

PONDY OXIDES AND CHEMICALS LIMITED

BOARD OF DIRECTORS

Dr. Padam Chandra Bansal

Chairman

Sri. D.P.Venkataraman

Vice-Chairman

Sri. Anil Kumar Bansal

Managing Director

Sri. Sunil Kumar Bansal

Sri. R.P.Bansal

Sri. Devakar Bansal

Sri. Y.V.Raman

Whole Time Directors

Sri. Sudhir Kumar Gupta

Sri. Anil Kumar Sachdev

Sri. Harish Kumar Lohia

Sri. P.N. Sridharan

Sri. Ashish Bansal

Directors

GM FINANCE & COMPANY SECRETARY

Sri. K. Kumaravel

FACTORY DIVISIONS

Metallic Oxides Division [M O D]

Behind A-73 & 74, PIPDIC Industrial Estate

Mettupalayam, Pondicherry- 605 009

Plastic Additives Division [P A D]

Sembiapalayam, Korkadu post

Pondicherry – 605 110

Smelter Division [S M D]

G 17 - G 19 & G 30 - G 32, SIPCOT Industrial

Park, Mampakkam, Sriperumbudur,

District – Kancheepuram

Tamil Nadu – 602 105

Zinc Refining Division [Z R D]

G-47, SIDCO Industrial Estate,

Kakkalur, Thiruvallur,

Tamil Nadu – 602 003

REGISTERED & CORPORATE OFFICE

KRM Centre, 4th Floor,

No 2, Harrington Road,

Chetpet, Chennai - 600 031.

Telephone No. : +91-044-42965454

Fax No. : +91-044-42965455

Email : kk@pocl.co.in

AUDITORS

M/s Jeeravla & Co.,

Chartered Accountants

190 [Old No.150/5] Govindappa Naicken Street,

Chennai – 600 001

Phone No : 91-044-25369245

BANKER

Canara Bank – Anna Nagar East Branch

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited

Subramanian Building,

No 1, Club House Road,

Chennai – 600 002

Phone : 91-044-28460390 [5 lines]

Fax : 91-044-28460129

E-mail : cameo@cameo.india.com

LISTING

The Bombay Stock Exchange

Madras Stock Exchange

Coimbatore Stock Exchange [Applied for Delisting]

SIXTEENTH ANNUAL GENERAL MEETING

Day : Saturday

Date : September 24, 2011

Time : 11 a.m.

Venue : Narada Gana Sabha Mini Hall
314 (Old No. 254), T. T. K. Road,
Chennai – 600 018.

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of **M/s PONDY OXIDES AND CHEMICALS LIMITED** will be held on Saturday 24th September 2011 at 11.00 a.m at Narada Gana Sabha Mini Hall, 314 (Old No. 254), T. T. K. Road, Chennai - 600 018 to transact the following business ;

ORDINARY BUSINESS:

01. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as on that date and the Auditors' Report thereon.
02. To declare Dividend on Equity Shares.
03. To appoint a Director in the place of Sri.Sunil Kumar Bansal, who retires by rotation and being eligible, offers himself for reappointment.
04. To appoint a Director in the place of Sri.Devakar Bansal, who retires by rotation and being eligible, offers himself for reappointment.
05. To appoint a Director in the place of Sri.P.N Sridharan, who retires by rotation and being eligible, offers himself for re-election.
06. To elect a Director in the place of Sri.Ashish Bansal, who retires by rotation and being eligible, offers himself for reappointment.
07. To appoint 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, holding firm Registration No: 001323S, allotted by the Institute of Chartered Accountants of India, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the Sixteenth 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

08. **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 other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the Act, including any statutory modification (s) or re-enactments thereof, for the time being in force and all other applicable guidelines relating to managerial remuneration issued by the Ministry of Corporate Affairs of India from time to time and such other approvals as may be required, the consent of the members be and is hereby accorded for increasing the remuneration payable to Sri. Anil Kumar Bansal who is the Managing Director of the Company from Rs.95,000/- per month to Rs.1,50,000/- per month in the scale of pay of Rs.1,50,000 – Rs.25,000 – Rs.2,00,000 in addition to perquisites payable per annum not exceeding the amount of annual salary, as agreed upon by the Board of Directors of the Company and Sri. Anil Kumar Bansal with effect from 01/04/2011".

09. **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 other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the Act,

Pondy Oxides and Chemicals Limited

including any statutory modification (s) or re-enactments thereof, for the time being in force and all other applicable guidelines relating to managerial remuneration issued by the Ministry of Corporate Affairs of India from time to time and such other approvals as may be required, the consent of the members be and is hereby accorded for increasing the remuneration payable to Sri. Sunil Kumar Bansal who is the Wholetime Director of the Company increased from Rs.65,000/- per month to Rs.1,20,000/- per month in the scale of pay of Rs.1,20,000 – Rs.20,000 – Rs.140,000 in addition to perquisites payable per annum not exceeding the amount of annual salary ,as agreed upon by the Board of Directors of the Company and Sri. Sunil Kumar Bansal with effect from 01/04/2011”.

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 other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the Act, including any statutory modification (s) or re-enactments thereof, for the time being in force and all other applicable guidelines relating to managerial remuneration issued by the Ministry of Corporate Affairs of India from time to time and such other approvals as may be required, the consent of the members be and is hereby accorded for increasing the remuneration payable to Sri.R.P Bansal who is the Wholetime Director of the Company increased from Rs.65,000/- per month to Rs.1,20,000/- per month in the scale of pay of Rs.1,20,000 – Rs.20,000 – Rs.1,40,000 in addition to perquisites payable per annum not exceeding the amount of annual salary, as agreed upon by the Board of Directors of the Company and Sri. R.P Bansal with effect from 01/04/2011”.

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 other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the Act, including any statutory modification (s) or re-enactments thereof, for the time being in force and all other applicable guidelines relating to managerial remuneration issued by the Ministry of Corporate Affairs of India from time to time and such other approvals as may be required, the consent of the members be and is hereby accorded for increasing the remuneration payable to Sri.Devakar Bansal who is the Wholetime Director of the Company increased from Rs.65,000/- per month to Rs.1,20,000/- per month in the scale of pay of Rs.1,20,000 – Rs.20,000 – Rs.1,40,000 in addition to perquisites payable per annum not exceeding the amount of annual salary, as agreed upon by the Board of Directors of the Company and Sri. Devakar Bansal with effect from 01/04/2011”.

By order of the Board
For **Pondy Oxides & Chemicals Limited,**

Place : Chennai
Date : 28.07.2011

K.Kumaravel
GM Finance & Company Secretary

NOTE:

- a) The Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business under Item Nos. 8,9,10 and11 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 in the meeting instead of himself / herself and the proxy need not be a member. A Proxy shall not have any right to speak at the meeting and shall not vote except on poll.**
- c) The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General meeting.



