



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the **Fifteenth Annual General Meeting** of the Members of **PONDY OXIDES AND CHEMICALS LIMITED** will be held on Saturday, August 28, 2010 at **11.00 a.m.** at the **Kasturi Srinivasan Hall [Mini Hall] Music Academy, 306, T.T.K Road, Chennai-600014** to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended as on that date, and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Dr. Padam C Bansal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri. Anil Kumar Bansal, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Sri. Y.V.Raman, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint a Director in place of Sri. Anil Kumar Sachdev, who retires by rotation and, being eligible, offers himself for reappointment.
7. To appoint the Auditors and to fix their remuneration. In this connection, to consider and, if thought fit to pass the following resolution as ordinary resolution :

"RESOLVED THAT M/s Jeeravla & Co, Chartered Accountants, having firm Registration No : 001323S, registered with ICAI, retiring Auditors be and are hereby appointed as Auditors of the Company to hold office from the conclusion of the fifteenth Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with Audit of the accounts of the company."

### SPECIAL BUSINESS :

8. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

"RESOLVED that in accordance with the provisions of section 198, 257, 269, 309 and 310 and in accordance with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and such other approvals as may be required approval of the shareholders be and is hereby given for the re-appointment of Sri. Anil Kumar Bansal as Managing Director of the company for a period of Three years from April 01, 2010 on the following remuneration :

**Salary** : Rs.95,000/- per month in the scale of Rs.95,000 – Rs.15,000 – Rs.1,25,000

**Perquisites** : Such as HRA, PF, Conveyance, Medical Reimbursement, Bonus, LTC, Gratuity, Electricity expenses for residence and Communication expenses as may be provided by the company as agreed upon by the Board of Directors of the company and Sri. Anil Kumar Bansal subject however that the total value of such perquisites payable in a year shall not exceed the amount of the annual salary”.

9. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

“RESOLVED that in accordance with the provisions of section 198, 257, 269, 309 and 310 and in accordance with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and such other approvals as may be required approval of the shareholders be and is hereby given for the re-appointment of Sri. Sunil Kumar Bansal as the Whole Time Director of the company for a period of three years from April 01, 2010 on the following remuneration :

**Salary** : Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000

**Perquisites** : Such as HRA, PF, Conveyance, Medical Reimbursement, Bonus, LTC, Gratuity, Electricity expenses for residence and Communication expenses as may be provided by the company as agreed upon by the Board of Directors of the company and Sri. Sunil Kumar Bansal subject however that the total value of such perquisites payable in a year shall not exceed the amount of the annual salary”.

10. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

“RESOLVED that in accordance with the provisions of Section 198, 257, 269, 309 and 310 and in accordance with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and such other approvals as may be required approval of the shareholders be and is hereby given for the re-appointment of Sri. R.P.Bansal as the Whole Time Director of the company for a period of three years from April 01, 2010 on the following remuneration :

**Salary** : Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000

**Perquisites** : Such as HRA, PF, Conveyance, Medical Reimbursement, Bonus, LTC, Gratuity, Electricity expenses for residence and Communication expenses as may be provided by the company as agreed upon by the Board of Directors of the company and Sri. R.P.Bansal subject however that the total value of such perquisites payable in a year shall not exceed the amount of the annual salary”.

11. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

“RESOLVED that in accordance with the provisions of section 198, 257, 269, 309 and 310 and in accordance with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and such other approvals as may be required approval of the shareholders be and is hereby given for the re-appointment of Sri. Devakar Bansal as the Whole Time Director of the company for a period of three years from 01.04.2010 on the following remuneration :



**Salary** : Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000

**Perquisites** Such as HRA, PF, Conveyance, Medical Reimbursement, Bonus, LTC, Gratuity, Electricity expenses for residence and Communication expenses as may be provided by the company as agreed upon by the Board of Directors of the company and Sri. Devakar Bansal subject however that the total value of such perquisites payable in a year shall not exceed the amount of the annual salary”.

12. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution :

“RESOLVED that in accordance with the provisions of section 198, 257, 269, 309 and 310 and in accordance with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and such other approvals as may be required approval of the shareholders be and is hereby given for the re-appointment of Sri. Y.V.Raman as the Whole Time Director of the company for a period of three years from 01.04.2010 on the following remuneration :

**Salary** : Rs.32,000/- per month in the scale of Rs.32,000 – Rs.5,000 – Rs.42,000.

**Perquisites** Such as HRA, Conveyance, Medical Reimbursement, Bonus, LTC, Gratuity, and Communication expenses as may be provided by the company as agreed upon by the Board of Directors of the company and Sri. Y.V. Raman subject however that the total value of such perquisites payable in a year shall not exceed the amount of the annual salary”.

13. To consider and if thought fit to pass with or without modification the following resolution as special resolution

“RESOLVED that pursuant to Section 163 of the Companies Act, 1956 the company hereby approves that the Register of Members, Debenture holders, indices, returns and copies of certificates and documents be kept at the new Corporate Office of the company at 4<sup>th</sup> Floor, KRM Centre, No.2, Harrington Road, Chetput, Chennai – 600 031 with effect from October 1, 2010”.

14. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution

“RESOLVED that pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of directors of the Company to borrow for the purpose of business any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of directors may in its discretion think fit notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not so set aside for any specific purpose, provided however, that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs.100.00 Crores (Rupees One hundred crores)”.

By Order of the Board  
For Pandy Oxides and Chemicals Limited

Place : Chennai  
Date : July 12, 2010

K. Kumaravel  
GM Finance & Company Secretary

**NOTES :**

- [a] The relative explanatory statement pursuant to section 173[2] of the Companies Act, 1956, in respect of the business under Item No. 8, 9, 10, 11, 12,13 and 14 as set out above are annexed hereto.
- [b] **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY DULY COMPLETED AND SIGNED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING.**
- [c] Annual Report will not be distributed at the Annual General Meeting in view of the high cost of paper and printing. Members/Proxies should bring the enclosed Attendance slip duly filled in, for attending the meeting along with the Annual report.
- [d] The Register of Members and the Share transfer books of the Company will remain closed on Saturday, August 28, 2010 in terms of section-154 of the Companies Act, 1956.
- [e] If dividend on shares as recommended by the Directors is approved at the meeting, the payment will be made within thirty days to those shareholders whose names are on the Company's Register of Members on August 28, 2010. The dividend in respect of shares held in electronic form will be payable to the beneficial owners of the shares as at the end of business hours on August 28, 2010, as per details furnished by the Depositories for this purpose.
- [f] Members are requested to notify any change in their address:
  - [i] to their depository participants [DPs] in respect of shares held in Demat form; and
  - [ii] to the Registrar and Transfer Agents of the Company, M/s Cameo Corporate Services Limited, Subramanian Building No 1, Club House Road, Chennai – 600002 in respect of shares held in physical form, quoting their folio numbers.

As members are aware, equity shares of the Company are traded in electronic form for all shareholders. Members who hold shares in physical form may dematerialize the same. ISIN allotted to the Company for this purpose is INE063E01038.

As per SEBI Circular No. MRD / DOP / Cir -05 / 2009 dated May 29, 2009, it is mandatory to quote PAN No. for transfer of shares in physical form. Therefore the transferee[s] is required to submit the self attested PAN CARD copy to the Registrar and Share Transfer Agents of the Company for registration of transfer of shares.

- [g] Members desiring any information on accounts or operations of the Company are requested to send their queries to the Company at least eight days prior to the date of the Meeting at the Administrative office to facilitate clarifications during the meeting.
- [h] Members who have not encashed their dividend warrants for the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 are requested to approach the Company, for revalidation /issue of duplicate warrants quoting their Ledger Folio /DP-Client ID Number.



Pursuant to Section 205A[5] of the Companies Act, 1956 the unpaid dividends due for transfer to the Investor Education and Protection Fund [IEPF] of the Central Government are as follows :

Dividend for the Year ended	Date of declaration	Due for transfer on
March 31, 2003	September 20, 2003	September 24, 2010
March 31, 2004	September 11, 2004	September 16, 2011
March 31, 2005	September 20, 2005	September 24, 2012
March 31, 2006	September 9, 2006	September 13, 2013
March 31, 2007	September 22, 2007	September 26, 2014
March 31, 2008	September 20, 2008	September 25, 2015
March 31, 2009	September 17, 2009	September 21, 2016

By Order of the Board  
For Pondy Oxides and Chemicals Limited

Place : Chennai  
Date : July 12, 2010

K. Kumaravel  
GM Finance & Company Secretary

#### **ANNEXURE TO NOTICE**

EXPLANATORY STATEMENT Pursuant to Section 173[2] of the Companies Act, 1956 setting out all the material facts pertaining to the Special business.

#### **Item No. 8:**

At the Annual General Meeting held on September 22, 2007, the members approved the reappointment of Sri.Anil Kumar Bansal, as the Managing Director of the company for a period of three years from April 01,2007 in the scale of pay Rs.75,000 – 10,000 – 1,05,000 with perquisites equivalent to the annual salary. As his terms of appointment expired on March 31, 2010, it is proposed to reappoint Sri.Anil Kumar Bansal as the Managing Director of the Company for a further period of three years.

Keeping in view of the business requirements of the company and the enormous contribution and sincere efforts put in by Sri. Anil Kumar Bansal, your board and remuneration committee consider it appropriate to revise his salary to Rs.95,000/- per month in the scale of Rs.95,000 – Rs. 15,000 – Rs.1,25,000 with perquisites the total value of which in a year shall not exceed an amount equal to the annual salary with effect from 01.04.2010 subject to the approval of the shareholders.

None of the directors other than Sri.Anil Kumar Bansal, Dr.Padam C Bansal, Sri.R.P.Bansal, Sri.Sunil Kumar Bansal, Sri.Devakar Bansal and Sri.Ashish Bansal is interested in the above resolutions.

#### **Item No.9:**

At the Annual General Meeting held on September 22, 2007, the members approved the appointment of Sri.Sunil Kumar Bansal, as the Whole Time Director of the company for a period of three years from April 01,2007 in the scale of pay Rs.50,000 – 7,500 – 72,500 with perquisites equivalent to the annual salary.

## **Pondy Oxides and Chemicals Limited**

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As his terms of appointment expired on March 31, 2010, it is proposed to reappoint Sri.Sunil Kumar Bansal as the Whole Time Director of the Company for a further period of three years.

Keeping in view of the business requirements of the company and the contribution and efforts put in by Sri. Sunil Kumar Bansal in the area of Finance and purchases, your board and remuneration committee consider it appropriate to revise his salary to Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000 with perquisites the total value of which in a year shall not exceed an amount equal to the annual salary with effect from 01.04.2010 subject to the approval of the shareholders.

None of the directors other than Sri.Anil Kumar Bansal, Dr.Padam C Bansal, Sri.R.P.Bansal, Sri.Sunil Kumar Bansal, Sri.Devakar Bansal and Sri.Ashish Bansal is interested in the above resolutions.

### **Item No. 10 :**

At the Annual General Meeting held on September 22, 2007, the members approved the appointment of Sri.R.P.Bansal, as the Whole Time Director of the company for a period of three years from April 01, 2007 in the scale of pay Rs.50,000 – 7,500 – 72,500 with perquisites equivalent to the annual salary. As his terms of appointment expired on March 31,2010, it is proposed to reappoint Sri.R.P.Bansal as the Whole Time Director of the Company for a further period of three years.

Keeping in view of the business requirements of the company and the contribution and efforts put in by Sri. R.P.Bansal in the area of Marketing and Public Relations, your board and remuneration committee consider it appropriate to revise his salary to Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000 with perquisites the total value of which in a year shall not exceed an amount equal to the annual salary with effect from April 01.2010 subject to the approval of the shareholders.

None of the directors other than Sri.Anil Kumar Bansal, Dr.Padam C Bansal, Sri.R.P.Bansal, Sri.Sunil Kumar Bansal, Sri.Devakar Bansal and Sri.Ashish Bansal is interested in the above resolutions.

### **Item No. 11 :**

At the Annual General Meeting held on September 22, 2007, the members approved the appointment of Sri.Devakar Bansal, as the Whole Time Director of the company for a period of three years from April 01,2007 in the scale of pay Rs.50,000 – 7,500 – 72,500 with perquisites equivalent to the annual salary. As his terms of appointment expired on March 31, 2010, it is proposed to reappoint Sri.Devakar Bansal as the Whole Time Director of the Company for a further period of three years.

Keeping in view of the business requirements of the company and the contribution and efforts put in by Sri. Devakar Bansal in the area of Production, your board and remuneration committee consider it appropriate to revise his salary to Rs.65,000/- per month in the scale of Rs.65,000 – Rs.10,000 – Rs.85,000 with perquisites the total value of which in a year shall not exceed an amount equal to the annual salary with effect from April 01, 2010 subject to the approval of the shareholders.

None of the directors other than Sri.Anil Kumar Bansal, Dr.Padam C Bansal, Sri.R.P.Bansal, Sri.Sunil Kumar Bansal, Sri.Devakar Bansal and Sri.Ashish Bansal is interested in the above resolutions.

### **Item No. 12 :**

At the Annual General Meeting held on September 22, 2007, the members approved the appointment of Sri.Y.V.Raman, as Whole Time Director of the company for a period of three years from April 01, 2007 in

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the scale of pay Rs.20,000 – 4,000 – 32,500 with perquisites equivalent to the annual salary. As his terms of appointment expired on March 31, 2010, it is proposed to reappoint Sri.Y.V.Raman as the Whole Time Director of the Company for a further period of three years.

Keeping in view of the business requirements of the company and the contribution and efforts put in by Sri. Y.V.Raman in the area of Marketing, your board and remuneration committee consider it appropriate to revise his salary to Rs.32,000/- per month in the scale of Rs.32,000 – Rs.5,000 – Rs.42,000 with perquisites the total value of which in a year shall not exceed an amount equal to the annual salary with effect from April 01,2010 subject to the approval of the shareholders.

None of the directors other than Sri.Y.V.Raman is interested in the above resolutions.

**Item No.13 :**

The company acquired the own Corporate Office at 4<sup>th</sup> Floor, KRM Centre, No.2, Harrington Road, Chetput, Chennai – 600 031. Since, it is considered functionally convenient to keep the Register of Member, Debenture Holders and other documents like Returns, Certificates, Etc., in the above place instead of the Registered office of the company as the Company's other corporate activities are to be functional in the above office with effect from October 01, 2010. Such change of place requires approval of the members u/s.163 of the Companies Act, 1956.

None of the directors of the Company is in any way concerned or interested in the above resolution.

The Board of Directors of the Company recommend the above resolution as set out for members approval.

**Item No.14 :**

The company has been borrowing from its bankers and others money for its working capital and other requirements from time to time and considering the growth of business the requirement of funds is expected to increase considerably in the years to come. As the borrowings would exceed the paid-up share capital and the free reserves of the company which requires the consent of the members in terms of the provision of section 293(1)(d) of the Companies Act, 1956 it is considered desirable to pass necessary resolution to obtain the consent of the members authorising the Board of the Directors of the Company to borrow from time to time. Hence the resolution is placed for your consideration.

None of the directors of the Company is in any way concerned or interested in the above resolution.

