procured for R & D and is net of Rs. 50.00 Lakhs received from DSIR as grant to wards approved project for development of liquid rebies vaccine.



**POCHIRAJU INDUSTRIES LIMITED**

**NOTE NO. 18 : CURRENT INVESTMENTS:**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Total Current Investments</b>	0	0

**NOTE NO. 19 : INVENTORIES**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
<b>I</b>	<b>Inventories :</b>		
	a) Raw materials	51634394	51633657
	Sub Total	51634394	51633657
	b) Finished goods	17894487	22917985
	Sub Total	17894487	22917985
	<b>Total Inventories</b>	69528881	74551642

**NOTE NO. 20 : TRADE RECEIVABLES**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, Considered Good	0	0
	Unsecured, Considered Good	5450417	5450975
	Doubtful	0	0
		5450417	5450975
	<b>Other Receivables:</b>		
	Secured, Considered Good	0	0
	Unsecured, Considered Good	174882490	148533500
	Doubtful	0	0
		174882490	148533500
	<b>Total trade receivable</b>	180332907	153984475
	Less : Allowance for bad & doubtful debts	0	0
	<b>Total Trade Receivables(net)</b>	180332907	153984475



## NOTE NO. 21 : CASH AND BANK BALANCES

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Cash and cash equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	9306742	25796154
	2) Margin Money	0	0
	3) Bank deposits with more than 12 months maturity	0	0
	a) Un Paid Dividend Account	0	0
	b) Cheques, Draft on hand	0	0
	c) Cash on hand	4550205	609118
	d) Others	0	0
	Total Cash and Cash Equivalents	13856947	26405272

## NOTE NO. 22 : SHORT TERM LOANS AND ADVANCES

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Other Receivables</b>		
	Secured	0	0
	Unsecured	54131126	41989860
	Doubtful	0	0
	Total short term loans & advances	54131126	41989860
	Less : Provision for Doubtfull Debts	0	0
	Total short term loans & advances( net)	54131126	41989860

## NOTE NO.23 : OTHER CURRENT ASSETS

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Other Current Assets</b>	0	0

**NOTE 24: REVENUE FROM OPERATIONS**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
(i)	Revenue from operations in respect of non-finance company		
a)	Sales		
	Domestic Sales	724320514	554394598
	Export Sales	0	0
		724320514	554394598
(ii)	Other operating revenues	0	0
	Total Revenue from Operations	724320514	554394598

**NOTE NO. 25 : OTHER INCOME**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	<b>Other Income</b>	0	0

**NOTE NO. 26 : COST OF MATERIALS CONSUMED**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Inventory at the beginning of the year	47547382	43833578
	Add: Production/Purchase		
	Purchases	45451863	37360704
	Nursery Materials	129305023	87320471
	Flowers	172747224	160335630
	Fruits and vegetables	71175541	59135217
		418679651	344152022
		466227033	387985600
	Less: inventory at the end of the year	33851274	47547382
		432375759	340438218

**NOTE NO. 27 : CHANGE IN INVENTORIES & WIP.**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Finished Goods		
	Finished goods at the beginning of the year	22917985	26113233
	Less : Finished goods at the end of the year	17894487	22917985
	(Increase) / Decrease in Inventories	5023498	3195248

**NOTE NO. 28 : EMPLOYEE BENEFIT EXPENSES (AGGREGATE EXPENDITURE)**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	(a) Salaries & Wages	24254652	19091950
	(b) Contribution to Provident & Other Funds	291598	91740
	(c) Staff Welfare Expenses	2800251	1547059
	(d) Provision for gratuity	1456934	0
	Total Employee Benefit Expenses	28803435	20730749

**NOTE NO. 29 : OTHER OPERATING EXPENSES**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	(a) Carriage inwards	0	10250
	(b) Labour wages	17914572	12573903
	(c) Electricity charges	2028657	1493585
	(d) Power&fuel	1352652	837548
	(e) Repairs and maintenance	1690253	1117851
	(f) Job work charges	338659	161304
	(g) Factory maintenance	450625	313452
	(h) Other Manufacturing expenses	1028378	7083260
	Total Other Expenses	24803796	23591153