- d) 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.
- e) The Register of members and share transfer books will remain closed on 24th September 2011 in terms of the Section 154 of the Companies Act, 1956.
- f) 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 appear in the Register of Members on the book closure date and to those whose names appear on that date as beneficial owners as per the particulars furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- g) Members are requested to notify any change in their address.
- [i] To their depository participants [DP] 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 No1, Club House Road, Chennai 600 002 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) are 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.
- h) Members desiring any information on accounts or operations of the Company are requested to send their queries to the Company at the Registered Office atleast eight days prior to the meeting to facilitate clarifications during the meeting.
- i) All documents referred to the accompanying Notice and the Explanatory Statement (s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday up to the date of the Annual General Meeting.
- j) Members are requested to register their e.mail address with the Company/ Registrar and Share transfer agents immediately and participate in the "Green initiative" launched by the Ministry of Corporate Affairs.
- k) Members who have not encashed the dividend warrant for the years 2003-2004,2004-2005,2005-2006,2006-2007,2007-2008,2008-2009 and 2009-2010 are requested to approach the Company for revalidation/ issue of duplicate warrants quoting their Ledger Folio/ DP- Client ID Number.

Pursuant to Section 205 A [5] of the Companies Act, 1956, the unpaid dividend 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, 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
March 31, 2010	August 28, 2010	September 01, 2017

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.-

Item No.8:

As the members are aware that the terms of remuneration payable to Sri.Anil Kumar Bansal, Managing Director of the Company was fixed at the general meeting held on 28th August, 2010.

Keeping in view of the business requirements of the Company, his 30 years of experience in this industry and the enormous contribution and sincere efforts put in by Sri. Anil Kumar Bansal towards the success and growth of the Company, your board and the remuneration committee consider it appropriate to revise his salary from Rs.95000/- per month to Rs 1,50,000/- per month in the scale of Rs 1,50,000– Rs 25,000– Rs 2,00,000 with effect from 01.04.2011 subject to the approval of the shareholders.

Further the perquisites as may be provided by the Company to Sri. Anil Kumar Bansal, the total value of which payable in a year shall not exceed an amount equal to the annual salary.

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 are interested in the above resolution.

Item No.9:

Sri Sunil Kumar Bansal, the whole time director of your Company has lot of experience in the area of finance and has made enormous efforts in the area of Finance and purchases.

Keeping in view of the business requirements of the company and the interest shown by Sri. Sunil Kumar Bansal, your board and the remuneration committee consider it appropriate to revise his salary from Rs.65,000/- per month to Rs 1,20,000/- per month in the scale of Rs 1,20,000– Rs 20,000– Rs 1,40,000 with effect from 01.04.2011 subject to the approval of the shareholders.

Further the perquisites as may be provided by the Company to Sri. Sunil Kumar Bansal, the total value of which payable in a year shall not exceed an amount equal to the annual salary.

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 are interested in the above resolution.

Item No.10:

Sri. R.P Bansal, the whole time director of your Company looks after the area of marketing as director from the date of incorporation of the Company. He is well acquainted with the Company and its policies and has excelled in the area of Marketing.

Keeping in view of the business requirements of the company and the contribution and efforts put in by Sri. R.P.Bansal, and taking into account his experience in this industry, your board and the remuneration committee consider it appropriate to revise his salary from Rs.65,000/- per month to Rs 1,20,000/- per month in the scale of Rs 1,20,000– Rs 20,000– Rs 1,40,000 with effect from 01.04.2011 subject to the approval of the shareholders.

Further the perquisites as may be provided by the Company to Sri.R.P Bansal, the total value of which payable in a year shall not exceed an amount equal to the annual salary.

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 resolution.

Item No.11:

Sri.Devakar Bansal, the whole time Director of your Company is looking after the management of factory and production activities of the Company on whole time basis. He is expertised in the area of administration and has put in enormous efforts towards the growth of the Company.



Keeping in view of the business requirements of the company and the contribution and efforts made in by Sri. Devakar Bansal , taking into account his experience in this industry, your board and the remuneration committee consider it appropriate to revise his salary from Rs.65,000/- per month to Rs 1,20,000/- per month in the scale of Rs 1,20,000– Rs 20,000– Rs 1,40,000 with effect from 01.04.2011 subject to the approval of the shareholders.

Further the perquisites as may be provided by the Company to Sri.Devakar Bansal, the total value of which payable in a year shall not exceed an amount equal to the annual salary.

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 resolution.

By order of the Board
For **Pondy Oxides & Chemicals Limited,**

Place : Chennai
Date : 28.07.2011

K.Kumaravel
GM Finance & Company Secretary

Pondy Oxides and Chemicals Limited

Information of the Directors Seeking Re-appointment at the Sixteenth Annual General Meeting.

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

Name of the Director	Sri.Sunil Kumar Bansal	Sri.Devakar Bansal	Sri.P.N Sridharan	Sri.Ashish Bansal
Date of Birth	30.06.1959	23.05.1960	15.06.1969	15.07.1981
Date of Appointment	21.03.1995	21.03.1995	24.04.2008	30.07.2009
Director Identification Number	00232617	00232565	01916235	01543967
Relationship between Directors' inter-se	Brother of promoter-Directors	Brother of promoter-Directors	N . A	Son of Promotor – Director
Qualification and Expertise	B.Com	B.Sc	MA Public Admin	M.B.A
Directorship held in other public companies	POCL Enterprises Limited	Nil	Nil	Nil
Membership/ Chairmanship of Committees across other public companies, Committees if any	Nil	Nil	Nil	Nil
Number of Equity shares of Rs.10/- each held	243918	393201	Nil	278138



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the **Sixteenth Annual Report** on the business and operations together with the Audited Statement of Accounts of the Company for the year ended on 31st March 2011.

I. FINANCIAL RESULTS

Rs. in lakhs

Particulars	2011	2010
Total Income	27072.70	16979.48
Earnings before interest, Depreciation and tax	1664.79	1357.01
Interest and Financial Charges	609.40	456.62
Depreciation	222.57	158.84
Profit before taxation	832.82	741.55
Provision for current tax	282.13	173.26
Provision for Deferred tax	[7.27]	[8.41]
Profit after tax	557.96	576.70
Prior year adjustments	6.29	5.29
Profit after tax and adjustment	551.67	571.41
Appropriations		
General Reserve	30.00	30.00
Proposed Dividend on equity shares	141.50	121.28
Tax on proposed dividend	23.50	20.61
Surplus carried forward to next year	356.67	399.52
TOTAL	551.67	571.41

YEAR IN RETROSPECT

The Company ended the year 2010-2011 with an impressive performance. The Company has emerged stronger with record sales and profitability. Sales/ Income from operations [net] increased to an all time high of Rs.27,398.17 lakhs compared to Rs.16,147.38 lakhs in the previous year registering a growth of 69.68%. Earnings before Interest, Depreciation and Tax for the year was Rs.1,664.79 lakhs as compared to Rs.1,357.01 lakhs for the previous year, a substantial improvement of 22.68% over the previous year. The improvement was on account of mainly higher export sales and improved scale of operations. The profit after tax is Rs.551.67 lakhs as compared to Rs 571.41 lakhs in the previous year, the slight reduction in Profit after tax is on account of higher tax liability. The EPS [Earning per share] stood at Rs.5.52 per equity share in the year 2010-2011 as compared to Rs.5.71 per equity share in the previous year.

II. DIVIDEND

In view of the company's performance, the Board of Directors of your company is pleased to recommend a dividend of Rs.1.40 [14%] per equity share of Rs.10/- each. The total cash flow on account of this dividend including distribution tax thereon will be Rs.165.00 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 Rs.30.00 lakhs to General Reserve and an amount of Rs.356.67 lakhs is proposed to be retained in the Profit & Loss account.