By Order of the Board  
For Pandy Oxides and Chemicals Limited

K. Kumaravel  
GM Finance & Company Secretary

Place : Chennai  
Date : July 12, 2010

**INFORMATION OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE FIFTEENTH ANNUAL GENERAL MEETING.**

**[As Required under clause 49 IV [G][i] of the Listing Agreement]**

Name of the Director	Dr. Padam C Bansal	Sri. Anil Kumar Bansal	Sri. Y.V. Raman	Sri. Anil Kumar Sachdev
Date of Birth	10.07.1947	02.11.1953	02.12.1952	19.12.1953
Date of Appointment	04.11.1997	21.03.1995	01.04.2001	02.09.1995
Director Identification Number	0023863	00232223	00232762	00043431
Relationships between Directors' inter-se	Brother of Promoter* Directors	Brother of Promoter* Directors	Not related to any Director of the Company	Not related to any Director of the Company
Qualification and Expertise	M.Sc., Phd – Specialization – in sustained release drugs and chemicals	B.Sc – Specialization in Production and R & D Areas of Plastic Additives and Metals	B.Sc – Specialization in marketing of various products	MBA – Specialization in Finance
Directorship held in other public companies	Nil	Baschem Pharma Ltd	Nil	Nil
Membership/ Chairmanship of Committees across other public companies, Committee if any	Nil	Member – Share Transfer Committee	Member – Share Transfer Committee	Member – Audit Committee – Share holders' / Investors' Grievances Committee – Remuneration
Number of Equity Shares of Rs.10/- each held	425626	346831	2629	3630

\*Promoter Director are : [1] Dr. Padam Chandra Bansal [2] Sri. Anil Kumar Bansal [3] Sri. Sunil Kumar Bansal [4] Sri. R.P. Bansal [5] Sri. Devakar Bansal [6] Sri. Ashish Bansal.





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the **Fifteenth Annual Report** on the business and operations together with the Audited Statement of Accounts of the Company for the year ended on March 31, 2010.

### I. FINANCIAL RESULTS

Particulars	[For the year ended March 31] [Rs in Lakhs]	
	2010	2009
Total Income	16147.38	12285.92
Earnings before interest, depreciation and tax	1357.01	461.23
Interest and Finance charges	456.62	374.26
Depreciation	158.84	159.66
Profit before Taxation	741.55	[72.69]
Provision for current tax including Fringe benefit tax	173.26	46.06
Provision for Deferred tax	[8.41]	0.31
Net Profit	576.70	[119.06]
Prior period adjustment	5.29	0.16
Profit after tax and adjustment	571.41	[119.22]
<b>APPROPRIATIONS</b>		
General reserve	30.00	-
Proposed dividend on equity shares	121.28	50.53
Tax on Proposed dividend	20.61	8.59
Surplus carried forward to next year	399.52	-
<b>TOTAL</b>	<b>571.41</b>	<b>[178.34]</b>

### YEAR IN RETROSPECT

The Company ended the year 2009-2010 with an impressive and all-time high performance. The Company has emerged stronger with record sales and profitability. Sales / Income from operations [net] increased to an all time high of Rs.16147.38 Lakhs compared to Rs.12285.92 Lakhs in the previous year registering a growth of 31%. Earnings before Interest, Depreciation and Tax for the year was Rs. 1357.01 Lakhs as compared to Rs.461.23 Lakhs for the previous year, a substantial improvement of 193% over the previous year. The improvement was on account of mainly higher Sales and improved scale of operations. The Profit after tax is Rs.571.41 Lakhs as compared to Loss of Rs. 119.22 Lakhs in the previous year. A substantial turnaround of note. The EPS [Earning per share] improved to Rs.5.71 per Equity share in the year 2009 -10 as compared to loss of Rs.1.18 per Equity share in the previous year.

### II DIVIDEND

In view of the improvement in the company's performance, the Board of Directors of your Company is pleased to recommend an increased dividend of Rs 1.20 [12%] per equity share of Rs.10 each. The total Cash flow on account of this dividend including dividend distribution tax thereon will be Rs.141.89 Lakhs. The dividend will be tax free in the hands of the shareholders.

### **III APPROPRIATIONS**

For the year under review, the Board has proposed to transfer of Rs.30 Lakhs to General Reserve and an amount of Rs. 399.52 Lakhs is proposed to be retained in the Profit & Loss Account.

### **IV SUBSIDIARIES**

The company as of March 31, 2010 had two subsidiaries M/s. Baschem Pharma Limited and M/s.Lohia Metals Private Limited.

Ministry of Corporate Affairs, Government of India has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section [1] of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said approval, is disclosed in the Annual Report. The company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and at the respective offices of the subsidiary companies. The consolidated Financial Statements presented by the company include financial results of its subsidiary companies.

### **V MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to clause 49 [VI] of the Listing agreement with the Bombay Stock Exchange, Management Discussion and Analysis Report is given below.

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The financial year 2009-10 began amidst global financial slowdown. There were grave uncertainties and the sentiment was very weak. In Indian context, there was added uncertainty due to sub-normal south-west monsoon. To counter these negatives, the Indian Government implemented fiscal stimulus packages on public projects. The Reserve Bank of India took a number of monetary easing and liquidity enhancing measures. As a result, India weathered these crises well and as an economy, it is better placed than it was three/four quarters ago. The advance estimate of the GDP growth for 2009-10 is > 7.2%. This recovery was achieved despite a negative growth in the agricultural sector. Manufacturing sector was the growth-driver for this recovery.

#### **COMPANY OVERVIEW**

During the year under review, on quarter to quarter basis, we have consolidated our operation by increasing capacity of lead smelting and zinc refining plant. Exports during the year were at Rs.5088.48 Lakhs - substantially higher by 206% over the previous year. The indigenous base for metal products was also widened during the year.

#### **OUTLOOK**

The global demand supply mismatch begot several benefits to the company in terms of better inventory planning, scaling new benchmarks in terms of production and sales of lead and zinc metal. Your Company continues to make investments in technology to improve product quality and output. We have been vigilant to retrospect, to concentrate and to strengthen our competitive advantages. The year gone by has proved to be a year of uncertainty and volatility leading to an economic downturn with severe and widespread global impact.

An independent Research agency has reported that due to the sudden increased demand for lead-acid batteries as a derived demand from its user [automobile] sector, the demand for refined lead has increased. The lead-acid battery industry accounts for approx. eighty five percent of total demand for lead. Also demand from information technology and telecom sector which mainly use lead-acid batteries also increased which further intensified the demand for lead. The Chemical industry uses lead in lead based pigments and other compounds which was also another factor for increase in



demand for lead. In 2009, lead prices firmed up and showed an increasing trend towards the end of the year. In 2009 there was expectation that lead production would be cut by zinc miners as lead is produced primarily as a by-product of zinc. The pressure from China to buy instead of selling lead largely also factored in for its prices firming up. Further, the reduced level of LME inventory and tight supply supported the high prices.

However, effective steps are envisaged for cost optimisation to reduce its impact and grow. The outlook seems to be of cautious optimism for the current year as well as for the next year.

### **RISKS AND CONCERNS**

POCL is a unique combination of a play on global economic recovery through its Lead Smelting and Zinc Refining Business. While demand for metal products is expected to be better over a couple of years, capacity addition is expected to match the demand growth.

Last year one of the biggest challenges for the company was the consolidation of the units by maximizing the capacity utilization and minimizing the cost of production through proper planning and product mix.

Your Company operates both in the domestic market and overseas. There is exposure to foreign exchange risks. Apart from normal business risks, there exist major risks and concerns of volatility in global economies, slowdown in Indian economy and increase in costs of inputs as applicable to industry. Continuous process improvement and cost reduction through re-engineering of production process to counter these risks has been adopted across the organisation. Your Company complies with safety norms and has adequate insurance coverage for all assets.

### **CERTIFICATIONS**

Your Company continues to be accredited for Quality Management System ISO 9001:2008 certification. POCL has been accorded the status of Export House by the Ministry of Commerce, Government of India for five years.

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company believes that growth is not only to be profitable and competitive, but also sustainable in a socially relevant way. POCL has actively pursued CSR activities and we have in fact made substantial progress on this front. Your Company has proactively initiated steps to maintain all the four units as environment friendly. It has been the policy of the company to keep at least one third of the unit area as green. Also full fledged pollution control equipments are installed in all units before the commencement of production and to keep the environment pollution free inspite of Red Category Unit classification.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are regularly tested and certified by Statutory as well as Internal auditors and cover the Plant and Administrative office and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and system.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

Your Company believes that its employees are the main force in driving performance and developing competitive advantage. During the year, your Company has focused efforts to enhancing capabilities of employees, particularly in view of expanding capacities. Technical and safety training programmes were held periodically to enhance workers' knowledge and application skills. Industrial relations continued to remain cordial and harmonious during the year. The total number of employees at the end of the year was 263.

**VI CORPORATE GOVERNANCE**

A Report on Corporate Governance is annexed to this Report. A declaration in regard to compliance with the Code of Conduct by the Directors and Senior Management personnel signed by the Managing Director was placed at the meeting of the Board of Directors held on July 12, 2010. A Certificate from the Statutory Auditors of the Company confirming compliance of conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is also annexed.

**VII DEPOSITS**

The Company has not accepted any deposits from public; however has accepted unsecured loans from friends and relatives of Directors.

**VIII CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO**

In accordance with the provisions of Section 217[1] [e] of the Companies Act, 1956, read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988, the information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, is furnished in the Annexure forming part of this Report.

**IX DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to section 217[2AA] of the Companies Act, 1956, the Directors confirm that:-

- [1] In the preparation of the annual accounts, the applicable accounting standards have been followed with explanatory notes relating to material departures;
- [2] Appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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 of the Company for that year;
- [3] Proper and sufficient care has been taken for maintaining 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;
- [4] The annual accounts have been prepared on a going concern basis.

**X DIRECTORATE**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. Padam Chandra Bansal, Sri. Anil Kumar Bansal, Sri. Y.V.Raman and Sri. Anil Kumar Sachdev retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**XI AUDITORS**

M/s Jeeravla & Co., Chartered Accountants, Firm Registration No : 001323S Auditors of the Company, who retire at the forthcoming Annual General Meeting are eligible for reappointment and have expressed their willingness to accept office, if reappointed. They have given a certificate to the effect that the reappointment if made, would be within the limits prescribed under section 224[1B] of the Companies Act, 1956. Your Directors recommend their reappointment.

**XII PARTICULARS OF EMPLOYEES**

None of the employees of your Company was in receipt of the remuneration in excess of the ceiling prescribed under section 217[2A] of the Companies Act, 1956.

**XIII ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their sincere appreciation for the Continued trust and confidence reposed in the company by the bankers, business associates, regulatory authorities, customers, dealers, vendors and shareholders. Your Directors recognise and appreciate the services rendered by the officers, staff and employees of the Company at all levels for their dedicated efforts to improve the performance of the company.

**XIV CAUTIONARY STATEMENT**

Certain statements in the Directors' Report describing the Company's operations, objectives, projections and expectations regarding future performance may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied, depending on the economic conditions, Government policies and other incidental factors and developments.

For and on behalf of the Board of Directors

Place : Chennai  
Dated : July 12, 2010

**D.P.Venkataraman**  
Vice Chairman

**ANNEXURE- I TO THE DIRECTORS' REPORT**

Information under section 217[1][e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010.

**[1] CONSERVATION OF ENERGY**

- [a] Energy conservation measures taken;  
[b] Additional investments and proposals if any, being implemented for reduction of consumption of energy;  
[c] Impact of the measures at [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods  
[d] Total energy consumption and energy consumption per unit of production :
- } : Not Applicable

**FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Serial No.	Particulars	Current Year 2009-10	Previous Year 2008-09
<b>A</b>	<b>POWER AND FUEL CONSUMPTION</b>		
	<b>1. Electricity</b>		
	a. Purchased	Units 16,83,427	15,21,975
	Total Amount	Rs. in Lakhs 73.64	57.75
	Rate	Rs. per Unit 4.37	3.79
	b. Own Generation		
	Through Diesel Generator	Units 7,64,575	6,74,737
	Value of diesel consumed	Rs. in Lakhs 86.99	68.00
	Units per litre of diesel	3.16	3.22
	Cost	Rs. per Unit 11.38	10.02
	<b>2. Coal</b>		
	Quantity	in M.T. 429	321
	Amount	Rs. in Lakhs 32.92	23.09
	Average Rate	Rs. 7,612	7,403
	<b>3. Furnace Oil</b>		
	Quantity	in K.Lts 867	414
	Amount	Rs. in Lakhs 208.12	101.00
	Average Rate	Rs. 24,017	24,490

**Pondy Oxides and Chemicals Limited**

<b>4. Others</b>				
<b>a. BM Oil</b>				
Quantity	in K.Lts	94		388
Amount	Rs. in Lakhs	23.45		131.01
Average Rate	Rs.	24,820		33,765
<b>b. Diesel</b>				
Quantity	in K.Lts	496		282
Amount	Rs. in Lakhs	178.50		105.83
Average Rate	Rs.	36,002		37,528

**B. CONSUMPTION PER UNIT OF PRODUCTION**

In view of the number of products, with different quality and other parameters, being manufactured by the company, it is not possible to give information on consumption of fuel per unit of production.

**[2] TECHNOLOGY ABSORPTION**

**FORM B**

**Form of disclosure of particulars with respect to absorption.**

**I. Research and development**

During the year under review, the Company continued to improve the quality of products through its normal research and development system.

**II. Technology Absorption, Adaptation and Innovation**

The Company has not acquired any imported or indigeneous technology.

**[3] FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year the Company earned Foreign Exchange of Rs. 5088.48 Lakhs [export sales] and used Foreign Exchange of Rs.8625.45 Lakhs [Raw materials-Rs. 8623.53 Lakhs and Foreign travel expenses Rs. 1.92 Lakhs]

For and on behalf of the Board of Directors

Place : Chennai  
Dated : July 12, 2010

**D.P.Venkataraman**  
Vice Chairman



## CORPORATE GOVERNANCE REPORT

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance and believes in the importance of transparency and accountability in all facets of its operations. It is following sound systems to support healthy business operations and endeavours continuous improvements. Your Company has implemented, to the extent possible, the recommendations of the Code of Corporate governance as per the regulatory guidelines.

### II. BOARD OF DIRECTORS

#### 1. COMPOSITION

The Board of Directors comprises :-

- One Managing Director [Promoter group]
- Four Executive Directors [3-Promoter group]
- Two Related Directors [Not Independent-promoter group]
- Five Independent / Non-Executive Directors

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other companies were as under :

Names of the Directors	Category	Number of Directorships in other public limited companies	Memberships of other Committee[s]		Number of Board Meetings attended	Last AGM Attended
			Chairman	Member		
Dr. Padam Chandra Bansal	Chairman-Non Executive [Promoter Group]	—	—	—	1	No
Sri.D P Venkataraman	Vice-Chairman Non Executive	1	3	—	7	Yes
Sri.Anil Kumar Bansal	Managing Director [Promoter Group]	1	1	—	7	Yes
Sri. Sunil Kumar Bansal	WholeTime Director [Promoter Group]	2	1	—	7	Yes
Sri.R.P.Bansal	WholeTime Director [Promoter Group]	—	—	—	2	Yes
Sri. Devakar Bansal	WholeTime Director [Promoter Group]	1	1	—	7	Yes
Sri Y.V.Raman	WholeTime Director	—	1	—	7	Yes
Sri.Sudhir Kumar Gupta	Non Executive/ Independent	1	3	—	3	Yes
Sri. Anil Kumar Sachdev	Non Executive/ Independent	1	3	—	1	Yes
Sri. Harish kumar Lohia	Non Executive/ Independent	—	—	—	5	Yes
Sri.P.N.Shridharan	Non Executive Independent	2	—	—	6	Yes
Sri.Ashish Bansal	Non Executive [[Promoter Group]	1	—	—	5	Yes

**Note:**

None of the Directors was member in more than 10 Committees or Chairman in more than 5 Committees.

## **2. MEETINGS OF THE BOARD OF DIRECTORS**

During the year 2009-2010, the Board met seven times on [1] April 24, 2009; [2] July 30, 2009; [3] September 17, 2009; [4] October 30, 2009 [5] December 09, 2009 [6] January 29, 2010 and [7] March 31, 2010.

At least one Board Meeting was held during every quarter. The maximum time gap between two Board Meetings was less than four months.