## NOTE NO. 30 : ADMINISTRATIVE EXPENSES

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	Meeting & Conference Expenses	134526	265825
	Bank charges.	356651	405387
	Book & Periodicals	91041	76436
	Computer Maintenance	149200	102855
	Conveyance.	550671	497776
	Custodial Fee	86979	101275
	Annual issuer fee	44703	0
	D-mat Charges	120699	55670
	Directors Remuneration.	3150000	3150000
	Filing Fee	150000	250000
	Insurance	836746	26705
	Legal Expenses	0	437330
	Licences & taxes	301450	0
	Listing Fee	119976	107843
	Membership & Subscriptions	320879	209854
	Miscellaneous Expenses	587423	240234
	Office Expenses	535247	605896
	Annual maintenance charges	20846	0
	Advertisement expenses	76463	0
	Postage	183256	219371
	Printing & Stationary	117741	379569
	Printing Statutory	350025	385685
	Professional Charges	1694998	185500
	Pooja Expenses	51258	49856
	Rates & Taxes	191438	375000
	Rent	916660	1040802
	Repairs & Manitenance	725773	259859
	Security Charges	705129	536520
	Payment to auditors(*)	250000	250000
	Telephone & communication Charges	389657	634117
	Travelling Expenses Foreign & Domestic	3921654	1336539
	Service charges	425148	275695
	Vehicle Maintenance	465732	677386
	Vehicles Hire Charges	1267478	0
	<b>Total Administrative Expenses</b>	<b>19289447</b>	<b>13138985</b>



**POCHIRAJU INDUSTRIES LIMITED**

**NOTE NO. 31 : FINANCE COST**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
I	(a) Interest Expenses :		
	- Interest on Cash Credit	0	0
	- Interest on Car Loan	0	0
	- Interest on term loan 1	0	451820
	- Interest on term loan 2	629141	1497751
	- Loan processing Charges & Bank Charges	0	0
	(b) Other Borrowing costs	0	0
	(c) Applicable net gain/loss on foreign currency translations & transactions	0	0
	<b>Total Finance Cost</b>	<b>629141</b>	<b>1949571</b>

**NOTE NO. 32 : RESEARCH AND DEVELOPMENT EXPENDITURE**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	Research & Development exp of prior period written off		
	Consumables	3564586	0
	Glassware	3762243	0
	Utilities	6333259	0
	Manpower	9941581	0
	Research & Dev elopment expenses for current year	5127375	0
	<b>Total Other expenses</b>	<b>28729044</b>	<b>0</b>

**NOTE NO. 33 SELLING EXPENSE**

S. No	Particulars	As on 31/03/2012 Rs.	As on 31/03/2011 Rs.
	Selling expenses:		
	Packing material consumed		
	Opening stock	4086275	4396719
	Add:Purchases	5086927	7231176
		9173202	11627895
	Less:closing stock	5808727	4086275
	Consumption of packing materials	10720574	7541620
	Freight	4132578	2965058
	Sales promotion	940237	690258
	Other selling expenses	3005713	2134515
	<b>Total Selling Expenses</b>	<b>18799102</b>	<b>13331451</b>



**POCHIRAJU INDUSTRIES LIMITED**

**NOTES TO ACCOUNTS**

**Contingent Liabilities**

All known liabilities, wherever material.

<b>PARTICULARS</b>	<b>31.03.2012</b>	<b>31.03.2011</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
c) <b><u>DUES TO SSI:</u></b> 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.63,00,000	3150000

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

<b><u>PARTICULARS</u></b>	<b><u>31.03.2012</u></b>	<b><u>31.03.2011</u></b>
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	118.50 lakhs
b) CIF value of Imports	106.30Lakhs	Nil
c) Expenditure in Foreign Currency		
Foreign Travel	21.88Lakhs	Rs.7.56 Lakhs
d) Earnings in Foreign Currency	Nil	Nil
e) Remittances made in foreign Currency in respect of dividends (Net of Taxes)	Nil	Nil



**POCHIRAJU INDUSTRIES LIMITED**

f) Auditor's Remuneration	Rs.	Rs.
Audit Fee	1,50,000	1,50,000
Tax Audit Fee	50,000	50,000
Certification Fee	50,000	50,000

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 Guarantee of the promoter directors Sri P Sudhakar, Smt. P Sailaja and Smt. P BT Sundari. The term loan from Punjab National Bank is secured by first charge in the assets of the biopharma unit and second charge on the assets of the floriculture unit and personal guarantees of Sri. P,Sudhakar and Smt. P.Sailaja.