IV. SUBSIDIARIES

The company as of 31.03.2011 had two subsidiaries M/s POCL Enterprises Ltd (Formally known as M/s Baschem Pharma Limited)., and M/s.Lohia Metals Pvt Ltd.

Ministry of Corporate Affairs, Government of India has granted a general exemption through its **General Circular No: 2 /2011** dated **8th February, 2011** from attaching various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956. 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 circular, 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 that of the respective subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The consolidated Financial Statements presented by the company include financial results of its subsidiary companies.

V. MERGER

During the year your Company has approved the scheme of Merger of its subsidiary company M/s Lohia Metals Private Limited with your company on 18/03/2011 subject to the approval of the Honorable High Court of Madras with a share exchange ratio of 1:2.5 i.e., 5 fully paid up equity shares of Rs.10/- each of your Company be exchanged for every 2 equity shares of Rs.10/- each held in M/s. Lohia Metals Pvt Limited. Your Company has already obtained "No Objection" from The Bombay Stock Exchange on 11th May, 2011 and from The Madras Stock Exchange on 3rd May, 2011 as required under various Acts and the Listing Agreement and is in the process of filing the application with the Honorable High Court of Madras.

VI. 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 DEVELOPMENT

The year 2010-2011 has been a remarkable one for India. Growth in 2010-11 has been swift and the economy is back to its pre-crisis growth trajectory. While agriculture has shown a rebound, industry is regaining its earlier momentum and the services sector has continued its near double digit run. This year has also seen significant progress in critical institutional reforms that would set the pace for double-digit growth in the near future. The Gross Domestic Product ("GDP") is estimated to have grown at 8.6 % in 2010-11 in real terms.

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. 12,673 lakhs - substantially higher by 149% over the previous year. The indigenous base for metal products was also widened during the year and capacity utilization of smelter plant increased by 83% over the previous year.



OUTLOOK

1/3rd of the Lead production in India comes from primary sources like mining and the balance from the secondary sources mainly recycling. India lacks lead ore reserves and hence it necessitates large scale imports and secondary sources such as recycling. Lead is amongst the most recycled non ferrous metal. The main input from lead recycling comes from lead acid battery scrap which is hazardous material. The primary lead smelter contributes 16% of the total supply in the country and the secondary smelter contributed 22% of the lead supply, approximately 30% of the supply is contributed by unorganized sector and the balance is met by imports. The estimated demand of lead is 5,00,000 tons. The demand is expected to grow at a rate of 6% which is being driven due to demand for automobile batteries, inverters and UPS applications.

The competitive strength of the company is the global presence with an established base in different parts of the world gives the company access to the local raw materials in the respective countries at competitive freight cost. The company confirming environment friendly recycling operations as per International Standards and registered manufacturer under Ministry of Environment and Forest for lead processing and recycling. The company lays a lot of stress on recycling and continuing to deploy environment friendly technology.

We have built a strong brand name of quality products through our manufacturing and marketing presence in different parts of the world. Our products are widely accepted and conformed to all technical specifications prevailing in the international market.

RISK AND CONCERNS

POCL is a unique combination of a play on global economic recovery through its Lead Smelting and Zinc Refining Business. Your Company operates both in the domestic market and overseas. Having a global presence with import and export trade, we are subject to currency rate fluctuation volatility which may result into gain or losses. In last one year the commodity market has seen a wild swing of lead price movement. The competitive pricing of our products are gauged from the industry prices and the price stated on London Metal Exchange. Any downturn in the prices on the exchange may put pressure on our pricing of export products and shall impact financial of the Company.

Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, the company may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emission management. The company may also be required to bear additional expenditure for the establishment of additional infrastructure, such as laboratory facilities for monitoring pollution impact and effluent discharge. Such additional cost may adversely affect our results of operations.

Your Company complies with the safety norms and has adequate insurance coverage for all assets.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that growth is not only to be profitable and competitive, but also sustainable in a socially relevant way. It is fully compliant with various environmental protection and safety and healthy laws and regulations. In its constant endeavour to be fully compliant with all regulatory standards, your company ensures that it is in full compliance to all applicable legal requirements. Prior to the implementation of any projects the potential environmental impacts are assessed. 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 environmental 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 in spite of Red Category Unit classification.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or deposition thereof. All transactions are authorised, recorded and reported correctly. The internal controls are checked by internal auditors. The observations made by them, management action and time frame are reviewed by the audit committee of the Board of Directors. Concerns if any are reported to the Board.

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 and changes in working environment. Technical and safety training programs 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 308.

VII. 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 signed by the Managing director was placed at the meeting of the Board of directors held on 28/07/2011. 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 attached.

VIII. DEPOSITS

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

IX. 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 are furnished in the Annexure forming part of this Report.

X. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under 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.



XI. DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri.Sunil Kumar Bansal, Sri. Devakar Bansal , Sri.P.N.Sridharan and Sri.Ashish Bansal retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for reappointment.

XII. 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 appointed. They have given a certificate to the effect that the reappointment if made, would be within the limits prescribed under section 224 [1 B] of the Companies Act, 1956. Your Directors recommend their re-appointment.

XIII. 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.

XIV. 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 recognize 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.

XV. CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's operations, objectives, projects 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
Date : 28/07/2011

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 Board of Directors] Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2011.

[1] Conservation of energy

- | | | |
|--|---|------------------|
| [a] Energy conservation measures taken; | | } Not Applicable |
| [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 :

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

Serial No	Particulars	Current Year 2010-2011	Previous Year 2009-2010
A	Power and Fuel consumption		
	1. Electricity		
	a. Purchased	Units	16,83,427
	Total Amount	Rs. in lakhs	73.64
	Rate	Rs. per Unit	4.37
	b. Own Generation		
	Through Diesel Generator	Units	7,64,575
	Value of diesel consumed	Rs. in lakhs	86.99
	Cost	Rs. per unit	11.38
	Units per litre of diesel		3.16
	2. Coal		
	Quantity	in MT	429
	Amount	Rs. in lakhs	32.92
	Average rate	Rs.	7,612
	3. Furnace Oil		
	Quantity	in K. ltrs	867
	Amount	Rs. in lakhs	208.12
	Average rate	Rs.	24,017
	4. Others		
	A. Diesel		
	Quantity	in K.ltrs	496
	Amount	Rs.in lakhs	178.50
	Average rate	Rs.	36,002
	B. BM Oil		
	Quantity	in K. ltrs	94
	Amount	Rs. in lakhs	23.45
	Average rate	Rs.	24,820

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 For 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 indigenous technology

[3] Foreign exchange earnings and outgo :

During the year the Company earned Foreign exchange of Rs.12,673.47 lakhs [export sales] and used Foreign exchange of Rs.11,376.42 lakhs [Raw materials Rs.11,369.57 lakhs and Foreign travel expenses Rs.6.85 lakhs]

For and on behalf of the Board of Directors

Place : Chennai
Date : 28/07/2011

D.P.VENKATARAMAN
Vice Chairman



CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Corporate Governance

The Company believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders' value while being a responsible corporate citizen by safeguarding the interest of the stakeholders. It is this conviction that has led the company to make strong corporate governance values intrinsic in all its operations. The company is led by a distinguished Board, which includes independent directors. The Board provides a strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the company is well informed and well equipped to fulfill its responsibilities and to provide management the strategic direction it needs to create long term shareholder value. The Company would constantly endeavour to improve on these aspects and committed to attain the highest standards of Corporate Governance.