## **III. THE BOARD COMMITTEE**

### **1. AUDIT COMMITTEE**

#### Terms of reference

The terms of reference cover the matters specified under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. In brief, these are:

To oversee the Company's financial reporting process and disclosure of its financial information; to recommend the appointment of Statutory auditors and Internal auditors; to review and discuss with the Auditors all aspects of internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal control system, major accounting policies, practices and entries; compliance with Accounting Standards and Listing agreement with the Stock Exchange and other legal and regulatory requirements concerning financial statements; to review the reports of the Company's Internal auditors and to discuss with them any significant findings for follow-up action thereon; to review the financial statements audited by the Statutory auditors as also to review financial and risk management policies and practices.

#### Composition and attendance at meetings of Audit committee

During the year 2009-2010, the Committee met Four times on [1] April 24, 2009; [2] July 30, 2009; [3] October 30, 2009; [4] January 29, 2010

Name of the Director	Category	Meetings attended
Sri.Sudhir Kumar Gupta	Non Executive Director- Independent- Chairman	4
Sri.Anil Kumar Sachdev	Non Executive Director- Independent- Member	4
Sri.D.P.Venkararaman	Non Executive Director- Independent- Member	4

The necessary quorum was present at the meeting.

- All members of the Board Audit committee are financially literate and have relevant finance and /or audit exposure.
- At least one Audit committee meeting was held during every quarter.
- Internal Auditors and Statutory Auditors attended the meetings as invitees.
- The G. M. Finance & Company Secretary acts as the Secretary of the Audit committee.

The Chairman of the Audit committee Sri. Sudhir Kumar Gupta was present at the Fourteenth Annual General Meeting held on September 17, 2009.





## 2 REMUNERATION COMMITTEE

### Terms of reference

- [A] Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole time Director[s]
- [B] Reviewing the performance of the Managing/Whole time Director[s] and recommending to the Board the quantum of annual increments and annual commission.

### Composition and attendance at meetings of Remuneration committee

During the year 2009-2010, the Committee met on April 24, 2009 to decide the increment of Directors.

The Composition and attendance at the Remuneration committee meeting during the year were as under:

Name of the Director	Category	Meetings attended
Sri. Sudhir Kumar Gupta	Non Executive Director- Independent- Chairman	1
Sri. Anil Kumar Sachdev	Non Executive Director- Independent- Member	1
Sri. D.P.Venkataraman	Non Executive Director- Independent- Member	1

## 3. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

### Terms of reference

To specifically look into complaints relating to transfer of shares, non-receipt of annual report, dividend warrants, etc. received from investors, redress them and to improve the efficiency in investors service, wherever possible.

### Composition of Shareholders' / Investors' Grievance Committee

The Committee comprises three Directors, namely,

Name of Director	Category
Sri. Sudhir Kumar Gupta	Non Executive Director- Independent- Chairman
Sri. Anil Kumar Sachdev	Non Executive Director- Independent- Member
Sri. D.P.Venkaraman	Non Executive Director- Independent- Member

During the year 2009-2010, the Committee met four times on [1] April 24, 2009; [2] July 30, 2009; [3] October 30, 2009; [4] January 29, 2010 and reviewed / resolved the investors' grievances.

## 4. SHARE TRANSFER COMMITTEE

### Terms of reference

- A) Transfer / transmission / transposition of shares.
- B) Consolidation / splitting of shares.
- C) Issue of duplicate share certificates, confirmation of demat/ remat requests, review of shares dematerialised and all other related matters.

Composition of Share Transfer Committee

Name of the Director	Category
Sri. Anil Kumar Bansal	Managing Director - Chairman
Sri. Sunil Kumar Bansal	Non Executive Director- Independent- Member
Sri. Y.V.Raman	Non Executive Director- Independent- Member

During the year, the Committee met on March 17, 2010.

**IV. REMUNERATION OF DIRECTORS**

[Rs. in Lakhs]

Name of the Director	Salary [Basic]	Perquisites & Allowances	Total
Sri. Anil Kumar Bansal – Managing Director	11.40	3.48	14.88
Sri. Sunil Kumar Bansal – Whole Time Director	7.80	3.49	11.29
Sri. R.P. Bansal – Whole Time Director	7.80	3.00	10.80
Sri. Devakar Bansal – Whole Time Director	7.80	3.00	10.80
Sri. Y.V.Raman – Whole Time Director	4.40	0.93	5.33

The Board of Directors decides the remuneration of Non-Executive-Independent Directors. The Non-Executive-Independent Directors are paid sitting fees of Rs. 3,000/- each per meeting of the Board, attended by them.

**V. COMPLIANCE OFFICER**

Sri. K Kumaravel  
GM Finance & Company Secretary  
is also the Compliance officer

Administrative Office:  
309, Poonamallee High Road,  
Kilpauk, Chennai-600010  
Telephone No.: + 91-044-42965454  
Fax No : +91-044-42965455  
E-mail : kk@pocl.co.in

**VI. DISCLOSURES**

**[a] Related Party Transactions**

None of the transactions with any related parties was in conflict with the interests of the Company. Transactions with the related parties are disclosed in Note No. 16 of Notes to Accounts of the Company in the Annual Report.

**[b] Statutory Compliance, Penalties and Strictures**

During the last three years, there were no strictures or penalties imposed by SEBI or the Stock Exchange or any Statutory Authority for 'non-compliance' of any matter related to capital markets

**[c] Code of Conduct**

The Company has adopted a Code of Conduct for the Directors and Senior Management Personnel of the Company.



**[d] Listing Agreement Compliance**

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as amended till date.

**[e] Risk Management Assessment**

The Company has reviewed the risk based control system and evolved a procedure for risk assessment and timely rectification which would help minimisation of risk associated with any strategic, operational, financial and compliance risk across all business operations. These control procedures and systems will ensure that the Board is periodically informed of the material risks faced by the Company and the steps taken by the Company to mitigate those risks.

**[f] Board Procedure**

The Company has established procedures to enable its Board to review the compliance of all laws applicable to the Company as well as steps taken to rectify instances of non-compliance.

**[g] Secretarial Audit**

In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a qualified practicing company secretary to confirm that the aggregate 10107125 number of Equity Shares of the Company held in NSDL and CDSL and in physical form tally with the total number of issued/ paid up, listed and admitted capital of the Company.

**VII. MEANS OF COMMUNICATION**

Your Company uses several modes of communicating with its external stakeholders such as announcements and press releases in newspapers including posting information on its website [www.pocl.co.in] and intimation to the Stock Exchange. Quarterly results are also published in prominent daily newspapers in accordance with the Listing Agreement.

The Company has not made any presentation to Institutional Investors or Analysts.

**VIII. LISTING**

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai., Madras Stock Exchange and Coimbatore Stock Exchange.

However the approval for delisting of company's shares from Coimbatore Stock Exchange is awaited.

**IX. GENERAL BODY MEETINGS**

The last three Annual General Meetings of the Company were held at Music Academy, 306 T.T.K. Road, Chennai-600014 as follows:

Date of AGM	Time	Special Resolutions passed	
		No.	Nature
14 <sup>th</sup> AGM - September 17, 2009	11.00 a.m.	1	Keeping of records and relevant registers at R & T and new corporate office
13 <sup>th</sup> AGM - September 20, 2008	11.00 a.m.	-	-
12 <sup>th</sup> AGM - September 22, 2007	11.00 a.m.	-	-

The Chairman of the Audit committee Sri. Sudhir Kumar Gupta was present at the 14th Annual General Meeting held on September 17, 2009.

No Special Resolution was put through postal ballot in the previous year and no postal ballot is proposed for this year either.

**X. DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT**

As required under Clause 49 IV [G], particulars of Directors seeking appointment /re-appointment are given in the Explanatory statement annexed to the notice of 15th Annual General Meeting to be held on August 28, 2010.

**XI. GENERAL SHARE-HOLDERS' INFORMATION**

Date of Incorporation	March 21, 1995
Corporate Identity Number [CIN]	L 24294TN1995PLCO30586
Registered Office	F-14, "Mahaveer Chambers" 103, Nyniappa Naicken Street Chennai – 600 003 Tel : +91-044-25352339 / 25353444 Fax : +91-044-25354797
Corporate and Administrative Office [Address for Correspondence]	309, Poonamallee High Road, Kilpauk, Chennai – 600 010. Tel : + 91-044-42965454 Fax : +91-044-42965455 E Mail : info@pocl.co.in
Day and Date of the Annual General Meeting	Saturday, August 28, 2010
Time and Venue of the Annual General Meeting	11.00 a.m. at Kasturi Srinivasan Hall [Mini hall], Music Academy, 306, T.T.K.Road, Chennai - 600 014
Date of Book Closure	Saturday, August 28, 2010
Last date for receipt of proxy	August 26, 2010 before 11.00 a.m.
Financial Calendar	April 1, 2010 to March 31, 2011
<b><u>Unaudited Results</u></b>	<b><u>Last date for publishing</u></b>
First quarter ending June 30, 2010	August 14, 2010
Second quarter ending September 30, 2010	November 13, 2010
Third quarter ending December 31, 2010	February 14, 2011
Fourth quarter ending March 31, 2011	May 14, 2011
Listing on Stock Exchange[s]	The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023 and Madras Stock Exchange Limited Exchange Building, Post Box No. 18311, Second Line Beach Road, Chennai- 600001  Listing fees for 2010-2011 have been paid to BSE / MSE  Coimbatore Stock Exchange Limited Stock Exchange Building, Trichy Road, Coimbatore - 641005
Note : The approval for delisting of Company's equity shares from CSE is awaited.	
BSE Stock Code	532626
International Security Identification Number [ISIN] Code	INE063E010138
Dividend Payment/Credit date	On or after August 28, 2010
Outstanding GDR/ADR/Warrants	NIL

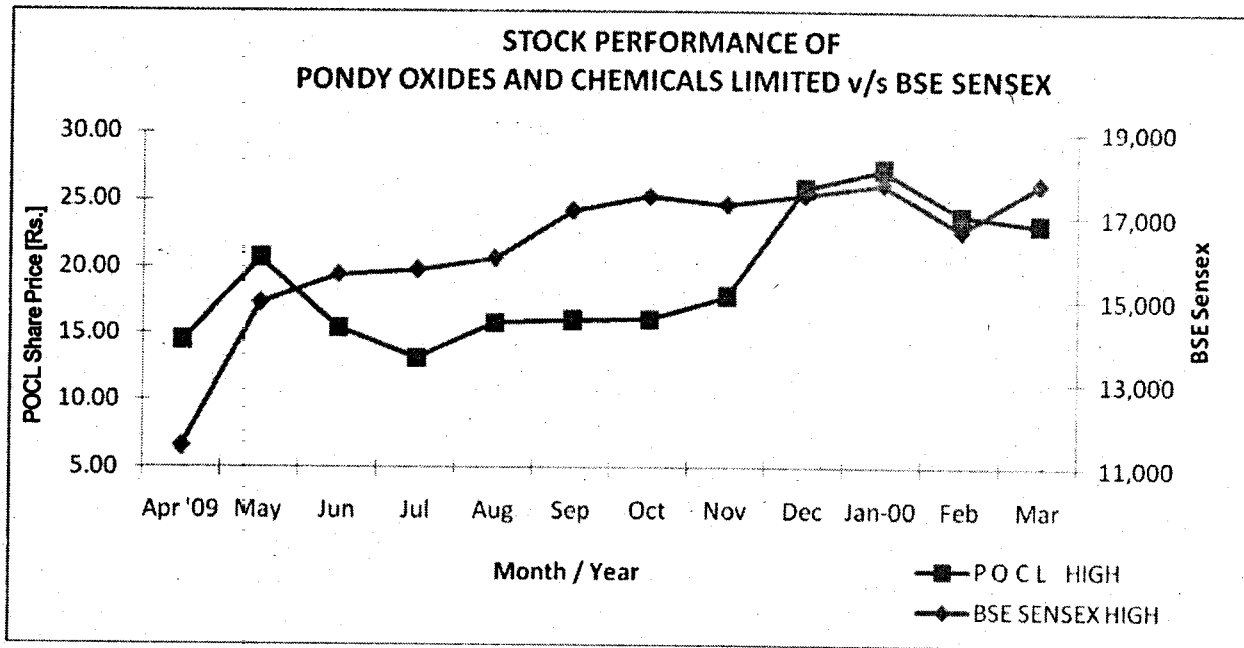


## XII. MARKET PRICE DATA

The month-wise movement [High & Low] of the equity shares of the Company at the Bombay Stock Exchange Limited, Mumbai, during each month for the year ended 31st March 2010 is as under:

Period	POCL Price Data		BSE Sensex	
	High [Rs.]	Low [Rs.]	High	Low
April 2009	14.40	10.52	11,492.10	9,546.29
May 2009	20.65	11.26	14,930.54	11,621.30
June 2009	15.80	11.60	15,600.30	14,016.95
July 2009	13.10	11.00	15,732.81	13,219.99
August 2009	15.82	12.57	16,002.46	14,684.45
September 2009	15.97	12.70	17,142.52	15,356.72
October 2009	16.10	12.90	17,493.17	15,805.20
November 2009	17.75	13.60	17,290.48	15,330.56
December 2009	25.85	15.45	17,530.94	16,577.78
January 2010	27.25	18.65	17,790.33	15,982.08
February 2010	23.85	20.00	16,669.25	15,651.99
March 2010	23.15	20.50	17,793.01	16,438.45

BSE closing market price as on March 31, 2010 – Rs.22.10



## XIII. REGISTRAR AND TRANSFER AGENTS

M/s. Cameo Corporate Services Limited  
 Unit: Pondy Oxides and Chemicals Limited  
 Subramanian Building, No1, Club House Road  
 Chennai – 600 002 .  
 Tel. No. +91-044-28460390 [5 Lines]  
 Fax No. +91-044-28460129  
 E-mail: [cameo@cameo.india.com](mailto:cameo@cameo.india.com)  
 Contact Person-Mr. R.D.Ramaswamy, Director

**XIV. SHARE TRANSFER SYSTEM**

Share Transfers in physical form are to be lodged with M/s. Cameo Corporate Services Limited, Registrar and Transfer Agents at the above mentioned address. The transfers are normally processed within 30 days from the date of receipt if the relevant documents are complete in all respect. Share Transfer Committee approves the transfers.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant [DP] regarding change of address, change of Bank / Bank Account number, nomination, etc.

**XV. DISTRIBUTION OF EQUITY SHARE HOLDING AS ON MARCH 31, 2010**

[Nominal and paid up value of each share Rs. 10]

No of shares held	Number of share holders	% of share holders	Number of shares held	% of share holding
1 - 500	6237	76.782	1078132	10.667
501 - 1000	872	10.735	694507	6.871
1001 - 2000	534	6.574	777860	7.696
2001 - 3000	156	1.920	390128	3.860
3001 - 4000	88	1.083	303879	3.007
4001 - 5000	70	0.862	327028	3.236
5001 - 10000	83	1.022	571544	5.655
10001 and above	83	1.022	5964047	59.008
<b>Total</b>	<b>8123</b>	<b>100.000</b>	<b>10107125</b>	<b>100.000</b>

**XVI. CATEGORIES OF SHARE HOLDERS AS ON MARCH 31, 2010**

Category	No. of Shares held	% of share holding
<b>1. Promoters</b>	3750611	37.11
<b>2. Non –Promoters</b>		
Corporate bodies	977848	9.67
Indian Public	5294265	52.38
NRI / Foreign Nationals	84401	0.84
<b>Total</b>	<b>10107125</b>	<b>100.00</b>

**XVII. DEMATERIALISATION OF SHARES**

The Company has arrangements with National Securities Depository Ltd. [NSDL] as well as the Central Depository Services [India] Ltd. [CDSL] for demat facility. 95.84 % of the paid up share capital is held in dematerialised form as on March 31, 2010.