5) Managerial remuneration:

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

Particulars	Year ended 31-3-2012	Year ended 31-3-2011
Net profit as per profit and Loss account	148575179	117221110
<b>Add:</b>		
Directors sitting fees	-	-
Managerial remuneration	6300000	3150000
Commission paid to non executive directors	-	-
Depreciation	17292113	17292113
Loss on sale of fixed assets	-	-
Provision for doubtful debts and advances	-	-
	172167292	137663223
<b>Less:</b>		
Depreciation u/s 350	17292113	17292113
<b>Net profit as per section 198/ 349 of the companies Act, 1956</b>	154875179	120371110
Maximum permissible remuneration to Managing director as per Section 198/309	7743759	6018556
Maximum permissible remuneration to Non executive director as per Section 198/309	N A	N A



6) Segment information	2011-12	2010-11
	Rs. in lacs	Rs. in lacs
<b>Segment Revenue</b>		
Floriculture	7243.20	5503.53
Pharma	0	40.41
Total	7243.20	5543.94
<b>Segment Result</b>		
(Profit before tax and interest net of interest income)		
Floriculture	1485.75	1219.55
Pharma	0	8.32
Total	1485.75	1227.87
Add interest income (net)	-6.29	-20.60
Profit Before Tax	1479.46	1207.27
<b>Capital Employed</b>		
(Segment Assets-Segment liabilities)		
Floriculture	4591.49	4707.06
Pharma	635.22	944.46
Bio Pharma	9624.29	6042.48
Total	14851	11694



**POCHIRAJU INDUSTRIES LIMITED**

**7) Information regarding stocks**

	2011 -12		2010 – 11	
	Quantity	Value	Quantity	Value
Opening Stocks				
<b>FLORI DIVISION</b>				
a) Fertilizers	99.25MT	43.97	111.55MT	41.18
b) Pesticides		24.68		19.29
c) Packing Magerials		40.86	67.26MT	38.15
d) Consumables				
e) Finished Goods	3.23 lakh stems	16.14	2.57 Lakh stems	13.96
f) Nursery Items		619.87		494.62
<b>PHARMA DIVISION</b>				
a) Tablets			42.94lakhs	130.42
b) Raw Material				
c) Packing Material		5.82		
Closing Stocks				
<b>FLORI DIVISION</b>				
a) Fertilizers		41.87	99.25MT	43.97
b) Pesticides		20.18		24.68
c) Packing Materials		37.16		40.86
d) Consumables				
e) Finished Goods		17.18	3.23 lakh stems	16.14
f) Nursery Items		578.90		619.87
<b>PHARMA DIVISION</b>				
a) Raw Material				
b) Packing Material				
c) Tablets				-



**POCHIRAJU INDUSTRIES LIMITED**

Sales	2011 -12		2010 – 11	
	stems in lacs	Rs. in lacs	stems in lacs	Rs. in lacs
FLORI DIVISION				
a) Export Sales ( Deemed)		-		498.39
b) Nursery & other flowers		4591.11		2881.10
c) Fruits & vegetables		2652.09		2124.04
d)Pharma division	-			40.41

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

**CONSUMPTION OF RAW MATERIALS**

Sales	2011 -12		2010 – 11	
	stems in lacs	Rs. in lacs	stems in lacs	Rs. in lacs
FLORI DIVISION				
a) Fertilizers		324.27	584.08	268.12
b) Pesticides		85.40		97.72
c) Packing Materials		55.14	90.22	75.42

Value of imported and indigenous raw materials etc. and percentage of the Total Consumption.