In terms of Clause 49 of the Listing agreement executed with the Stock exchanges, the details of compliances, for the year ended March 31, 2011 are as follows.

II. Board of Directors

1. Composition

The Company's policy is to maintain optimum combination of Executive and Non Executive Directors.

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.

For a Director to be considered independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company.

The names and categories of the Directors on the Board, their attendance at the 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	Yes
Sri.D.P.Venkataraman	Vice-Chairman Non Executive	1	1	2	7	Yes
Sri. Anil Kumar Bansal	Managing Director (Promoter Group)	1	1	-	7	Yes
Sri. Sunil Kumar Bansal	Whole Time Director (Promoter Group)	2	-	1	7	Yes
Sri. R.P. Bansal	Whole Time Director (Promoter Group)	-	-	-	3	Yes
Sri. Devakar Bansal	Whole Time Director (Promoter Group)	1	-	-	5	Yes
Sri. Y. V. Raman	Whole Time Director	-	-	1	7	Yes
Sri. Sudhir Kumar Gupta	Non-Executive / Independent	1	2	1	5	No
Sri. Anil Kumar Sachdev	Non-Executive / Independent	1	-	3	3	Yes
Sri.Harish Kumar Lohia	Non-Executive / Independent	-	-	1	5	Yes
Sri.P.N.Sridharan	Non-Executive / Independent	2	-	-	4	Yes
Sri.Ashish Bansal	Non-Executive / Promoter Group	1	-	-	7	Yes

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

2. Meeting of the Board of directors

During the year 2010-11, the Board met seven times on [1] April 26, 2010; [2] July 12, 2010; [3] August 28, 2010; [4] October 29, 2010; [5] December 21, 2010; [6] January 31, 2011 and [7] March 18, 2011.

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 primary objective of the Audit committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee assists the Board in its responsibility for overseeing the quality and integrity of accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

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 system, the scope of audit including the observations of the auditors, adequacy of the internal control system, major accounting policies, practices and 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 the meetings of Audit committee

During the year 2010-2011, the committee met four times on [1] April 26, 2010, [2] July 12, 2010, [3] October 29, 2010 and [4] January 31, 2011.

Name of the Director	Category	Meetings attended
Sri.D.P Venkataraman	Non Executive Director-Independent-Chairman	4
Sri.Sudhir Kumar Gupta	Non Executive Director-Independent-Member	4
Sri.Anil Kumar Sachdev	Non Executive Director-Independent-Member	4
Sri.Harish Kumar Lohia	Non Executive Director-Independent-Member	2

The necessary quorum was present at the meeting.

- All members of the 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. D.P Venkataraman was present at the Fifteenth Annual General Meeting held on August 28th, 2010.



2. Remuneration committee

Terms of reference

The Remuneration committee has been constituted to recommend / review the remuneration of the Managing/Whole time Director[s] and recommending to the Board the quantum of annual increments based on their performance. The Committee also reviews the overall compensation policy, service agreements and other employment conditions of Managing/Wholetime Director[s].

Composition and attendance at meetings of Remuneration committee

During the year 2010-2011, the committee met on July 12, 2010 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	Meeting 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

The Shareholders'/ Investors' Grievance Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities of the Company. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non receipt of Balance sheet, non receipt of declared dividend, etc. wherever possible. The Committee oversees performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Company also monitors implementation and compliance with Company's code of conduct for prohibition of Insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Composition of Shareholders'/Investors' Grievance Committee:-

The Committee comprises three directors, namely,

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

During the year 2010-2011, the committee met four times on [1] April 26, 2010; [2] July 12, 2010; [3] October 29, 2010 ; [4] January 31, 2011 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	Whole time Director-Member
Sri. D.P. Venkataraman	Whole time Director-Member

During the year 2010-2011, the committee met five times on [1] July 03, 2010; [2] August 16, 2010; [3] October 04, 2010;[4] November 04, 2010 and [5]January 03, 2011.

IV. Remuneration of Directors

Rs in lakhs

Name of the Director	Salary[Basic]	Perquisites & Allowances	Total
Sri. Anil Kumar Bansal- Managing Director	12.00	8.70	20.70
Sri. Sunil Kumar Bansal- Whole Time Director	9.60	7.47	17.07
Sri. R.P. Bansal- Whole Time Director	9.60	6.35	15.95
Sri. Devakar Bansal- Whole Time Director	9.60	6.35	15.95
Sri. Y. V. Raman- Whole Time Director	4.20	2.56	6.76

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
G.M Finance & Company Secretary
is also the Compliance Officer.

Registered Office:
KRM Centre, 4th Floor,
No 2, Harrington Road,
Chetpet, Chennai - 600 031.
Telephone No : +91-044-42965454
Fax No. : +91-044-42965455
Email : kk@pocl.co.in

VI. Disclosures

[a] Related party transactions

During the year the Company has not entered into any transactions with directors, their relatives or management which is in conflict with the interests of the Company. Transactions with the related parties are disclosed in Note No 17 of the Notes to Accounts of the Company in the Annual Report.

[b] Statutory compliance, Penalties and strictures

Your Company has complied with all the requirements of the Listing agreement with the Stock Exchanges, SEBI Regulations and other statutory authorities. During the last three years there were no strictures or penalties imposed on your Company by SEBI or the Stock exchanges or any Statutory authority in connection with violation of Capital Market norms, rules, regulations, etc.,

[c] Code of conduct

The Code of Business Conduct & Ethics for Directors/ Management personnel, has been adopted by 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, and 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

The Company has its website having updated details about the Company, its shareholding pattern on quarterly basis, etc. The financial results are being posted on the Company's website, www.pocl.co.in Quarterly results are also published in prominent daily newspapers in accordance with the Listing agreement.

VIII. Listing

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited, Madras Stock Exchange, National Stock Exchange (under permitted category) and Coimbatore Stock Exchange.

However the approval for delisting of Company's shares from the 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 600 014 as follows:

Date of AGM	Time	Special Resolutions passed	
		No	Nature
15 th AGM	11.00 A.M	-	-
14 th AGM	11.00 A.M	1	Keeping of records and registers at R & T and new Corporate office.
13 th AGM	11.00 A.M	-	-

The chairman of the Audit committee Sri.D.P Venkataraman was present at the 15th Annual general meeting held on August 28, 2010.

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 16th Annual general meeting to be held on September 24, 2011.