**XVIII. DEMAT & PHYSICAL SHARES**

Particulars	As on March 31, 2010	%
No. of Shares held at NSDL	7966670	78.82
No. of Shares held at CDSL	1720484	17.02
No. of Shares held in Physical form	419971	4.16
<b>Total</b>	<b>10107125</b>	<b>100.00</b>

**XIX. CEO /CFO CERTIFICATION**

As required under clause 49 of the Listing Agreement, a Certificate duly signed by Sri. Anil kumar Bansal, Managing Director [CEO] and Sri. Sunil Kumar Bansal – Director Finance [CFO] was placed at the meeting of the Board of Directors held on July 12, 2010.

For and on behalf of the Board of Directors

Place : Chennai  
Dated : July 12, 2010

**D.P.Venkataraman**  
Vice Chairman

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members,  
Pondy Oxides and Chemicals Limited**

We have examined the compliance of conditions of 'Corporate Governance by **Pondy Oxides and Chemicals Limited** for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange[s].

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to the procedures and implementation thereof, 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievances was pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievances Committee.

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

**For Jeeravla & CO.**  
Chartered Accountants  
Firm Registration No : 001323S

Place : Chennai  
Date : 12.07.2010

**Sohan C.J.Parmar**  
Proprietor  
Membership No. 022321

**AUDITORS' REPORT**

**TO THE MEMBERS OF PONDY OXIDES AND CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of Pondy Oxides and Chemicals Limited as at 31<sup>st</sup> March 2010, the relative Profit and Loss account and the Cash Flow Statement for the year ended on that date and signed by us under reference to this report. 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.
3. As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government of India in terms of sub-section [4A] of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - [i] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - [ii] 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;
  - [iii] The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - [iv] In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply in all material respects with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India referred to in sub-section [3C] of Section 211 of the Companies Act, 1956;
  - [v] On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Director is prima facie disqualified as on March 31, 2010 from being appointed as a Director in terms of clause [g] of sub-section [1] of Section 274 of the Companies Act, 1956;
  - [vi] In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the statement on significant accounting policies and notes to the accounts 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:
    - a] in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2010;
    - b] in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c] in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Jeeravla & CO.**  
Chartered Accountants  
Firm Registration No : 001323S

**Sohan C.J.Parmar**  
Proprietor  
Membership No. 022321

Place : Chennai  
Date : 12.07.2010





**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE TO THE MEMBERS OF PONDY OXIDES & CHEMICALS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.**

**1. In respect of its Fixed Assets:**

- [i] The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- [ii] The assets have been physically verified by the management at the end of financial year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- [iii] According to the information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.

**2. In respect of its Inventories:**

- [i] The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- [ii] In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- [iii] The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

**3. In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:**

- [i] The Company has not given Loans during the year to parties covered in the Register under section 301 of the companies Act. The transaction is covered in the Register maintained under Section 301 of the Companies Act, 1956.
- [ii] The Company has taken loans during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 to Rs.2.06 Cr of which Rs.1.64 Cr returned by them. Highest amount of outstanding is Rs.4.43 Cr and the terms and conditions are prima facie not prejudicial to the interest of the company and are regular in repayment as per stipulation.

**4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods & services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedure.**

**5. In respect of the contract or arrangement referred to in Section 301 of the Companies Act, 1956:**

- [i] In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- [ii] In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs.5,00,000

in respect of any party during the year, have been made at prices, which are prima facie reasonable, having regard to prevailing market prices at the relevant time.

6. The company has accepted Fixed Deposits from Directors & their relatives and friends only. In our opinion and according to information and explanations given to us, all the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act 1956, and rules framed there under where applicable were complied with. Further, we are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or RBI or any other Tribunal on the Company.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. According to information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records under section 209[1] [d] of the Companies Act, 1956, in respect of the products of the company.
9. In respect of Statutory dues:
  - [i] Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities.
  - [ii] According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Service tax, Sales tax, Customs duty and Excise duty and Cess were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
  - [iii] According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Sales tax, Customs duty and Excise duty and Cess, which have not been deposited on account of any dispute.
10. The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any borrowings by way of debentures.
12. In our opinion and according to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 [xiii] of the Companies [Auditor's Report] Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in Share, Securities, Debentures and Other Investments. Accordingly, the provision of clause[xiv] of Companies[Auditor's Report] Order 2003 are not applicable to the Company.
15. According to the information & explanations given to us, the Company has given guarantee for loans taken from banks by its subsidiary and associated company, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.



16. In our opinion and according to the information and explanations given to us, the term loans availed by the company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have prima facie, not been used for Long term Investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year
20. The Company has not raised any money by public issue during the year.
21. In our Opinion and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Jeeravla & CO.**  
Chartered Accountants  
Firm Registration No : 001323S

**Sohan C.J.Parmar**  
Proprietor  
Membership No. 022321

Place : Chennai  
Date : 12.07.2010

**BALANCE SHEET AS AT MARCH 31, 2010**

Particulars	Schedule No.	As At March 31, 2010	[Amount in Rs.] As At March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	10,10,71,250	10,10,71,250
Reserves & Surplus	2	<u>15,25,48,581</u>	<u>10,95,97,636</u>
		<b>25,36,19,831</b>	<b>21,06,68,886</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	39,66,03,907	22,98,03,020
Unsecured Loans	4	<u>3,06,57,712</u>	<u>2,76,46,661</u>
		<b>42,72,61,619</b>	<b>25,74,49,681</b>
<b>DEFERRED TAX LIABILITY [NET]</b>		<b>31,02,920</b>	<b>39,43,889</b>
<b>TOTAL</b>		<b><u>68,39,84,370</u></b>	<b><u>47,20,62,456</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	24,54,84,138	18,90,21,458
Less : Depreciation		<u>7,47,93,998</u>	<u>5,92,43,180</u>
Net Block		17,06,90,140	12,97,78,278
Capital Work in Progress		<u>44,76,799</u>	<u>16,18,470</u>
		<b>17,51,66,939</b>	<b>13,13,96,748</b>
<b>INVESTMENTS</b>	6	<b>2,96,93,721</b>	<b>2,96,93,721</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	23,57,66,166	7,27,67,807
Sundry debtors	8	20,26,03,991	14,61,47,284
Cash & Bank balances	9	3,62,98,214	11,22,03,858
Other current assets	10	6,00,77,295	2,93,17,657
Loans & Advances	11	<u>6,69,61,334</u>	<u>1,88,13,360</u>
		<b>60,17,07,000</b>	<b>37,92,49,966</b>
<b>Less:CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	12	8,39,80,943	5,18,61,025
Provisions	13	<u>3,86,02,347</u>	<u>1,64,16,954</u>
		<b>12,25,83,290</b>	<b>6,82,77,979</b>
<b>NET CURRENT ASSETS</b>		<b>47,91,23,710</b>	<b>31,09,71,987</b>
<b>TOTAL</b>		<b><u>68,39,84,370</u></b>	<b><u>47,20,62,456</u></b>
Significant Accounting Policies & Notes on Accounts	19		

As per our attached report of even date

For and on behalf of the Board

**For Jeeravla & Co**

Chartered Accountants

Firm Registration No : 001323S

**Sohan C.J. Parmar**

Proprietor

Membership No.022321

**Anil Kumar Bansal**  
Managing Director

**Sunil Kumar Bansal**  
Director

**K.Kumaravel**  
GM Finance &  
Company Secretary

Place : Chennai

Date : July 12, 2010



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

Particulars	Schedule No.	[Amount in Rs.]	
		Year ended March 31, 2010	Year ended March 31, 2009
<b>INCOME</b>			
Sales and Other Operating Income	14	1,60,60,39,003	1,20,14,70,239
Less : Excise Duty		<u>11,13,19,010</u>	<u>11,73,65,836</u>
		1,49,47,19,993	1,08,41,04,403
Other Income	15	86,99,019	2,71,21,738
Increase/[Decrease] in Stock	16	<u>9,69,43,833</u>	<u>[24,45,066]</u>
<b>Total</b>		<u><u>1,60,03,62,845</u></u>	<u><u>1,10,87,81,075</u></u>
<b>EXPENDITURE</b>			
Purchases		49,018,167	2,76,95,952
Manufacturing, Administrative & Selling	17	<u>1,415,644,157</u>	<u>1,03,49,61,567</u>
<b>Total</b>		<u><u>1,464,662,324</u></u>	<u><u>1,06,26,57,519</u></u>
Profit before Interest and Depreciation		13,57,00,521	4,61,23,556
Interest and Finance charges	18	<u>4,56,62,500</u>	<u>3,74,26,340</u>
Depreciation		<u>1,58,83,378</u>	<u>1,59,65,844</u>
<b>Total</b>		<u><u>6,15,45,878</u></u>	<u><u>5,33,92,184</u></u>
<b>PROFIT BEFORE TAX</b>		7,41,54,643	[72,68,628]
Provision for Current Tax		1,73,25,550	41,24,652
Provision for Fringe Benefits Tax		—	4,81,886
Provision for Deferred Tax		<u>[8,40,972]</u>	<u>30,954</u>
<b>NET PROFIT AFTER TAX</b>		5,76,70,065	[1,19,06,120]
Add: Prior period adjustment		—	3,16,066
Less: Excess provision for tax written back		<u>5,29,323</u>	<u>3,31,746</u>
		5,71,40,742	[1,19,21,800]
Balance Brought Forward from previous year		<u>6,34,37,884</u>	<u>8,12,72,100</u>
<b>TOTAL AVAILABLE FOR APPROPRIATION</b>		<u><u>12,05,78,626</u></u>	<u><u>6,93,50,300</u></u>
<b>APPROPRIATIONS:</b>			
General Reserve		30,00,000	
Proposed Dividend on Equity shares		1,21,28,550	50,53,563
Corporate Dividend tax		<u>20,61,247</u>	<u>8,58,853</u>
<b>Total</b>		<u><u>1,71,89,797</u></u>	<u><u>59,12,416</u></u>
Balance carried to Balance Sheet		<u><u>10,33,88,829</u></u>	<u><u>6,34,37,884</u></u>
Earning per Share [ Rs. ] [F.V. Rs.10/- Per share] [Refer Note 16 of Schedule 19]		5.71	[1.18]

Significant Accounting Policies & Notes on Accounts 19

Schedules referred to herein form an integral part of the Profit and Loss Account

As per our attached report of even date

For and on behalf of the Board

**For Jeeravla & Co**

Chartered Accountants

Firm Registration No : 001323S

**Sohan C.J. Parmar**

Proprietor

Membership No. 022321

**Anil Kumar Bansal**

Managing Director

**Sunil Kumar Bansal**

Director

**K.Kumaravel**

GM Finance &  
Company Secretary

Place : Chennai

Date : July 12, 2010

**Pondy Oxides and Chemicals Limited**

**CASH FLOW STATEMENT FOR THE YEAR 2009-2010**

Particulars		2009-2010	[Amount in Rs.] 2008-2009
1.	<b>Cash Flow from Operating activity</b>		
[A]	Profit before taxes	7,41,54,643	[72,68,628]
[B]	Adjustments for:		
	Add:		
	Depreciation as per the Companies Act 1956	1,58,83,378	1,59,65,844
	Interest Paid	4,56,62,500	3,74,26,339
	Less:		
	Profit on foreign exchange fluctuation	7,01,905	27,75,208
	Dividend income	4,680	4,430
	Interest received	44,50,114	48,05,451
	Profit from Commodity Hedging	3,45,985	-
	Profit on sale of assets	61,610	1,86,63,523
	Miscellaneous Income	31,34,725	8,73,126
[C]	Operating Profit from Working Capital Changes [ A + B ]	12,70,01,502	1,90,01,818
[D]	Adjustments for :		
	Increase] / Decrease in Inventories	[16,29,98,360]	1,71,66,857
	Increase] / Decrease in Sundry debtors	[5,64,56,707]	5,80,57,893
	Increase] / Decrease in Loans & advances	[3,41,47,974]	20,67,134
	Increase] / Decrease in Other current assets	[3,07,59,638]	1,49,69,342
	Increase / [Decrease] in Sundry Creditors	3,21,19,917	[83,51,386]
	Increase / [Decrease] in Other Current Liabilities & provisions	[39,46,860]	[2,53,67,941]
	<b>NET CASH FROM WORKING CAPITAL CHANGES</b>		
	Income Tax paid	[1,40,00,000]	[30,00,000]
[E]	<b>Net Cash flow from operating activities [ C - D ]</b>	<b>[14,31,88,119]</b>	<b>7,45,43,717</b>
2.	<b>Cash Flow from Investing Activities</b>		
	Adjustments for		
	Add:		
	Proceeds from Sale of Fixed Assets	287,378	3,96,30,485
	Adjustment to Capital work-in-progress	[2,858,329]	89,32,938
	Dividend received	4,680	4,430
	Interest received	4,450,114	48,05,451
	Less:		
	Increase / [Decrease] in Investments	-	2,14,50,000
	Purchase of Fixed Assets	5,70,21,006	2,87,32,474
	<b>Net Cash From Investing Activities</b>	<b>[5,51,37,163]</b>	<b>31,90,829</b>
3.	<b>Cash Flow from Financing Activities</b>		
	Adjustments for		
	Add		
	Increase / [Decrease] in Secured loans	16,68,00,887	3,58,97,178
	Increase / [Decrease] in Unsecured loans	30,11,051	1,45,04,761
	Profit from Commodity Hedging	3,45,985	-
	Profit on Foreign exchange fluctuation	7,01,905	27,75,208
	Miscellaneous Income	31,34,725	8,73,126
	Less		
	Dividend Paid	59,12,416	1,41,89,797
	Interest Paid	4,56,62,500	3,74,26,339
	<b>Net cash from / [used] from Financing Activities</b>	<b>12,24,19,637</b>	<b>24,34,137</b>
	<b>Net Increase / [Decrease] in Cash &amp; Cash Equivalents [1+2+3]</b>	<b>[7,59,05,645]</b>	<b>8,01,68,683</b>
	<b>Cash &amp; Cash Equivalents as at 01.04.2009</b>	<b>11,22,03,858</b>	<b>3,20,35,175</b>
	<b>Cash &amp; Cash Equivalents as at 31.03.2010</b>	<b>3,62,98,213</b>	<b>11,22,03,858</b>

As per our attached report of even date  
For Jeeravla & Co  
Chartered Accountants  
Firm Registration No : 001323S

For and on behalf of the Board

Sohan C.J. Parmar  
Proprietor  
Membership No. 022321

Anil Kumar Bansal  
Managing Director

Sunil Kumar Bansal  
Director

K.Kumaravel  
GM Finance &  
Company Secretary

Place : Chennai  
Date : July 12, 2010


**SCHEDULES FORMING PART OF BALANCE SHEET**

Particulars	[Amount in Rs.]	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,15,00,000 [1,15,00,000] Equity Shares of Rs. 10/- each	<u>11,50,00,000</u>	<u>11,50,00,000</u>
	<u>11,50,00,000</u>	<u>11,50,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
1,01,07,125 [1,01,07,125] Equity Shares of Rs. 10/- each	<u>10,10,71,250</u>	<u>10,10,71,250</u>
	<u>10,10,71,250</u>	<u>10,10,71,250</u>
[The above Equity Shares Includes 14,20,007/- equity shares of Rs. 10/- each allotted as fully paid up by way of bonus shares and 7,50,000/- Equity shares of Rs. 10/- each allotted to promoters of the company otherwise than for cash]		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Share Premium account	3,67,80,198	3,67,80,198
General Reserves	93,79,554	93,79,554
Add: Transfer during the year	<u>30,00,000</u>	<u>                    </u>
	1,23,79,554	<u>                    </u>
Profit and Loss Account balance	6,34,37,884	7,53,59,685
Add : Transferred from Profit and Loss Account	<u>3,99,50,945</u>	<u>[1,19,21,801]</u>
	<u>10,33,88,829</u>	<u>6,34,37,884</u>
<b>Total</b>	<u>15,25,48,581</u>	<u>10,95,97,636</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
1) From Bank		
a) <u>Term Loan</u>		
i) For Plant & Machinery / Buildings *	1,05,42,177	2,11,27,263
ii) For Vehicles **	<u>22,49,949</u>	<u>9,38,098</u>
	1,27,92,126	2,20,65,361
b) <u>Working Capital ***</u>		
i) From Bank	37,56,84,462	20,00,49,315
ii) From Others	<u>81,27,319</u>	<u>76,88,344</u>
	<u>38,38,11,781</u>	<u>20,77,37,659</u>
<b>Total</b>	<u>39,66,03,907</u>	<u>22,98,03,020</u>

\*Term loan for Plant & Machinery and Working Capital loans from banks are secured by way of hypothecation of Stocks and Book debts of the Company and guaranteed by the directors of the Company.