FLORI DIVISION				
Imported	Nil		Nil	
Indigenous	100%		100%	
PHARMA DIVISION	2011 – 12		2010 – 11	
Raw Material			Rs. in Lacs	
Consumables	0	0	0	0
Packing Material	0	0	0	0
				2.15

**8) RELATED PARTY DISCLOSURES:**

Transaction with related parties pursuant to AS-18 for the financial year 2011-12

Sl. No.	Name of the party	Nature of transaction	Amount Rs. in lacs
1	Shri P. Sudhakar	Remuneration	63.00



**POCHIRAJU INDUSTRIES LIMITED**

**9) EARNINGS PER SHARE**

2011-12

2010-11

Profit after tax (as per profit and loss A/c)	Rs.1485.75 Lacs	Rs. 1172.21 Lacs
No. of Equity shares	1,89,06,675	1,89,06,675
Earnings per share (in Rs.)	7.86	6.20
Nominal value Rs. 10 per share		

- 10) In the opinion of the management, the current assets, loans and advances have a value on realization 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.
- 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:

**POCHIRAJU INDUSTRIES LIMITED****I) Registration Details**

Registration No.:	10762
State Code:	18
Balance Sheet Date:	31.03.2012

**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 :	1470647
Total Assets :	1470647
Sources of Funds:	
Paid-up Capital :	189067
Share Application Money : (Share Warrants)	11028
Reserves & Surplus :	987765
Secured Loans :	287830
Total :	1475690
Application of Funds:	
Net Fixed Assets :	761495
Capital Work-in-Progress :	211943
Net Current Assets :	308405
Non-Current Investments	193847
Total :	1475690



**POCHIRAJU INDUSTRIES LIMITED**

IV) Performance of Company	(Amount in Rs. Thousand)
Turnover :	Rs.724320
Total Expenditure :	Rs. 575745
Profit :	
Profit before Tax :	Rs. 148575
Profit after Tax :	Rs. 148575
Profit after tax and Prior Period items	Rs. 148575
Earnings per Share (Rs.) :	Rs. 7.86
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 M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 27-08-2012

For and behalf of Board  
For POCHIRAJU INDUSTRIES LIMITED

Sd/-  
P.Sudhakar  
Managing Director

Sd/-  
P.Sailaja  
Director

**POCHIRAJU INDUSTRIES LIMITED****CASH FLOW STATEMENT FOR THE PERIOD ENDED**

PARTICULARS	31-03-2012 Rs.	31-03-2011 Rs.
Net Profit before Tax	148575179	120727110
ADD:Depreciation	17292113	17292113
ADD:Interest	629141	1949571
Less:Interest Received	0	0
Less:Misc. Income	0	0
Operating Profit	166496433	139968794
Increase in Inventories	5022761	-208112
Increase in Debtors	-26348432	-10991654
Increase in Loan & Advances	-12141266	-8464355
Increase/Decrease in Current Liabilities	1000364	2096975
Cash Generated from Operations	134029860	122401648
less:Tax Expense	0	3506000
Less:Interest Paid	629141	1949571
Cash from Operations	133400719	116946077
Add: Misc. Income	0	
Add: Additions to Fixed Assets	0	-79869550
Add: Decrease in Fixed Deposits	3173920	
Add: Non Current investments	0	-23589750
Add: Increase in Capital Work in Progress	-315198625	-143206738
Add: Interest Recieved	0	
Net Cash Used in Investing	-312024705	-246666038
Receipts from Share Capital	10800500	35490000
Receipts from New Borrowings	155275161	113617911
Net Cash Used Financing Activity	166075661	149107911
Net cash Flow	-12548325	19387950
Opening Balance	26405272	7017322
Net cash Flow	-12548325	19387950
Cash and Cash Equivalants	13856947	26405272

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 27-08-2012

For and behalf of 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 17<sup>th</sup> Annual General Meeting of the Company at the registered office on Thursday, 27 September 2012, at 11.30 am

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

<b>FOLIO No.</b>	<b>DP ID:</b>	<b>CLIENT ID:</b>
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**Signature of the Shareholder/Proxy\*** \_\_\_\_\_

- Notes:
- a. Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.
  - b. No gifts / Coupons will be distributed at the Annual General Meeting.**
  - c. 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>
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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 17<sup>th</sup> Annual General Meeting of the Company to be held at Registered  
office of the company on Thursday, 27 September 2012, at 11.30 am.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012  
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