XI. General shareholders' information

Date of Incorporation	March 21, 1995
Corporate Identity Number[CIN]	L24294TN1995PLCO30586
Registered office	KRM Centre,4 th Floor, No 2, Harrington Road,Chetpet, Chennai -600 031. Telephone No : +91-044-42965454 Fax No : +91-044-42965455
Day and date of Annual general meeting	Saturday , September 24, 2011
Time and venue of the Annual general meeting	11.00 am at Narada Gana Sabha Mini Hall, 314 (Old No. 254), T. T. K. Road, Chennai - 600 018
Date of Book closure	24/09/2011
Last date for receipt of proxy	22/09/2011 before 11 a.m
Financial calendar	April 1, 2011 to March 31,2012
Unaudited Result	Last date for publishing
First quarter ending June 30, 2011	August 14, 2011
Second quarter ending September 30, 2011	November 13, 2011
Third quarter ending December 31, 2011	February 14, 2012
Fourth quarter ending March 31, 2012	May 14, 2012
Listing on Stock exchange[s]	The Bombay Stock Exchange Phiroze Jeejeebhopy Towers Dalal Street Mumbai – 400 001. Madras Stock Exchange Limited Exchange Building, Post Box No.183 11, Second Line Beach Road, Chennai – 600 001. National Stock Exchange of India Limited (under permitted category) Exchange Plaza,Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (E)Mumbai - 400 051.
Note: The approval for delisting of Company's equity shares from CSE is awaited.	Listing fees for 2011-2012 have been paid to BSE/MSE
BSE Stock Code	532626
International Security Identification Number[ISIN] Code	INE063E010138
Dividend Payment/ Credit date	On or after 24 th September, 2011
Outstanding GDR/ADR/Warrants	NIL



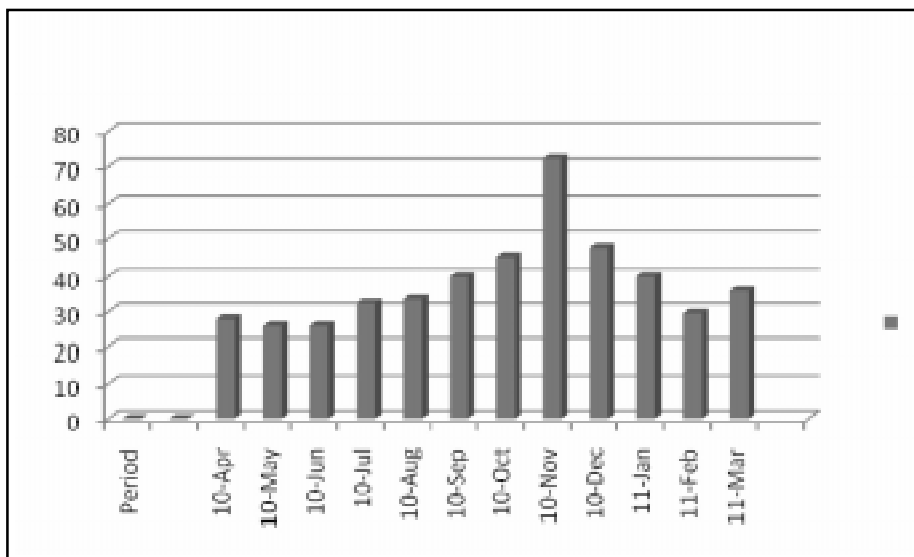
XII. Market price data

The month- wise movement [High & Low] of the equity shares of the Company at Bombay Stock Exchange Limited, Mumbai, during each month for the year ended 31st March 2011 are as under:

Period	POCL Price Data		BSE Sensex	
	High [Rs.]	Low [Rs.]	High	Low
Apr-10	27.85	22.00	18047	17276
May-10	26.00	22.10	17536	15960
Jun-10	26.00	20.00	17919	16318
Jul-10	32.40	21.50	18237	17395
Aug-10	33.50	26.00	18475	17819
Sep-10	39.95	29.65	20267	18027
Oct-10	44.90	36.00	20854	19768
Nov-10	72.40	34.00	21108	18954
Dec-10	47.45	33.60	20552	19074
Jan-11	40.00	26.05	20664	18038
Feb-11	29.50	21.75	18690	17295
Mar-11	35.90	24.00	19575	17792

BSE closing price as on March 31, 2011 – Rs. 31.25

Stock Performance of M/s PONDY OXIDES AND CHEMICALS LIMITED



XIII. Registrar and share transfer agents

M/s. Cameo Corporate Services Ltd.
 Unit: PONDY OXIDES AND CHEMICALS LIMITED
 Subramanian Building, No.1, Club House Road
 Chennai – 600 002
 Tel No.:+91-044-28460390 (5 lines)
 Fax No: +91-044-28460129
 Email : 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 Ltd, 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 Participants [DP] regarding change of address, change of Bank/ Bank Account number, nomination etc.

XV. Distribution of equity share holding as on March 31, 2011

[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 – 1000	3,835	38.94	19,46,060	1.93
1001 – 5000	4,059	41.21	1,09,50,010	10.83
5001 – 10000	951	9.66	77,37,290	7.66
10001 – 20000	531	5.39	78,92,440	7.81
20001 – 30000	160	1.62	40,40,300	4.00
30001 – 40000	81	0.82	28,23,110	2.79
40001 – 50000	71	0.72	32,95,820	3.26
50001 – 100000	73	0.74	49,81,230	4.93
100000 & above	88	0.90	5,74,04,990	56.80
Total	9,849	100.00	1,01,07,125	100.00

XVI. Categories of share holders as on March 31, 2011

Category	No. of Shares held	% of share holding
1. Promoters	38,48,471	38.08
2. Non- Promoters		
Corporate bodies	8,97,649	8.88
Indian Public	52,87,895	52.32
NRI/Foreign Nationals	73,110	0.72
Total	1,01,07,125	100.00

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. 95.92% of paid up share capital is held in dematerialized form as on March 31, 2011.

XVIII. Demat and physical shares

Particulars	As on March 31, 2011	%
No. of shares held at NSDL	78,16,192	77.33
No. of shares held at CDSL	18,78,765	18.59
No. of shares held in Physical form	4,12,168	4.08
Total	1,01,07,125	100.00



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 28/07/2011

For and on behalf of the Board of Directors

Place : Chennai
Date : 28/07/2011

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, 2011, 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 a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion of the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

We state that no investor grievances were 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 : 28.07.2011

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 31st March 2011, 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 Directors is prima facie disqualified as on March 31, 2011 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, 2011;
 - 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 : 28.07.2011



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 31ST MARCH, 2011.

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] (a) The Company has not granted any Loans, secured or unsecured, to companies, firms or other parties covered under the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (a) to (d) of the Companies(Auditor Report) Order are not applicable.
- [ii] (e) 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 amounting to Rs.15.27 crores, the year-end balance was Rs.3.98 crores and maximum balance due was Rs.12.84 crores.

(f) In our opinion, the rate of interest and other terms and conditions of the said loans are not prima facie prejudicial to the interest of the company.

(g) The Interest payments, wherever applicable, have been regularly paid by the company.

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:

Pondy Oxides and Chemicals Limited

- [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. In our opinion and according to information and explanations given to us, the company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
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] According to the information and explanation given to us and records of the Company examined by us, 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 as may be applicable have been generally regularly deposited with the appropriate authorities.
 - [ii] According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 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 disputed dues which have remained unpaid as on 31st March, 2011 in respect of Income tax, Wealth tax, Sales tax, Customs Duty, Excise Duty and Cess.
10. The company has no accumulated losses as at 31st March 2011 and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us 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. According to the information and explanations given 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. 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.
14. The Company is not dealing in or trading in Share, Securities, Debentures and Other Investments. Therefore, the provisions of clause 4[xiv] of Companies[Auditor's Report] Order 2003 are not applicable.
15. In our opinion and according to the information & explanations given to us, the terms and conditions of the guarantees given by the company for loan taken by others from banks and financial institutions 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 the cash flow statement examined by us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term Investments.
18. According to the information and explanations given to us the Company has not made preferential allotment of shares to parties and 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 of securities during the year and therefore, the verification of the end use of the money does not arise.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Sohan C.J.Parmar
Proprietor
Membership No. 022321

Place : Chennai
Date : 28.07.2011

Pondy Oxides and Chemicals Limited

BALANCE SHEET AS AT MARCH 31, 2011

[Amount in Rs.]