\*\* Vehicle Loans are secured by hypothecation of vehicles.

\*\*\* Working Capital Loans from Others are secured by pledge of Keyman Insurance Policy.

**SCHEDULES FORMING PART OF BALANCE SHEET**

Particulars	[Amount in Rs.]	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
From Banks	97,249	-
From Others		
Directors & Relatives	2,16,57,103	2,49,34,315
Others	89,03,360	27,12,346
<b>Total</b>	<b>3,05,60,463</b>	<b>2,76,46,661</b>

**SCHEDULE 5 : Fixed Assets**

Sl. No.	Description	Gross block				Depreciation				Net block	
		As on 1.04.2009 Rs.	Additions Rs.	Deduction/ Adjustments Rs.	Ason 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the Year Rs.	Deduction Rs.	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.	As on 31.03.2010 Rs.
1.	Free hold land	1,46,37,497	-	-	1,46,87,497	3,36,053	97,157	-	4,33,210	1,43,51,444	1,42,54,287
2.	Building	7,26,99,905	5,09,00,148	-	12,36,00,053	1,85,49,347	55,29,183	-	2,40,78,530	5,41,50,558	9,95,21,523
3.	Plant & machinery	7,60,2,926	20,33,266	-	7,80,46,192	2,85,73,987	74,14,217	-	3,59,88,204	4,74,38,939	4,20,57,988
4.	Furniture & Office Equipment	60,93,795	4,78,523	-	65,72,318	37,84,409	5,81,741	-	43,66,150	23,09,386	22,06,168
5.	Vehicles	56,70,520	30,48,597	5,58,329	81,60,788	29,31,340	8,91,516	3,32,561	34,90,295	27,39,180	46,70,493
6.	Lab Equipments	40,37,566	5,05,379	-	45,42,945	17,18,447	3,76,471	-	20,94,918	23,19,119	24,48,027
7.	Electrical fittings	98,13,251	55,094	-	98,74,345	33,49,597	9,93,094	-	43,42,691	64,69,654	55,31,654
	<b>Total</b>	<b>18,90,21,460</b>	<b>5,70,21,007</b>	<b>5,58,329</b>	<b>24,54,84,138</b>	<b>5,92,43,180</b>	<b>1,58,83,379</b>	<b>3,32,561</b>	<b>7,47,93,998</b>	<b>12,97,78,280</b>	<b>17,06,90,140</b>
	Previous Year 2008-09	19,24,70,719	2,87,32,474	3,21,81,733	18,90,21,460	5,43,19,854	1,59,65,844	1,10,42,518	5,92,43,180	13,81,50,863	12,97,78,280

**SCHEDULE 6**

**INVESTMENTS**

**QUOTED**

60[60] Equity Shares of Rs. 675 each fully paid in ONGC	42,750	42,750
1000[1000] Equity Shares of Rs. 10 each in Henkel Spic I Ltd.	59,625	59,625
100[100] Equity Shares of Rs. 10 each in Bata [India] Ltd.	15,896	15,896
300[300] Equity Shares of Rs. 10 each in Indian Overseas Bank	7,200	7,200
100[100] Equity Shares of Rs. 10 each in UCO Bank	1,200	1,200
100[100] Equity Shares of Rs. 10 each in Vijaya Bank	2,400	2,400
	<b>1,29,071</b>	<b>1,29,071</b>

**UNQUOTED**

781465[781465] Equity Shares of Rs. 10 each in Baschem Pharma Ltd.	78,14,650	78,14,650
459000[459000] Equity Shares of Rs. 10 each in Lohia Metals Pvt Ltd.	2,17,50,000	2,17,50,000
<b>Total</b>	<b>2,95,64,650</b>	<b>2,95,64,650</b>
	<b>2,96,93,721</b>	<b>2,96,93,721</b>

Market Value of Quoted Investments is Rs. 1,59,512 [Rs. 88,222]




**SCHEDULES FORMING PART OF BALANCE SHEET**

Particulars	[Amount in Rs.]	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
[Inventory taken valued and certified by the Management]		
Raw Materials	9,13,10,992	2,45,79,403
Work-in-Progress	1,57,19,349	60,72,363
Finished Goods	12,35,24,623	3,62,27,775
Consumables	52,11,202	58,88,266
<b>Total</b>	<b><u>23,57,66,166</u></b>	<b><u>7,27,67,807</u></b>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
[Unsecured Considered Good unless otherwise stated]		
Outstanding for a period exceeding six months	21,29,070	17,67,184
Other Debts	20,04,74,921	14,43,80,100
<b>Total</b>	<b><u>20,26,03,991</u></b>	<b><u>14,61,47,284</u></b>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
a) Cash on hand	4,97,876	4,33,710
b) Balance with Scheduled Banks		
i) In Current Account	1,38,63,560	47,95,538
ii) In Fixed Deposit Account	2,19,36,778	10,69,74,610
<b>Total</b>	<b><u>3,62,98,214</u></b>	<b><u>11,22,03,858</u></b>
<b>SCHEDULE 10</b>		
<b>OTHER CURRENT ASSETS</b>		
[Advances recoverable in cash or in kind or for value to be received]		
Deposits	3,31,13,553	1,73,73,370
Taxes	1,50,04,642	45,39,806
Others	1,11,30,383	46,00,509
Interest accrued but not due	8,28,717	28,03,972
<b>Total</b>	<b><u>6,00,77,295</u></b>	<b><u>2,93,17,657</u></b>

**SCHEDULES FORMING PART OF BALANCE SHEET**

Particulars	Amount in Rs.]	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 11</b>		
<b>LOANS AND ADVANCES</b>		
[Unsecured considered good unless otherwise specified]		
[Advance recoverable in cash or in kind or for value to be received]		
Staff loans and advances	3,60,575	3,30,320
Loans and advance to others	6,66,00,759	1,84,83,040
<b>Total</b>	<b>6,69,61,334</b>	<b>1,88,13,360</b>
<b>SCHEDULE 12</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
For Trade	5,33,51,754	3,33,01,110
For Expenses	28,62,057	24,52,446
For Capital expenditure	10,01,764	10,20,460
Other Current liabilities	2,61,01,233	1,45,06,160
Unclaimed dividends	6,64,135	5,80,849
<b>Total</b>	<b>8,39,80,943</b>	<b>5,18,61,025</b>
<b>SCHEDULE 13</b>		
<b>PROVISIONS</b>		
For Taxation	3,15,15,347	1,05,18,954
For Others	70,87,000	58,98,000
<b>Total</b>	<b>3,86,02,347</b>	<b>1,64,16,954</b>


**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

Particulars	[Amount in Rs.]	
	Year ended March 31, 2010	Year ended March 31, 2009
<b>SCHEDULE 14</b>		
<b>SALES &amp; OTHER OPERATING INCOME</b>		
Domestic Sales	1,32,07,64,101	1,40,74,67,104
Export Sales	50,88,47,877	16,64,73,901
Conversion charges received [includes TDS Rs.49,225/- [ Rs.1,44,992/-]	1,60,14,372	63,87,218
	<b>1,84,56,26,350</b>	<b>1,58,03,28,223</b>
Less: Returns	9,87,309	77,75,562
Less: Interunit Sales	23,86,00,038	37,10,82,422
Net Sales	<u>1,60,60,39,003</u>	<u>1,20,14,70,239</u>
<b>SCHEDULE 15</b>		
<b>OTHER INCOME</b>		
Dividend from Others	4,680	4,430
Profit on sale of fixed assets	61,610	1,86,63,523
Foreign exchange income	7,01,905	27,75,208
Interest received [includes TDS Rs.9,06,990/- [Rs. 10,22,712/-]	44,50,114	48,05,451
Profit on sale of Commodities	3,45,985	-
Miscellaneous Income	31,34,725	8,73,126
<b>Total</b>	<u>86,99,019</u>	<u>2,71,21,738</u>
	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
<b>SCHEDULE 16</b>		
<b>INCREASE / [DECREASE] IN STOCK</b>		
Stock [April, 01, 2009]		
Finished Goods	3,62,27,776	2,81,86,349
Work-in-Process	<u>60,72,363</u>	<u>1,65,58,855</u>
	<b>4,23,00,139</b>	<b>4,47,45,204</b>
Stock [March 31, 2010]		
Finished Goods	12,35,24,623	3,62,27,775
Work-in-Process	<u>1,57,19,349</u>	<u>60,72,363</u>
	<b>13,92,43,972</b>	<b>4,23,00,138</b>
Increase / [Decrease] in stock	<u>9,69,43,833</u>	<u>[24,45,066]</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	[Amount in Rs.]	
	Year ended March 31, 2010	Year ended March 31, 2009
<b>SCHEDULE 17</b>		
<b>MANUFACTURING, ADMINISTRATIVE AND SELLING</b>		
Raw materials consumed	1,20,24,71,488	85,07,94,082
<u>Manufacturing expenses</u>		
Processing & Other charges	2,09,56,153	65,56,158
Other Direct expenses	2,04,60,051	1,90,86,528
Power & Fuel consumed	5,32,08,560	4,59,33,237
Repairs - Machinery	75,57,325	51,53,260
Repairs - Building	34,01,561	15,82,758
Repairs - Others	31,86,009	14,53,492
Foreign Exchange	1,63,421	-
<u>Establishment expenses</u>		
Salaries, wages and bonus	2,75,33,317	2,41,61,457
Contribution to Provident fund, Gratuity fund etc.	40,84,324	48,65,072
Other amenities	57,21,216	37,90,064
<u>Administrative expenses</u>		
Auditors' Fee	2,63,558	2,80,900
Communication	21,42,880	17,18,163
Entertainment expenses	5,74,623	3,42,121
Fees & Taxes	10,91,818	5,21,964
General expenses	17,99,347	13,70,558
Insurance	30,30,685	28,08,895
Office maintenance	14,83,074	12,51,775
Professional fee	7,93,083	6,00,089
Rent	18,80,230	5,68,656
Subscriptions & Periodicals	3,87,430	4,06,768
Travelling expenses	59,46,730	40,45,535
Vehicle expenses	14,10,784	13,35,813
<u>Selling expenses</u>		
Business promotions, advertisement expenses & others	10,90,483	13,77,011
Commission	29,23,825	14,17,092
Discounts & rebates	2,21,20,185	3,93,03,273
Bad debts	10,29,616	75,922
Freight Outwards	1,89,32,381	1,41,47,156
Warranty expenses	-	13,768
<b>Total</b>	<b><u>1,41,56,44,157</u></b>	<b><u>1,03,49,61,567</u></b>
<b>SCHEDULE 18</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Bank	4,16,91,271	3,46,78,132
Others	39,71,229	27,48,208
<b>Total</b>	<b><u>4,56,62,500</u></b>	<b><u>3,74,26,340</u></b>



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**SCHEDULE 19****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Basis of preparation**

The accompanying financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are materially consistent with those used in the previous year.

**B. Use of estimates**

The preparation of financial statements are in conformity with generally accepted accounting principles in India which requires Management to make estimates and the assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

**C. Revenue recognition**

Revenue from sale of products is recognized on despatch of goods in accordance with the terms of sale and is inclusive of excise duty but excluding VAT. Revenue arising due to price escalation claim is recognized in the period when such claim is made in accordance with terms of sale.

Inter-division transfers for captive consumption are eliminated from sales of the respective division.

Revenue from services is recognized in accordance with the specific terms of contract on performance.

Dividend Income on investment is accounted for, as and when the right to receive the payment is established.

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Product warranty costs are recognized upon receipt and acceptance of claim.

**D. Fixed Assets**

1] Fixed Assets are shown at the cost of acquisition / construction which includes taxes, duties [net of CENVAT / VAT set offs availed] and other identifiable direct expenses. Borrowing cost directly attributable up to the period of the assets put to use is included in the cost of distinct fixed assets.

**a. Expenditure on new project**

Expenditure directly related to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto.

**b. Depreciation**

1. Depreciation on Fixed assets is charged on W.D.V. method at the rates and in the manner as specified in the Schedule XIV of the Companies Act, 1956.
2. The cost and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and losses are recognized in the profit and loss account.

**c. Leasehold land**

Leasehold lands are amortized over the period of the lease.

**d. Capital Work in Progress**

Assets under installation or under construction as at the balance sheet date are shown as capital work in progress. Advances paid towards acquisition / construction of assets is also included under capital work in progress.

**E. Impairment of Assets**

1. The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
2. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**F. Investments**

- a. Long-term investments are carried at cost. Current investments are carried at cost or market value whichever is lower. Provision for diminution in the value of long-term investments is made only if such decline is not temporary in the opinion of the management.
- b. Cost of investment is at the cost of acquisition to the Company.

**G. Inventories**

- a. Inventories are valued at lower of cost and net realizable value, cost being ascertained on the following basis:
  - i. Stores, spares, consumable tools, raw materials and components : on moving weighted average basis
  - ii. Work-in-progress, finished / trading goods : under absorption costing method
- b. Cost includes taxes and duties and is net of credits under Cenvat / Vat scheme.
- c. By products are valued at estimated net realizable value.

**H. Foreign currency transactions**

- i] Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction and Foreign Exchange fluctuation on transaction settled during the year are recognized in the Profit & Loss account.
- ii] In case of items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii] The year-end foreign currency assets and liabilities are restated at the closing exchange rates.
- iv] The exchange differences on transactions relating to acquisition of fixed assets are adjusted to the carrying amount of fixed assets.

**I. Employee retirement benefit**

Company's contribution to provident fund and pension fund is charged to Profit and Loss account on accrual basis.

Liability for gratuity is charged to Profit and Loss account on actuarial basis

**J. Provisions, Contingent liabilities and Contingent assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an



outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### K. Taxes on Income

##### Current Tax

Current Tax is determined in accordance with the applicable tax laws, on the amount of tax payable in respect of taxable income for the period.

##### Deferred Tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain [as the case may be] to be realized.

#### NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for		[Rs in Lakhs]	
S.No	Nature of contingency	Current year figure	Last year figure
1.	Letter of Credit	117.78	379.77
2.	Capital WIP	35.00	28.81
3.	CST Payable	6.49	6.49
2.	All secured loans availed from the banks are personally guaranteed by four Promoter Whole Time Directors.		
3.	The Company has given Corporate Guarantee of Rs.30 lakhs [Rs.30 lakhs] on behalf of Subsidiary Company M/s. Baschem Pharma Limited.		
4.	Sundry debtors of Rs.10.30 Lakhs [Rs.0.76 Lakhs], being non-recoverable has been written off as bad debts.		
5.	Unutilized DEEC license on account of deemed exports outstanding at the year-end is Rs. Nil [Rs.54.89 Lakhs].		
6.	<b><u>Auditors' Remuneration</u></b>		
	Statutory Audit	: Rs. 2.00 Lakhs [Rs.2.00 Lakhs]	
	Tax Audit	: Rs. 0.50 Lakhs [Rs.0.50 Lakhs]	
	Others	: Rs. 0.14 Lakhs [Rs.0.31 Lakhs]	
7.	<b><u>CIF Value of Imports</u></b>		
	Raw Materials	: Rs. 8,623.53 Lakhs [Rs.5, 492.83 Lakhs]	
8.	<b><u>Expenditure in Foreign currencies on cash basis</u></b>		
	Travelling expenses	: Rs. 1.92 Lakhs [Rs.3.61 Lakhs]	
9.	<b><u>Earnings in Foreign exchange</u></b>		
	Sales	: Rs. 5,088.48 Lakhs [Rs. 1,664.74 Lakhs]	

**Pondy Oxides and Chemicals Limited**

**10. Consumption of Imported and Indigenous Raw materials and percentage to total consumption** [Rs. in Lakhs]

	2009-2010		2008-2009	
	Value	%	Value	%
Imported	9,039.30	75	6,534.28	74
Indigenous	2,985.41	25	2,309.34	26
<b>Total</b>	<b>12024.71</b>	<b>100</b>	<b>8,843.62</b>	<b>100</b>

**11. Raw Materials consumed** [Rs in Lakhs]

	2009-2010		2008-2009	
	Quantity [in Mt]	Value	Quantity [in Mt]	Value
Zinc Metal & Scrap	3,870	2,071.41	1,341	1,032.06
Lead Metal & Scrap	13,412	8,550.30	3,059	2,766.57
Other Chemicals		1,403.00		5,044.99
<b>Total</b>	<b>17,282</b>	<b>12,024.71</b>	<b>4,400</b>	<b>8,843.62</b>

**12. Net Dividend remitted in Foreign currency**

	2009-2010	2008-2009
1 Number of Non Resident shareholders	26	29
2 Number of Equity Shares held by them	3,92,625	3,92,863
3 Amount remitted in Foreign currency[Rs.]	1,96,313	4,71,435
4 Year to which dividends relate	2008-09	2007-08

**13. Details of licensed capacity and actual production**

Class of Products	Licensed Capacity	Unit	Installed Capacity	Actual Production
Metals	NA	Mt	17,400 [17,400]	8,898 [4,098]
Metallic Oxides	NA	Mt	14,280 [14,280]	4,645 [6,006]
Plastic Additives	NA	Mt	6,000 [6,000]	5,306 [4,165]

Licensed and installed capacity is as per the certificate given by the Management, on which the auditors have relied.

**14. Details of opening and closing stock of goods produced** [Rs in Lakhs] [Qty in Mts.]

	Opening Stock				Closing Stock			
	Qty [09-10]	Qty [08-09]	Value [09-10]	Value [08-09]	Qty [09-10]	Qty [08-09]	Value [09-10]	Value [08-09]
Metals	88	196	111.11	114.02	1004	88	806.36	111.11
Metallic Oxides	65	68	60.28	86.92	80	65	73.39	60.28
Plastic Additives	297	131	244.35	118.09	399	295	327.85	244.35
Batteries [Nos ]	Nil	949	Nil	28.39	Nil	Nil	Nil	Nil



**15. Details of sales turnover**

[Rs in Lakhs]

	Qty in Mt [2009-10]	Qty in Mt [2008-09]	Value [2009-10]	Value [2008-09]
Metals	7,982	4,206	7,044.68	2,988.16
Metallic Oxides	4,630	6,009	4,302.12	5,146.21
Plastic Additives	5,204	4,001	4,676.31	3,897.09
Batteries [ Nos ]	Nil	949	Nil	61.21

**16. Earnings per share**

	2010	2009
Net Profit attributable to Share Holders [Rs. in Lakhs]	576.70	[119.06]
No. of Shares	1,01,07,125	1,01,07,125
Weighted average No. of equity shares	1,01,07,125	1,01,07,125
Basic Earnings per share [in Rs.]	5.71	[1.18]
Adjusted basic Earnings per share [in Rs.]	5.71	[1.18]

**17. Remuneration to Managing Director and Whole Time Directors**

Salary	: Rs. 39.20 Lakhs [Rs. 34.82 Lakhs]
Perquisites	: Rs. 13.90 Lakhs [Rs. 14.20 Lakhs]

**18. Related Party Transactions**

In accordance with Accounting Standard 18, the disclosure required is given below

- Name of the related Parties and relationship  
Subsidiary: M/s Baschem Pharma Limited  
M/s. Lohia Metals Private Limited
- Other related enterprises  
M/s. Ardee Industries Private Limited  
M/s. Bansal Metallic Oxides  
M/s. Bansal Chemicals [India]
- Key Management Personnel**

S.No	Name	Designation
1.	Sri. Padam C. Bansal	Chairman
2.	Sri. Anil Kumar Bansal	Managing Director
3.	Sri. Sunil Kumar Bansal	Whole Time Director
4.	Sri. R.P. Bansal	Whole Time Director
5.	Sri. Devakar Bansal	Whole Time Director
6.	Sri. Y.V. Raman	Whole Time Director
7.	Sri. Ashish Bansal	Director

**4. Relatives of Key Management Personnel**

S.No	Name	Relationship
1.	Sri. Pawan Bansal	S/o. Sri.R.P. Bansal
2.	Smt. Manju Bansal	W/o. Sri. Anil Kumar Bansal
3.	Smt. Neelam Bansal	W/o. Sri. Sunil Kumar Bansal
4.	Smt. Saroj Bansal	W/o. Sri. R.P. Bansal
5.	Smt. Vandana Bansal	W/o. Sri. Devakar Bansal
6.	Smt. Shashi Gupta	Sister of Sri. Anil Kumar. Bansal
7.	Sri. Narendra Kumar Gupta	Sister's husband of Sri. Anil Kumar Bansal

**Pondy Oxides and Chemicals Limited**

II. Details relating to parties referred to in items [1] [2] [3] & [4] above. [Rs. in Lakhs]

Nature of Transaction	Subsidiary	Other Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel
<b>PURCHASES</b>				
Goods & Materials	1,266.32 [1,089.27]	466.09 [59.72]	Nil [Nil]	Nil [Nil]
<b>SALES</b>				
Goods & Materials	237.86 [227.02]	476.16 [174.24]	Nil [Nil]	Nil [Nil]
Conversion charges received	22.81 [63.87]	Nil [Nil]	Nil [Nil]	Nil [Nil]
<b>EXPENSES</b>				
Job Work charges	Nil [8.90]	69.04 [44.88]	Nil [Nil]	Nil [Nil]
Remuneration	Nil [Nil]	Nil [Nil]	54.60 [49.03]	Nil [3.00]
Interest Paid	Nil [0.07]	7.06 [1.26]	12.19 [10.88]	8.93 [9.12]
Interest received	17.77 [5.36]	Nil [1.50]	Nil [Nil]	Nil [Nil]
Consignment proceeds	Nil [0.13]	Nil [Nil]	Nil [Nil]	Nil [Nil]
<b>Total</b>	17.77 [14.46]	76.09 [47.65]	66.79 [59.91]	8.93 [12.12]
<b>FINANCE AND INVESTMENTS DURING THE YEAR</b>				
Inter-corporate deposit paid	1,019.10 [564.95]	2.27 [Nil]	Nil [Nil]	Nil [Nil]
Inter-corporate deposit received	1,015.01 [Nil]	65.95 [96.32]	Nil [Nil]	Nil [Nil]
Loan taken	Nil [Nil]	Nil [Nil]	73.18 [208.55]	Nil [73.20]
<b>OUTSTANDING</b>				
Payable	196.41 [84.98]	Nil [0.35]	32.70 [92.27]	Nil [Nil]
Receivable	Nil [5.92]	19.62 [1.02]	Nil [Nil]	Nil [Nil]
Inter-corporate deposits	15.99 [4.09]	103.67 [39.82]	Nil [Nil]	Nil [Nil]



### 19. Segment Reporting

Segmental information for the year 2009-10 information about primary business segments

S.No	Particulars	Amount Rs. in Lakhs
1.	Segment Revenue	
	External Turnover	
	a. Metal	8,805.57
	b. Metallic Oxides	4,908.46
	c. Plastic Additives	4,732.36
	Total	18,446.39
	Less : Inter Segment Turnover	2,386.00
	Net sales / Income from operations	16,060.39
2.	Segment Results	
	Profit / [Loss] [before tax and interest from each segment]	
	a. Metal	729.26
	b. Metallic Oxides	361.90
	c. Plastic Additives	310.49
	Total	1,401.65
	Less : Interest	456.62
	Other unallocable expenditure net of un-allocable income	203.48
	Total Profit before tax before exceptional income	741.55
	Exceptional Income / expense	Nil
	Profit / Loss before tax	741.55
3.	Capital employed	
	[Segment Assets Less Segment Liabilities]	
	a. Metal	1,976.53
	b. Metallic Oxides	-5.39
	c. Plastic Additives	202.51
	d. Unallocated	393.58
	Total capital employed	2,567.23

**Pondy Oxides and Chemicals Limited****20. Deferred Taxation**

[Amount in Rs.]

	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability / [Asset ] on Account of		
1 Depreciation	62.93	58.99
Deferred Tax Asset on Account of		
1 Gratuity	[31.90]	[19.51]
2 Expenses allowable for tax Purpose when paid	Nil	0.012
Total	[31.90]	19.49
Net Deferred Tax Liability / [Asset]	31.03	39.13

21. The company has not received the information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end have not been given.

22. Balance in Sundry Debtors/ Creditors and advances amount are subject to confirmation.

**23. General**

- i. Previous year's figures have been regrouped wherever necessary
- ii. Figures in brackets represent previous year figures.
- iii. Figures have been rounded off to the nearest rupee.
- iii. Schedules 1 to 18 and accounting policies and notes [Schedule-19] annexed to this Balance Sheet and Profit and Loss Account form part of the accounts and should be read in conjunction therewith.



**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. REGISTRATION DETAILS</b>	<b>2009-10</b>
Registration Number	30586
State Code	18
Balance Sheet Date	31.03.10
<b>II. CAPITAL RAISED DURING THE YEAR</b>	<b>[Amount in Rs.Thousands]</b>
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
<b>III. POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS</b>	
Total Liabilities	6,83,984
Total Assets	6,83,984
<b>SOURCES OF FUNDS</b>	
Paid up Capital	1,01,071
Reserves & Surplus	1,52,549
Secured Loans	3,96,604
Unsecured Loans	30,658
Deferred tax	3,103
<b>APPLICATION OF FUNDS</b>	
Net Fixed Assets	1,75,167
Investments	29,694
Net Current Assets	4,79,124
<b>IV. PERFORMANCE OF THE COMPANY</b>	
Turnover [including other income]	16,14,738
Total Expenditure	15,40,583
Profit [+]/Loss[-] before tax	74,155
Profit [+]/Loss[-] after tax	57,670
Earning per share	5.71
Dividend Rate [%]	12%
<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY [AS PER MONETARY TERMS]</b>	
Item Code No.[ITC]	281700
Product Description	Mfg & Sale of Zinc and Zinc oxide
Item Code No.[ITC]	282400 & 282410
Product Description	Mfg & Sale of Lead, Lead oxides and Plastic additives
Item Code No.[ITC]	780110
Product Description	Lead Ingots

For and on behalf of the Board

Place : Chennai

Date : July 12, 2010

**Anil Kumar Bansal**  
Managing Director

**Sunil Kumar Bansal**  
Director

**K.Kumaravel**  
GM Finance &  
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO SUBSIDIARY COMPANIES**

<b>Particulars</b>	<b>Baschem Pharma Ltd.</b>	<b>Lohia Metals Pvt Ltd.</b>
The Financial Year of the Subsidiary ended on	March 31, 2010	March 31, 2010
Number of shares of the subsidiary company held by		
Equity	7,81,465	4,59,000
Extent of holding	100%	51%
The net aggregate of Profits / Losses of the subsidiary company for its financial year so far as they concern the members of Pondy Oxides & Chemicals Ltd.		
a. Dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2010	—	—
b. Not dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2010	Rs. 2,91,506	Rs. 6,48,46,985
The Net aggregate of profits / losses of the subsidiary company for its previous financial year so far as they concern the members of		
a. Dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2009	—	—
b. Not dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2009	2,75,307	[5,93,63,110]

For and on behalf of the Board

Place : Chennai  
Date : July 12, 2010

**Anil Kumar Bansal**  
Managing Director

**Sunil Kumar Bansal**  
Director

**K.Kumaravel**  
GM Finance &  
Company Secretary



**STATEMENT PURSUANT TO APPROVAL OF THE CENTRAL GOVERNMENT U/S 212[8] OF THE COMPANIES ACT 1956 ABOUT THE FINANCIAL INFORMATION OF THE SUBSIDIARY COMPANIES AS AT MARCH 31, 2010**

[In Rs.]

Name of the subsidiary	Baschem Pharma Ltd.	Lohia Metals Pvt Ltd.
Issued and Subscribed share capital	78,14,650	90,00,000
Reserves	47,98,973	3,80,02,431
Total Assets	2,05,95,341	21,49,34,593
Total Liabilities	2,05,95,341	21,49,34,593
Investments[except investments in Subsidiaries]	2,26,825	26,46,987
Turnover	3,83,25,024	95,34,02,125
Profit/[Loss] before taxation	3,67,250	7,78,46,233
Provision for taxation	75,744	1,29,99,247
Profit/[Loss] after taxation	2,91,506	6,48,46,985
Proposed dividend	0.00	0.00

**Notes:**

1. The Ministry of corporate affairs vide their Order No.47/188/2010-CL-III dated 05.04.10 has granted exemption to the company from the applicability of the provisions of sub-section [1] of section 212 of the companies Act, 1956.
2. The company will make available the annual accounts of the subsidiary companies and related detailed information if sought by the members of the company or its subsidiaries. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any member of the company or its subsidiary at the Registered Office of the company and that of the subsidiary companies concerned.

For and on behalf of the Board

Place : Chennai  
Date : July 12, 2010

**Anil Kumar Bansal**  
Managing Director

**Sunil Kumar Bansal**  
Director

**K.Kumaravel**  
GM Finance &  
Company Secretary

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**Pondy Oxides and Chemicals Limited**

**CONSOLIDATED ACCOUNTS**

**2009-2010**

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## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the attached Consolidated Balance Sheet of Pandy Oxides and Chemicals Limited [the Company] and its Subsidiaries [collectively referred to as "the Group"] as at 31<sup>st</sup> March, 2010, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year then ended on that date annexed thereto.

These financial statements are the responsibility of the Company management and have been prepared by the Management in the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements prepared are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement. We believe that our audit provide a reasonable basis for our opinion.

1. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard [AS] 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of Pandy Oxides and Chemicals Limited and its subsidiary included in the consolidated financial statements.
2. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year then ended on the date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Group for the year then ended on that date..

**For Jeeravla & CO.,**  
Chartered Accountants  
Firm Registration No : 001323S

**Sohan C.J.Parmar**  
Proprietor  
Membership No. 022321

Place : Chennai  
Date : 12.07.2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

[Amount in Rs.]

Particulars	Schedule No.	As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	10,04,56,720	10,04,56,720
Reserves & Surplus	2	<u>19,38,75,565</u>	<u>7,94,79,486</u>
		29,43,32,285	17,99,36,206
Minority Interest		2,49,85,791	-
<b>LOAN FUNDS</b>			
Secured Loans	3	55,31,86,333	30,55,25,057
Unsecured Loans	4	<u>4,95,16,015</u>	<u>5,14,05,154</u>
		60,27,02,348	35,69,30,211
<b>DEFERRED TAX LIABILITY [NET]</b>		<u>35,76,070</u>	<u>44,15,009</u>
<b>TOTAL</b>		<u>92,55,96,494</u>	<u>54,12,81,426</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	30,83,91,402	21,88,36,400
Less : Depreciation		8,28,92,026	6,64,49,933
Net Block		22,54,99,376	15,23,86,467
Capital Work in Progress		<u>69,03,888</u>	<u>16,18,470</u>
		23,24,03,264	15,40,04,937
<b>INVESTMENTS</b>	6	30,02,883	30,61,883
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	26,42,90,926	10,41,71,644
Sundry Debtors	8	31,74,40,071	14,13,37,596
Cash & Bank Balances	9	4,28,43,155	11,84,49,807
Other Current Assets	10	12,52,72,216	6,68,38,152
Loans & Advances	11	<u>6,90,82,172</u>	<u>1,88,93,858</u>
		81,89,28,540	44,96,91,057
<b>Less:CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	12	7,70,09,813	4,86,16,911
Provisions	13	<u>5,17,28,380</u>	<u>1,68,59,540</u>
		12,87,38,193	6,54,76,451
<b>NET CURRENT ASSETS</b>		<u>69,01,90,347</u>	<u>38,42,14,606</u>
<b>TOTAL</b>		<u>92,55,96,494</u>	<u>54,12,81,426</u>

Significant Accounting Policies & Notes on Accounts 19

Schedules referred to herein form an integral part of the Balance Sheet

As per our attached report of even date

For and on behalf of the Board

For Jeeravia & Co

Chartered Accountants

Firm Registration No : 001323S

Sohan C.J. Parmar

Proprietor

Membership No.022321

Anil Kumar Bansal

Managing Director

Sunil Kumar Bansal

Director

K.Kumaravel

GM Finance &

Company Secretary

Place : Chennai

Date : July 12, 2010



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

[Amount in Rs.]