Particulars	Schedule No.	As At March 31, 2011	As At March 31, 2010
SOURCES OF FUNDS			
Share holders' funds			
Share Capital	1	10,10,71,250	10,10,71,250
Reserves & Surplus	2	<u>19,12,14,821</u>	<u>15,25,48,581</u>
		29,22,86,071	25,36,19,831
Loan funds			
Secured loans	3	49,58,97,839	38,72,34,834
Unsecured loans	4	<u>4,56,53,576</u>	<u>3,06,57,712</u>
		54,15,51,415	41,78,92,546
Deffered tax liability [Net]		23,75,153	31,02,920
Total		<u>83,62,12,639</u>	<u>67,46,15,297</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	30,19,58,487	24,54,84,137
Less : Depreciation		<u>9,66,51,476</u>	<u>7,47,93,997</u>
Net Block		<u>20,53,07,011</u>	<u>17,06,90,140</u>
Capital work in progress		<u>1,60,78,408</u>	<u>44,76,798</u>
		22,13,85,419	17,51,66,938
Investments	6	2,96,93,721	2,96,93,721
Current assets, Loans and Advances			
Inventories	7	23,69,92,745	23,57,66,166
Sundry Debtors	8	30,51,03,432	20,26,03,992
Cash & Bank Balances	9	5,54,72,279	3,62,82,915
Other Current Assets	10	7,55,65,230	6,00,92,594
Loans & Advances	11	<u>4,65,08,654</u>	<u>6,69,61,334</u>
		71,96,42,340	60,17,07,001
Less: Current liabilities and provisions			
Current Liabilities	12	8,14,14,304	9,33,50,016
Provisions	13	<u>5,30,94,537</u>	<u>3,86,02,347</u>
		13,45,08,841	13,19,52,363
Net current assets		58,51,33,499	46,97,54,638
Total		<u>83,62,12,639</u>	<u>67,46,15,297</u>
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 28, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule No.	Year ended March 31, 2011	[Amount in Rs.] Year ended March 31, 2010
INCOME			
Sales and Other Operating Income	14	2,70,99,99,055	1,59,23,05,587
Less : Excise Duty		<u>15,02,20,461</u>	11,13,19,010
Net Sales		2,55,97,78,594	1,48,09,86,577
Other Income	15	1,18,94,830	86,99,019
Increase/(Decrease) in Stock	16	<u>(1,46,23,350)</u>	9,69,43,833
Total		2,55,70,50,074	1,58,66,29,429
EXPENDITURE			
Purchases of trading goods		2,41,09,448	4,90,18,167
Manufacturing, Administrative & Selling	17	<u>2,36,64,61,998</u>	1,40,19,10,741
Total		2,39,05,71,446	1,45,09,28,908
Profit before Interest and Depreciation		16,64,78,628	13,57,00,521
Interest and Finance charges	18	6,09,40,164	4,56,62,500
Depreciation		<u>2,22,56,673</u>	1,58,83,378
		8,31,96,837	6,15,45,878
Profit before tax		8,32,81,791	7,41,54,643
Provision for current tax		2,82,13,251	1,73,25,550
Provision for deferred tax		<u>(7,27,765)</u>	(8,40,972)
Net profit after tax		5,57,96,305	5,76,70,065
Less: Prior period tax adjustment		<u>6,29,779</u>	5,29,323
		5,51,66,526	5,71,40,742
Balance Brought forward from previous year		10,33,88,829	6,34,37,884
Total available for appropriation		15,85,55,355	12,05,78,626
Appropriations:			
General Reserve		30,00,000	30,00,000
Proposed Dividend on equity shares		1,41,49,975	1,21,28,550
Corporate Dividend tax		<u>23,50,311</u>	20,61,247
Total		1,95,00,286	1,71,89,797
Balance carried to Balance Sheet		<u>13,90,55,069</u>	10,33,88,829
Earning per share [Rs.] [F.V. Rs. 10/- per share] [Refer note of schedule ' 15 ']		5.52	5.71

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 28, 2011

Pondy Oxides and Chemicals Limited

CASH FLOW STATEMENT FOR THE YEAR 2010-2011

Particulars	[Amount in Rs.]	
	Year ended March 31, 2011	Year ended March 31, 2010
1. Cash Flow from Operating activity		
(A) Profit before taxes	8,32,81,791	7,41,54,643
(B) Adjustments for:		
Add:		
Depreciation as per the Companies Act 1956	2,22,56,673	1,58,83,378
Loss on Sale of Fixed assets	12,540	-
Interest paid	6,09,40,164	4,56,62,501
Less:		
Profit on foreign exchange fluctuation	91,52,523	7,01,905
Dividend income	5,980	4,680
Interest received	17,14,417	44,50,114
Rent Received	5,95,620	-
Profit from Commodity Hedging	-	3,45,985
Profit on sale of assets	-	61,610
Miscellaneous Income	4,26,290	31,34,725
(C) Operating profit from working capital changes (A + B)	15,45,96,338	12,70,01,503
(D) Adjustments for :		
(Increase) / Decrease in Inventories	(12,26,579)	(16,29,98,360)
(Increase) / Decrease in Sundry debtors	(10,24,99,442)	(5,64,56,707)
(Increase) / Decrease in Loans & advances	4,14,52,680	(3,41,47,974)
(Increase) / Decrease in Other current assets	(1,54,72,639)	(3,07,74,938)
Increase / (Decrease) in Sundry creditors	(1,19,35,710)	3,21,19,917
Increase / (Decrease) in Other current liabilities & provisions	(1,66,61,327)	(39,46,859)
Net Cash from working capital changes		
Income Tax paid	(2,10,00,000)	(1,40,00,000)
(E) Net Cash flow from operating activities (C - D)	2,72,53,321	(14,32,03,418)
2. Cash Flow from Investing activities		
Adjustments for:		
Add:		
Proceeds from Sale of Fixed assets	3,52,000	2,87,378
Dividend received	5,980	4,680
Interest received	17,14,417	44,50,114
Rent Received	5,95,620	-
Less:		
Purchase of Fixed assets	5,72,38,086	5,70,21,006
Adjustment to Capital work-in-progress	1,16,01,609	28,58,329
Net Cash from investing activities	(6,61,71,678)	(5,51,37,163)
3. Cash Flow from financing activities		
Adjustments for:		
Add		
Increase / (Decrease) in Secured loans	10,86,63,006	16,68,00,887
Increase / (Decrease) in Unsecured loans	1,49,95,864	30,11,051
Profit from Commodity Hedging	-	3,45,985
Profit on Foreign exchange fluctuation	91,52,523	7,01,905
Miscellaneous Income	4,26,290	31,34,725
Less		
Dividend paid	1,41,89,797	59,12,416
Interest paid	6,09,40,164	4,56,62,500
Net cash from / (used) from Financing activities	5,81,07,721	12,24,19,637
Net Increase / (Decrease) in Cash & Cash equivalents (1 + 2 + 3)	1,91,89,364	(7,59,20,944)
Cash & Cash Equivalents as at 01.04.2010	3,62,82,915	11,22,03,858
Cash & Cash Equivalents as at 31.03.2011	5,54,72,279	3,62,82,915