Particulars	Schedule No.	Year ended March 31, 2010	Year ended March 31, 2009
<b>INCOME</b>			
Sales and Other Operating Income	14	2,44,50,67,242	1,91,01,13,546
Less : Excise Duty		<u>13,12,95,600</u>	<u>15,87,34,622</u>
		2,31,37,71,642	1,75,13,78,924
Other Income	15	1,04,74,464	3,09,13,353
Increase/[Decrease] in Stock	16	<u>10,21,10,277</u>	<u>[67,32,413]</u>
<b>Total</b>		<u><u>2,42,63,56,383</u></u>	<u><u>1,77,55,59,864</u></u>
<b>EXPENDITURE</b>			
Purchases		15,08,20,058	15,55,53,541
Manufacturing, Administrative & Selling	17	<u>2,03,92,16,091</u>	<u>1,61,16,43,681</u>
<b>Total</b>		<u><u>2,19,00,36,149</u></u>	<u><u>1,76,71,97,222</u></u>
Profit before Interest and Depreciation		23,63,20,234	83,62,642
Interest and Finance Charges	18	6,63,15,228	5,67,47,902
Depreciation		<u>1,76,67,609</u>	<u>1,77,36,791</u>
<b>Total</b>		<u><u>8,39,82,837</u></u>	<u><u>7,44,84,693</u></u>
<b>PROFIT BEFORE TAX</b>		15,23,37,397	[6,61,22,051]
Provision for Current tax		3,04,24,483	44,74,792
Provision for Fringe benefits tax		-	5,53,127
Provision for Deferred tax		<u>[8,38,942]</u>	<u>[82,295]</u>
<b>NET PROFIT AFTER TAX</b>		12,27,51,856	[7,10,67,675]
Add: Prior period adjustment		-	4,17,452
Less: Adjustment for income tax		<u>13,48,283</u>	<u>[4,36,066]</u>
		12,14,03,573	[7,10,86,289]
Balance brought forward from previous year		<u>4,00,97,970</u>	<u>11,70,96,675</u>
<b>TOTAL AVAILABLE FOR APPROPRIATION</b>		<u><u>16,15,01,543</u></u>	<u><u>4,60,10,386</u></u>
<b>APPROPRIATIONS</b>			
General Reserve		30,00,000	-
Proposed Dividend on Equity Shares		1,21,28,550	50,53,563
Corporate Dividend Tax		<u>20,61,247</u>	<u>8,58,853</u>
<b>Total</b>		<u><u>1,71,89,797</u></u>	<u><u>59,12,416</u></u>
Balance carried to Balance Sheet		<u><u>14,43,11,746</u></u>	<u><u>4,00,97,970</u></u>
Earning per Share [ Rs. ] [F.V. Rs. 10 Per Share] [Refer Note 6 of Schedule 19]		12.22	[7.08]

Significant Accounting Policies & Notes on Accounts 19

Schedules referred to herein form an integral part of the Profit and Loss Account

As per our attached report of even date

For and on behalf of the Board

**For Jeeravla & Co**

Chartered Accountants

Firm Registration No : 001323S

**Sohan C.J. Parmar**

Proprietor

Membership No.022321

**Anil Kumar Bansal**

Managing Director

**Sunil Kumar Bansal**

Director

**K.Kumaravel**

GM Finance &  
Company Secretary

Place : Chennai

Date : July 12, 2010

**Pondy Oxides and Chemicals Limited**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2009-2010**

[Amount in Rs.]

PARTICULARS	2009-10	2008-09
<b>1. Cash Flow from Operating Activity</b>	<b>15,23,37,396</b>	<b>[6,61,22,051]</b>
(A) Profit before taxes		
(B) Adjustments for:		
Add:		
Depreciation as per The Companies Act 1956	1,76,67,609	1,77,36,791
Interest Paid	6,63,15,228	5,67,47,902
Less:		
Profit on foreign exchange fluctuation	24,39,040	27,76,027
Profit on sale of Investments	3,61,313	-
Rent	1,90,000	-
Dividend income	1,35,621	1,64,028
Interest received	39,33,009	66,94,856
Profit on sale of assets	2,18,679	1,86,63,523
Miscellaneous Income	31,96,802	26,14,919
(C) Operating Profit from Working Capital Changes [ A + B ]	<b>22,58,45,769</b>	<b>[2,25,50,711]</b>
(D) Adjustments for :		
Increase / Decrease in Inventories	[16,01,19,283]	[1,12,02,541]
Increase / Decrease in Sundry debtors	[17,61,02,478]	5,79,62,470
Increase / Decrease in Loans & advances	[2,61,88,314]	41,47,540
Increase / Decrease in Other current assets	[5,84,34,064]	4,04,187
Increase / Decrease in Sundry Creditors	2,83,92,917	[3,39,18,089]
Increase / Decrease in Other Current Liabilities & Provisions	[51,81,307]	[2,51,85,850]
<b>NET CASH FROM WORKING CAPITAL CHANGES</b>	<b>(39,76,32,529)</b>	<b>(77,92,283)</b>
Income Tax paid	[2,40,00,000]	[30,00,000]
(E) Net Cash flow from operating activities [ C - D ]	<b>[19,57,86,760]</b>	<b>[3,33,42,993]</b>
<b>2. Cash Flow from Investing Activities</b>		
Adjustments for		
Add:		
Proceeds from Sale of Fixed Assets	8,67,378	4,08,24,985
Adjustment / [ Increase ] to Capital work-in-progress	[52,85,418]	89,32,937
Proceeds from Sale of Investments	4,20,313	-
Dividend received	1,35,621	164,028
Rent	1,90,000	-
Interest received	39,33,009	66,94,856
Less:		
Increase / [Decrease] in Investments	-	24,05,987
Purchase of Fixed Assets	9,14,29,217	3,77,97,764
<b>Net Cash from Investing activities</b>	<b>[9,11,68,314]</b>	<b>1,64,13,055</b>
<b>3. Cash Flow from Financing activities</b>		
Adjustments for		
Add		
Increase / [Decrease] in Reserves	3,21,68,087	46,83,217
Increase / [Decrease] in Secured loans	24,76,61,276	12,09,83,379
Increase / [Decrease] in Unsecured loans	[18,89,139]	3,60,36,583
Profit on Foreign exchange fluctuation	24,39,040	27,76,027
Miscellaneous Income	31,96,802	26,14,919
Less		
Dividend Paid	59,12,416	1,41,89,797
Interest Paid	6,63,15,228	5,67,47,902
<b>Net cash from / [used] from Financing activities</b>	<b>21,13,48,422</b>	<b>9,61,56,426</b>
<b>Net Increase / [Decrease] in Cash &amp; Cash equivalents [ 1 + 2 + 3 ]</b>	<b>[7,56,06,652]</b>	<b>7,92,26,489</b>
<b>Cash &amp; Cash equivalents as at 01.04.2009</b>	<b>11,84,49,807</b>	<b>3,92,23,318</b>
<b>Cash &amp; Cash equivalents as at 31.03.2010</b>	<b>4,28,43,155</b>	<b>11,84,49,807</b>

As per our attached report of even date For and on behalf of the Board

For Jeeravla & Co

Chartered Accountants

Firm Registration No : 001323S

Sohan C.J. Parmar

Proprietor

Membership No.022321

Anil Kumar Bansal

Managing Director

Sunil Kumar Bansal

Director

K.Kumaravel

GM Finance &  
Company Secretary

Place : Chennai

Date : July 12, 2010



**SCHEDULES FORMING PART OF THE BALANCE SHEET**  
Particulars

As at  
March 31, 2010

[Amount in Rs.]  
As at  
March 31, 2009

**SCHEDULE 1**  
**SHARE CAPITAL**  
**AUTHORISED**

1,15,00,000 [1,15,00,000] Equity Shares of Rs. 10 each

11,50,00,000  
11,50,00,000

11,50,00,000  
11,50,00,000

**ISSUED, SUBSCRIBED AND PAID-UP**

1,01,07,125 [1,01,07,125] Equity Shares of Rs. 10 each  
Less: 3813 [3813] Shares of Rs. 10/- each

10,10,71,250

10,10,71,250

held by the subsidiary company

38,130

38,130

Less: 57640 [57640] Shares of Rs. 10/- each  
held by the subsidiary company

5,76,400

5,76,400

10,04,56,720

10,04,56,720

[Of the above 7,50,000 equity shares of Rs. 10/- each  
allotted to promoters of the company otherwise than for cash]  
[includes 14,20,007 Equity shares of Rs. 10/- each  
allotted as fully paid up by way of bonus shares]

**SCHEDULE 2**

**RESERVES AND SURPLUS**

General Reserve

1,12,27,310

1,11,53,566

Add

Transfer during the year

30,00,000

Transfer on consolidation

16,605

73,744

1,42,43,915

1,12,27,310

Less : Utilised during the year

Less: Reserve for Goodwill

1,42,43,915

80,88,117

31,39,193

Less: Transfer on consolidation

9,22,426

1,33,21,489

Share Premium Account

3,67,80,198

3,67,80,198

Less: Transfer on consolidation

5,37,868

3,62,42,330

5,37,868

Profit & Loss Account

14,43,11,746

4,00,97,963

Total

19,38,75,565

7,94,79,486

**SCHEDULE 3**

**SECURED LOANS**

1) From Bank

a) Term Loan

i) For Plant & Machinery / Buildings\*

1,05,42,177

2,11,27,263

ii) For Vehicles\*\*

39,10,592

9,38,098

1,44,52,769

2,20,65,361

b) Working Capital\*\*\*

i) From Bank

53,05,78,805

22,74,17,169

ii) From Others

81,27,319

5,58,97,053

53,87,06,124

28,33,14,222

c) Interest accrued

27,440

1,45,474

Total

55,31,86,333

30,55,25,057

\* Term loan for Plant & Machinery and Working Capital loans from banks are secured by way of hypothecation of Stocks and Book Debts of the Company and guaranteed by the Directors of the Company.

\*\* Vehicle Loans are secured by hypothecation of Vehicles.

\*\*\* Working Capital Loans from Others are secured by pledge of Keyman Insurance Policy.

**Pondy Oxides and Chemicals Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

[Amount in Rs.]

Particulars	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
From Banks	97,249	-
From Others		
Directors & Relatives	2,16,57,103	3,99,29,308
Others	2,71,61,080	1,03,46,224
Interest accrued and due	6,00,583	11,29,622
<b>Total</b>	<b>4,95,16,015</b>	<b>5,14,05,154</b>

**SCHEDULE 5**

**FIXED ASSETS**

Sl. No.	Description	Gross block				Depreciation				Net block	
		As on 1.04.09 Rs.	Addi- tions Rs.	Deduction/ Adjustments Rs.	As at 31.03.10 Rs.	Upto 31.03.09 Rs.	For the Year Rs.	Deduc- tion Rs.	Upto 31.03.10 Rs.	As at 31.03.09 Rs.	As at 31.03.10 Rs.
1.	Free hold land	1,92,65,032	-	-	1,92,65,032	3,36,053	97,157	-	4,33,210	1,89,28,979	1,88,31,822
2.	Building	8,18,71,056	5,09,00,148	-	13,27,71,204	2,13,02,204	61,71,013	-	2,74,73,217	6,05,68,852	10,52,97,987
3.	Plant & machinery	8,20,34,126	20,33,266	1,04,437	8,39,62,955	3,03,82,457	80,35,410	56,357	3,83,61,510	5,16,51,667	4,56,01,445
4.	Furniture & Office Equipment	67,69,092	6,40,104	-	74,09,196	40,67,552	6,76,562	-	47,44,114	27,01,540	26,65,082
5.	Vehicles	68,86,195	51,57,866	17,69,779	1,02,74,282	36,59,654	10,24,818	11,69,159	35,15,313	32,26,541	67,58,969
6.	Lab Equipments	60,22,636	5,05,379	-	65,28,015	26,59,836	5,36,467	-	31,96,303	33,62,800	33,31,712
7.	Electrical fittings	1,13,79,991	55,094	-	1,14,35,085	40,42,176	11,26,183	-	51,68,359	73,37,815	62,66,726
8.	Goodwill	46,08,273	3,21,37,360	-	3,67,45,633	-	-	-	-	46,08,273	3,67,45,633
	<b>Total</b>	<b>21,88,36,401</b>	<b>9,14,29,217</b>	<b>18,74,216</b>	<b>30,83,91,402</b>	<b>6,64,49,932</b>	<b>1,76,67,610</b>	<b>12,25,516</b>	<b>8,28,92,026</b>	<b>15,23,86,467</b>	<b>22,54,99,376</b>
	Previous Year 2008-09	21,78,15,266	3,77,97,764	3,67,76,629	21,88,36,401	6,31,73,577	1,77,36,789	1,44,60,434	6,64,49,932	14,13,96,592	15,23,86,467

**SCHEDULE 6**

**INVESTMENTS**

**QUOTED**

1000 [1000] Equity shares of Rs. 10/- each fully paid in Henkel Spic India ltd	2,63,722	2,63,722
100 [100] Equity shares of Rs. 10/- each fully paid in Bata India Ltd	15,896	15,896
300[300] Equity shares of Rs. 10/- each fully paid in Indian Overseas Bank	24,030	24,030
200[200] Equity shares of Rs. 10/- each fully paid in UCO Bank	3,600	3,600
200[200] Equity shares of Rs. 10/- each fully paid in Vijaya Bank	7,200	7,200
60[60] Equity shares of Rs. 10/- each fully paid in ONGC	87,750	87,750

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2010	[Amount in Rs.] As at March 31, 2009
2000 [2000] Equity shares of Rs. 10/- each fully paid in Bhagavandoss Metals	30,200	30,200
300 [300] Equity shares of Rs. 10/- each fully paid in Orchid Chemicals	31,104	31,104
250 [250] Equity shares of Rs. 10/- each fully paid in Rama Newsprint Ltd.	10,150	10,150
539 [539] Equity shares of Rs. 10/- each fully paid in Ramco Systems	1,51,771	1,51,771
539 [539] Equity shares of Rs. 10/- each fully paid in Himachal Futuristic	22,032	22,032
400 [400] Equity Shares of Rs. 10/- each fully paid in Kerala Ayurvedic Chemicals Ltd	3,676	3,676
500 [500] Equity Shares of Rs. 10/- each fully paid in MOSCHIP Ltd.,	18,310	18,310
3000 [3000] Equity Shares of Rs. 10/- each fully paid in Rashtriya Chem Ltd.,	10,000	69,000
1000 [1000] Equity Shares of Rs. 10/- each fully paid in Saint Gobain Glass Co. Ltd.	13,150	13,150
2000 [3000] Equity Shares of Rs. 10/- each fully paid in SQL Star Soft Ltd.,	10,680	10,680
240 [240] Equity Shares of Rs. 10/- each fully paid in Carol Info Services Ltd.,	5,496	5,496
<b>Total</b>	<b><u>7,08,767</u></b>	<b><u>7,67,767</u></b>
<b>UNQUOTED</b>		
3818 [3818] Equity Shares of Rs. 10/- each fully paid in Madras Stock Exchange	19,09,000	19,09,000
32093 [32093] Equity Shares of Rs. 10/- each fully paid in MSE Financial Services Ltd.	3,85,116	3,85,116
<b>Total</b>	<b><u>22,94,116</u></b>	<b><u>3,85,116</u></b>
	<b><u>30,02,883</u></b>	<b><u>30,61,883</u></b>
Market Value of Quoted Investments is Rs. 10,90,406 [Rs. 12,17,948]		

**SCHEDULE 7****INVENTORIES**

[Inventory taken valued and certified by the Management]

Raw Materials	10,51,87,586	4,72,68,473
Work-in-Progress	1,57,19,349	60,72,363
Finished Goods	13,72,52,062	4,47,88,770
Consumables	61,31,929	60,42,038
<b>Total</b>	<b><u>26,42,90,926</u></b>	<b><u>10,41,71,644</u></b>

**Pondy Oxides and Chemicals Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2010	[Amount in Rs.] As at March 31, 2009
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
[Unsecured Considered Good unless otherwise stated ]		
Outstanding for a period exceeding six months	21,29,070	40,49,239
Other Debts	31,53,11,001	13,72,88,357
<b>Total</b>	<b><u>31,74,40,071</u></b>	<b><u>14,13,37,596</u></b>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
a) Cash on hand	6,68,593	7,45,205
b) Balance with Scheduled Banks		
i) In Current Account	1,42,92,773	50,22,092
ii) In Fixed Deposit Account	2,78,81,789	11,26,82,510
<b>Total</b>	<b><u>4,28,43,155</u></b>	<b><u>11,84,49,807</u></b>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
[Unsecured considered good unless otherwise specified]		
[Advance recoverable in cash or in kind or for value to be received]		
Staff Loans and Advances	5,59,075	3,96,320
Loans and Advances to Others	6,85,23,097	1,84,97,538
<b>Total</b>	<b><u>6,90,82,172</u></b>	<b><u>1,88,93,858</u></b>
<b>SCHEDULE 11</b>		
<b>OTHER CURRENT ASSETS</b>		
[Advances recoverable in cash or in kind or for value to be received]		
Advances	2,56,34,794	34,45,607
Deposits	6,21,36,081	4,67,15,389
Taxes	2,61,16,190	62,01,763
Others	1,05,36,783	76,39,697
Interest Accrued but not due	8,48,368	28,35,696
<b>Total</b>	<b><u>12,52,72,216</u></b>	<b><u>6,68,38,152</u></b>
<b>SCHEDULE 12</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
For Trade	4,48,99,942	2,61,63,456
For Expenses	36,79,221	26,04,998
For Capital Expenditure	10,01,764	10,29,622
Other Current Liabilities	2,67,64,751	1,82,37,986
Unclaimed Dividends	6,64,135	5,80,849
<b>Total</b>	<b><u>7,70,09,813</u></b>	<b><u>4,86,16,911</u></b>




**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	[Amount in Rs.]	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 13</b>		
<b>PROVISIONS</b>		
For Taxation	4,46,41,380	1,09,61,540
For Others	70,87,000	58,98,000
<b>Total</b>	<u>5,17,28,380</u>	<u>1,68,59,540</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

Particulars	Year ended	Year ended
	March 31, 2010	March 31, 2009
<b>SCHEDULE 14</b>		
<b>SALES &amp; OTHER OPERATING INCOME</b>		
Local sales [includes deemed export of Rs.6.03 Lakhs [128.98 Lakhs] & inter-division transfer of Rs. 921.04 Lakhs [69.12 Lakhs ]	1,55,06,97,668	1,38,12,67,170
Export Sales	1,12,02,23,505	52,85,65,859
Conversion Charges Received	1,37,33,416	-
Consignment Proceeds	-	2,80,517
	<u>2,68,46,54,589</u>	<u>1,91,01,13,546</u>
Less: Returns	9,87,309	77,75,562
Less: Interunit Sales	23,86,00,038	37,10,82,422
<b>Net Sales</b>	<u>2,44,50,67,242</u>	<u>1,53,12,55,562</u>

**SCHEDULE 15**

<b>OTHER INCOME</b>		
Interest received from banks [ includes TDS Rs. 790050 [ 248328 ]	31,80,074	47,06,154
Interest received from others	7,52,935	19,88,702
Dividend received from group company	-	-
Dividend received from others	1,35,621	1,64,028
Profit on Sale of investments	3,61,313	-
Profit on Sale of Fixed Assets	2,18,679	1,86,63,523
Rent received [ includes TDS Rs.19000 [ Rs. Nil ]	1,90,000	-
Exchange fluctuation- Net profit	24,39,040	27,76,027
Miscellaneous Income	31,96,802	26,14,919
<b>Total</b>	<u>1,04,74,464</u>	<u>3,09,13,353</u>

**SCHEDULE 16**
**INCREASE / [DECREASE] IN STOCK**

Stock [April 01, 2009]		4,10,34,691
Finished Goods	4,47,88,771	1,65,58,855
Work-in-Process	60,72,363	5,75,93,546
	<u>5,08,61,134</u>	
Stock [March 31, 2010]		4,47,88,770
Finished Goods	13,72,52,062	60,72,363
Work-in-Process	1,57,19,349	5,08,61,133
	<u>15,29,71,411</u>	
<b>Increase / [Decrease] in stock</b>	<u>10,21,10,277</u>	<u>[67,32,413]</u>

**Pondy Oxides and Chemicals Limited**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

[Amount in Rs.]

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>SCHEDULE 17</b>		
<b>MANUFACTURING, ADMINISTRATIVE AND SELLING</b>		
Raw Materials Consumed	1,79,73,02,900	1,43,12,14,840
<u>Manufacturing expenses</u>		
Processing & Other Charges	2,09,56,153	56,66,108
Other Direct Expenses	2,35,85,198	2,41,87,518
Power & Fuel Consumed	5,81,27,729	5,01,22,584
Repairs - Machinery	77,54,905	54,82,551
Repairs - Building	34,47,380	16,83,356
Repairs - Others	35,45,156	17,01,512
Foreign exchange [Net]	1,63,421	-
<u>Establishment expenses</u>		
Salaries, Wages and Bonus	3,26,81,041	2,83,82,477
Contribution to Provident fund, Gratuity fund etc.	43,81,857	51,32,888
Other Amenities	66,52,114	45,33,470
<u>Administrative expenses</u>		
Auditors' Fee	4,41,648	4,08,990
Communication	22,47,362	18,18,862
Loss on sale of machinery	-	15,559
Entertainment Expenses	6,01,316	3,59,423
Exchange fluctuation	-	47,26,153
Fees & Taxes	18,24,293	9,91,241
General expenses	32,11,047	25,18,133
Insurance	43,56,263	42,33,687
Office Maintenance	15,36,834	12,97,827
Professional Fee	16,63,711	8,80,185
Rent	20,02,030	7,10,892
Subscriptions & Periodicals	4,09,729	4,29,367
Travelling expenses	67,49,039	49,60,176
Vehicle expenses	15,17,675	14,36,750
<u>Selling expenses</u>		
Business Promotions, Advertisement expenses & Others	11,15,964	13,94,424
Commission	49,81,589	15,30,985
Discounts & Rebates	2,21,20,185	57,82,204
Bad debts	10,49,324	1,18,462
Freight outwards	2,47,90,228	1,99,03,055
Warranty expenses	-	20,002
<b>Total</b>	<b><u>2,03,92,16,091</u></b>	<b><u>1,61,16,43,681</u></b>
<b>SCHEDULE 18</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Bank	5,50,42,289	4,89,98,410
Others	1,12,72,939	77,49,492
<b>Total</b>	<b><u>6,63,15,228</u></b>	<b><u>5,67,47,902</u></b>

**SCHEDULE -19****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2010****1. A) List of Subsidiaries**

The consolidated financial statement represents consolidation of accounts of M/s. Pondy Oxides and Chemicals Limited, with its subsidiaries as detailed below :

Name of the company	: M/s. Baschem Pharma Limited
Proportion of Ownership Interest	: 100%
Name of the Company	: M/s. Lohia Metals Private Limited
Proportion of Ownership Interest	: 51%

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Consolidation**

1. The Consolidated financial statements relate to Pondy Oxides & Chemicals Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis.
  - i. The financial statements of the company and its subsidiary companies have been combined on a line by line basis by adding together the value of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses.
  - ii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and presented to the extent possible, in the same manner as the company's separate financial statements.
  - iii. The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill, which is not being amortized or capital reserve as the case may be.
  - iv. Minority interest's share of net profit of consolidated financial statement for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the shareholders of the company.
  - v. Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.
2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 "Accounting for investments" issued by the Institute of Chartered Accountants of India.
3. Other significant accounting policies:  
These are set out in the notes to accounts under significant accounting policies for financial statements of the respective companies – Pondy Oxides and Chemicals Limited, Lohia Metals Private Limited and Baschem Pharma Limited.

**NOTES ON ACCOUNTS****1. Contingent Liabilities not provided for:**

[Rs. in Lakhs]

S.No	Nature of contingency	Current year figure	Last year figure
1.	Letter of Credit	576.78	855.77
2.	Capital WIP	60.00	28.81
3.	CST Payable	6.49	6.49
4.	Disputed tax	9.88	4.42

## **Pondy Oxides and Chemicals Limited**

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2. Secured loans availed by the holding company from the Company's bankers are personally guaranteed by four promoter wholetime directors, and by its subsidiary by two promoter directors.
3. Sundry debtors of Rs. 10.50 Lakhs [Rs.1.19 Lakhs] being non-recoverable has been written off as bad debts.
4. Unutilized DEEC license on account of deemed exports outstanding at the year-end is Rs. Nil [Rs.54.89 Lakhs].

### **5. Auditors Remuneration**

Statutory Audit	: Rs.	3.20 Lakhs [Rs.2.95 Lakhs]
Tax Audit	: Rs.	1.05 Lakhs [Rs.0.80 Lakhs]
Others	: Rs.	0.17Lakhs [Rs.0.34 Lakhs]

### **6. Earnings Per Share**

	2010	2009
Net Profit attributable to Share holders[Rs in Lakhs]	1227.52	-710.67
No. of Shares	1,00,45,672	1,00,45,672
Weighted average No. of Equity Shares	1,00,45,672	1,00,45,672
Basic Earnings Per Share [in Rs.]	12.22	-7.07
Adjusted basic Earnings Per Share [in Rs.]	12.22	-7.07

**The Company does not have any outstanding diluted potential equity shares.**

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### **7. Remuneration to Managing Director and Whole Time Directors :**

Salary	: Rs. 56.30 Lakhs [Rs.48.68 Lakhs]
Perquisites	: Rs.17.68 Lakhs [Rs.15.36 Lakhs]

### **8. Related Party Transactions**

In accordance with Accounting Standard 18, the disclosure required is given below

Name of the related Parties and Relationship

#### **1. Other Related Enterprises**

- M/s.Ardee Industries Pvt Ltd.
- M/s.Bansal Metallic Oxides
- M/s.Bansal Chemicals [India]

#### **2. Key Management Personnel**

<b>S.No</b>	<b>Name</b>	<b>Designation</b>
1.	Dr. Padam C.Bansal	Chairman
2.	Sri. Anil Kumar Bansal	Managing Director
3.	Sri. Sunil Kumar Bansal	Whole Time Director
4.	Sri. R.P.Bansal	Whole Time Director
5.	Sri. Devakar Bansal	Whole Time Director
6.	Sri. Y.V.Raman	Whole Time Director
7.	Sri. Ashish Bansal	Director-Subsidiary Company
8.	Sri. N. Ravichandran	Managing Director-Subsidiary Company

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## 3. Relatives of Key Management Personnel

S.No	Name	Relationship
1	Sri. Pawan Bansal	S/o. Sri.R.P. Bansal
2	Smt. Vijaya Bansal	W/o.Sri.Padam C. Bansal
3	Smt. Charu Bansal	W/o.Sri.Ashish Bansal
4	Smt. Manju Bansal	W/o.Sri.Anil Kumar Bansal
5	Smt. Neelam Bansal	W/o.Sri.Sunil Kumar Bansal
6	Smt. Saroj Bansal	W/o.Sri.R.P.Bansal
7	Smt. Vandana Bansal	W/o.Sri.Devakar Bansal
8	Smt. Shashi Gupta	Sister of Sri.Anil Kumar.Bansal
9	Sri. Narendra Kumar Gupta	Sister's husband of Sri. Anil Kumar.Bansal

## II. Details relating to parties referred to in items [1] [2] &amp; [3] above.

[Rs. in Lakhs]

Nature of Transaction	Other Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel
<b>PURCHASES</b>			
Goods & Materials	1282.96 [ 99.37 ]	- -	- -
<b>SALES</b>			
Goods & Materials	549.18 [216.87]	- -	- -
<b>EXPENSES</b>			
Job Work Charges	69.04 [44.88]	- -	- -
Remuneration	-	75.48 [64.04]	- -
Interest Paid	7.07 [1.26]	18.11 [1.46]	13.22 [10.87]
Interest received	-	-	-
<b>Total</b>	76.11 [47.65]	93.59 [78.65]	13.22 [10.87]
<b>FINANCE AND INVESTMENTS DURING THE YEAR</b>			
Inter-corporate deposit paid	1.57 -	- -	- -
Inter-corporate deposit received	60.78 [96.32]	- -	- -
Loan taken	-	100.36 [232.05]	24.82 [86.20]
Payable	55.51 [0.34]	- -	- -
Receivable	20.51 [16.98]	- -	- -

9. Segment Reporting

Segmental information for the year 2009 – 10 Information about primary business segments

S.No.	Particulars	Amount Rs. in Lakhs
1.	Segment Revenue	
	External Turnover	
	a Metal	16,941.05
	b Metallic oxides	4,908.46
	c Plastic additives	4,732.36
	d Others	254.80
	Total	26,836.67
	Less: Inter segment turnover	2,386.00
	Net sales / Income from operations	24,450.67
2.	Segment Results	
	Profit / [loss] [before tax and interest from each segment]	
	a Metal	1,958.73
	b Metallic oxides	464.37
	b Plastic Additives	407.65
	c Others	4.03
	Total	2,834.79
	Less:	
	1 Interest	663.15
	2 Other unallocable expenditure net of un-allocable income	648.26
	Total Profit before tax before exceptional Income	1,523.37
	Exceptional Income/ Expense	-
	Profit before tax	1,523.37
3.	Capital employed	
	[Segment Assets Less Segment Liabilities]	
	a Metal	2,409.83
	b Metallic Oxides	96.86
	c Plastic Additives	202.51
	d Others	21.35
	e Unallocated	498.40



10. <u>Deferred Taxation</u>	[Rs. in Lakhs]	
	As at 31.03.2009	As at 31.03.2010
Deferred tax liability on account of		
1 Depreciation	63.65	67.66
Deferred tax asset on account of		
1 Gratuity	-19.51	-31.90
2 Expenses allowable for tax purpose when paid	0.01	0.00
Total	-19.50	-31.90
<b>Net Deferred tax liability / [Asset]</b>	<b>44.15</b>	<b>35.76</b>

11. Balance in Sundry Debtors/Creditors and advances amount are subject to confirmation.

12. General

- i. Previous year's figures have been regrouped wherever necessary
- ii. Figures in brackets represents previous year figures.
- iii. Figures have been rounded off to the nearest rupee.
- iv. Schedules 1 to 18 and accounting policies and notes [Schedule-19] annexed to this Balance Sheet and Profit and Loss Account form part of the accounts and should be read in conjunction therewith.