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 28, 2011


SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	[Amount in Rs.]	
	As at March 31, 2011	As at March 31, 2010
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	10,10,71,250	10,10,71,250
	10,10,71,250	10,10,71,250
(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)		
SCHEDULE 2		
Reserves and Surplus		
Share premium account	3,67,80,198	3,67,80,198
General Reserves	1,23,79,554	93,79,554
Add: Transfer during the year	30,00,000	30,00,000
Profit and Loss account balance	10,33,88,829	6,34,37,884
Add : Transferred from profit and loss account	3,56,66,240	3,99,50,945
Total	19,12,14,821	15,25,48,581
SCHEDULE 3		
Secured Loans		
1) From Bank		
a) Term Loan		
i) For Plant & Machinery / Buildings *	3,02,38,647	1,05,42,177
ii) For Vehicles **	35,38,604	22,49,949
	3,37,77,251	1,27,92,126
b) Working Capital ***		
i) From Bank	45,26,28,654	36,63,15,389
ii) From Others	94,91,934	81,27,319
	46,21,20,588	37,44,42,708
Total	49,58,97,839	38,72,34,834

* 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 promoter directors of the Company.

** Vehicle Loans are secured by hypothecation of specific assets

*** Working capital loans from others are secured by pledge of specific assets.

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF BALANCE SHEET

[Amount in Rs.]

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE 4		
Unsecured Loans		
From Banks	-	97,249
From Others		
Directors & Relatives	3,64,15,783	2,16,57,103
Others	92,37,793	89,03,360
	<u>4,56,53,576</u>	<u>3,05,60,463</u>
Total	<u>4,56,53,576</u>	<u>3,06,57,712</u>

SCHEDULE 5 : Fixed Assets

Sl. No.	Description	Gross block			Depreciation				Net block		
		As on 1.04.2010 Rs.	Additions Rs.	Deduction/ Adjustments Rs.	Ason 31.03.2011 Rs.	Upto 31.03.2010 Rs.	For the Year Rs.	Deduction Rs.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.	As on 31.03.2011 Rs.
1	Free hold land	1,46,87,497	-	-	1,46,87,497	4,33,210	97,157	-	5,30,367	1,42,54,287	1,41,57,130
2	Building	12,36,00,053	3,84,29,208	-	16,20,29,261	2,40,78,530	1,12,63,350	-	3,53,41,880	9,95,21,523	12,66,87,381
3	Plant & machinery	7,80,46,192	32,82,461	3,76,674	8,09,51,979	3,59,88,205	66,31,783	79,704	4,25,40,284	4,20,57,987	3,84,11,695
4	Furniture & Office Equipment	65,72,318	89,63,416	60,000	1,54,75,734	43,66,150	10,75,136	14,886	54,26,400	22,06,168	1,00,49,334
5	Vehicles	81,60,788	38,71,080	6,07,062	1,14,24,806	34,90,295	16,38,932	3,04,606	48,24,621	46,70,493	66,00,185
6	Lab Equipments	45,42,945	29,71,920	-	75,14,865	20,94,917	7,02,313	-	27,97,230	24,48,028	47,17,635
7	Electrical fittings	98,74,345	-	-	98,74,345	43,42,692	8,48,002	-	51,90,694	55,31,653	46,83,651
Total		24,54,84,138	5,75,18,085	10,43,736	30,19,58,487	7,47,93,999	2,22,56,673	3,99,196	9,66,51,476	17,06,90,139	20,53,07,011
Previous Year 2009-10		18,90,21,460	5,70,21,007	5,58,329	24,54,84,138	5,92,43,180	1,58,83,379	3,32,561	7,47,93,998	12,97,78,280	17,06,90,139

SCHEDULE 6

Investments

Quoted

360(180) Equity Shares of Rs. 5/- 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
	<u>1,29,071</u>	1,29,071

Unquoted

781465 (781465) Equity shares of Rs. 10/- each in POCL Enterprises 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
	<u>2,95,64,650</u>	<u>2,95,64,650</u>
Total	<u>2,96,93,721</u>	<u>2,96,93,721</u>

Market value of quoted investments is Rs. 2,47,723/- [Rs.1,59,512/-]


SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	[Amount in Rs.]	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 7		
Inventories		
(Inventory taken valued and certified by the management)		
Raw Materials	10,63,04,838	9,13,10,992
Work-in-Progress	1,05,00,364	1,57,19,349
Finished Goods	11,41,20,258	12,35,24,623
Consumables	60,67,285	52,11,202
Total	23,69,92,745	23,57,66,166
SCHEDULE 8		
Sundry debtors		
(Unsecured considered good unless otherwise stated)		
Outstanding for a period exceeding six months	11,20,958	21,29,071
Other debts	30,39,82,474	20,04,74,921
Total	30,51,03,432	20,26,03,992
SCHEDULE 9		
Cash and Bank balances		
a) Cash on hand	5,56,338	4,97,876
b) Balance with scheduled banks		
i) In Current account	3,19,71,435	1,38,63,560
ii) In Fixed deposit account	2,29,44,506	2,19,21,479
Total	5,54,72,279	3,62,82,915
SCHEDULE 10		
Other Current assets		
(Advances recoverable in cash or in kind or for value to be received)		
Deposits	1,95,18,147	3,31,28,852
Taxes	2,12,85,251	1,50,04,642
Others	3,33,21,205	1,11,30,382
Interest accrued but not due	14,40,627	8,28,718
Total	7,55,65,230	6,00,92,594

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	[Amount in Rs.]	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 11		
Loans and advances		
(Unsecured considered good unless otherwise specified)		
(Advance recoverable in cash or in kind or for value to be received)		
Staff loans and advances	3,44,402	3,60,575
Loans and advance to others	4,61,64,252	6,66,00,759
Total	4,65,08,654	6,69,61,334
SCHEDULE 12		
Current liabilities		
Sundry Creditors		
For Trade	4,18,98,641	5,33,51,754
For Expenses	48,80,341	28,62,057
For Capital expenditure	9,56,221	10,01,764
Other Current liabilities	3,28,69,125	3,54,70,306
Unclaimed dividends	8,09,976	6,64,135
Total	8,14,14,304	9,33,50,016
SCHEDULE 13		
Provisions		
For Taxation & dividend	4,47,13,537	3,15,15,347
For Others	83,81,000	70,87,000
Total	5,30,94,537	3,86,02,347

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

Particulars	[Amount in Rs.]	
	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 14		
Sales & Other operating income		
Domestic Sales	1,60,20,80,831	1,32,07,64,101
Export Sales	1,26,73,47,260	50,88,47,877
Conversion charges received (includes TDS Nil (Rs. 49,225/-))	-	22,80,956
	<u>2,86,94,28,091</u>	<u>1,83,18,92,934</u>
Less: Returns	21,09,010	9,87,309
Less: Interunit sales	15,73,20,026	23,86,00,038
Net Sales	<u>2,70,99,99,055</u>	<u>1,59,23,05,587</u>
SCHEDULE 15		
Other income		
Dividend from others	5,980	4,680
Profit on sale of fixed assets	-	61,610
Foreign exchange income (Purchase)	6,99,449	-
Foreign exchange income (Sales)	84,53,074	7,01,905
Interest received (includes TDS Rs.1,62,889/- (Rs. 9,06,990/-))	17,14,417	44,50,114
Profit on sale of commodities	-	3,45,985
Rent received (includes TDS Rs. 62,062/- (Nil))	5,95,620	-
Miscellaneous Income	4,26,290	31,34,725
Total	<u>1,18,94,830</u>	<u>86,99,019</u>
SCHEDULE 16		
Increase/[decrease] in stock		
Stock (April 01, 2010)		
Finished goods	12,35,24,623	3,62,27,776
Work-in-process	1,57,19,349	60,72,363
	<u>13,92,43,972</u>	<u>4,23,00,139</u>
Stock (March 31, 2011)		
Finished goods	11,41,20,258	12,35,24,623
Work-in-process	1,05,00,364	1,57,19,349
	<u>12,46,20,622</u>	<u>13,92,43,972</u>
Increase /(decrease) in stock	<u>(1,46,23,350)</u>	<u>9,69,43,833</u>

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	[Amount in Rs.]	
	Year ended March 31, 2011	Year ended March 31, 2010
SCHEDULE 17		
Manufacturing, administrative and selling		
Raw Materials consumed	2,12,87,94,809	1,20,24,71,488
Manufacturing expenses		
Processing & other charges	79,20,512	2,09,56,153
Other direct expenses	61,71,284	67,26,635
Power & Fuel consumed	6,97,80,207	5,32,08,560
Repairs - Machinery	74,63,768	75,57,325
Repairs - Building	25,35,969	34,01,561
Repairs - Others	19,57,992	31,86,009
Foreign exchange	2,11,717	1,63,421
Establishment expenses		
Salaries, wages and bonus	3,10,99,111	2,75,33,317
Contribution to Provident fund, Grauity fund etc.	47,63,186	40,84,324
Other amenities	1,10,63,419	57,21,216
Administrative expenses		
Auditors fee	4,53,175	2,63,558
Communication	19,74,666	21,42,880
Entertainment expenses	7,08,625	5,74,623
Fees & taxes	21,51,314	10,91,818
General expenses	16,32,294	17,99,347
Insurance	51,83,374	30,30,685
Office maintenance	16,16,765	14,83,074
Professional fee	17,90,037	7,93,083
Rent	14,93,339	18,80,230
Subscriptions & Periodicals	6,92,631	3,87,430
Loss on sale of commodities	16,76,266	-
Travelling expenses (including Rs.17,60,870/- (Rs.19,60,937/-) for directors)	68,92,318	59,46,730
Vehicle expenses	19,27,146	14,10,784
Selling expenses		
Business promotions, Advertisement expenses & others	15,45,734	10,90,483
Commission	47,98,886	29,23,825
Discounts & Rebates	2,79,72,940	2,21,20,185
Bad debts	1,88,411	10,29,616
Freight outwards	3,20,02,103	1,89,32,381
Total	2,36,64,61,998	1,40,19,10,741
SCHEDULE 18		
Interest and finance charges		
Bank	5,33,02,718	4,16,91,271
Others	76,37,446	39,71,229
Total	6,09,40,164	4,56,62,500



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 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 of materials and services for captive consumption are eliminated from Sales and other operative income 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.

Government grants and subsidies are accounted for on receipt basis.

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 capitalised. Indirect expenditure incurred during construction period is capitalised 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 ever 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	220.69	520.59
2.	Capital WIP	39.22	35.00

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.1430 lakhs (Rs.30 lakhs) on behalf of Subsidiary Companies M/s. POCL Enterprises Limited (formerly known as Baschem Pharma Limited) and M/s. Lohia Metals Pvt. Ltd

4. Sundry debtors of Rs.1.88 lakhs (Rs.10.30 lakhs), being non-recoverable has been written off as bad debts.

5. Auditors Remuneration

Statutory Audit : Rs. 3.50 lakhs (Rs.2.00 lakhs)

Tax Audit : Rs. 0.50 lakhs (Rs.0.50 lakhs)

Others : Rs. 0.74 lakhs (Rs.0.14 lakhs)

6. CIF Value of Imports.

Raw Materials : Rs. 11369.57 lakhs (Rs.8623.53 lakhs)

7. Expenditure in Foreign Currencies on Cash Basis

Travelling Expenses : Rs. 6.85 lakhs (Rs.1.92 lakhs)

8. Earnings in Foreign Exchange.

Sales : Rs. 12,673.47 lakhs (Rs. 5088.48 lakhs)

9. Consumption of Imported and Indigenous Raw Materials and percentage to total consumption (Rs. in lakhs)

	2010-2011		2009-2010	
	Value	%	Value	%
Imported	16,558	78	9,039	75
Indigenous	4,730	22	2,986	25
Total	21,288	100	12,025	100

Pondy Oxides and Chemicals Limited

10. Raw Materials consumed:

(Rs. in lakhs)

	2010-2011		2009-2010	
	Quantity [in Mt]	Value	Quantity [in Mt]	Value
Zinc metal & Scrap	3447	2,894	3870	2,072
Lead metal & Scrap	21469	17,513	13412	8,550
Other chemicals		881		1,403
Total	24916	21,288	17282	12,025

11. Net Dividend remitted in Foreign currency :

	2010-2011	2009-2010
1 Number of Non Resident Shareholders	47	26
2 Number of Equity Shares held by them	502925	392625
3 Amount Remitted in Foreign currency(Rs.)	6,03,510	1,96,313
4 Year to which dividends relate	2009-10	2008-09

12. Details of licensed capacity and actual production :

Class of Products	Licensed Capacity	Unit	Installed Capacity	Actual Production for Sale
Metals	NA	Mt	17400 (17400)	16291 (8898)
Metallic oxides	NA	Mt	14280 (14280)	4073* (4645)
Plastic additives	NA	Mt	6000 (6000)	5287 (5306)

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

* The figures is excluding 2142 MT (1817 MT) of job work done for Inter Units of the Company.

13. Details of opening and closing stock of goods produced : (Rs. in lakhs) (Qty in Mts.)

	Opening Stock				Closing Stock			
	Qty (10-11)	Qty (09-10)	Value (10-11)	Value (09-10)	Qty (10-11)	Qty (09-10)	Value (10-11)	Value (09-10)
Metals	1004	88	806.36	111.11	808	1004	870.21	806.36
Metallic oxides	80	65	73.39	60.28	54	80	55.26	73.39
Plastic additives	399	295	327.85	244.35	314	399	174.36	327.85

14. Details of sales turnover (Rs. in lakhs)

	Qty in Mt (2010-11)	Qty in Mt (2009-10)	Value (2010-11)	Value (2009-10)
Metals	16,487	7,982	18,053	7,045
Metallic oxides	4,099	4,630	4,912	4,302
Plastic additives	5,372	5,204	5,887	4,676



15. Earnings per share

	2010-2011	2009-2010
Net profit attributable to share holders (Rs. In lakhs)	557.96	576.70
No. of share	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.)	5.52	5.71
Adjusted basic EPS (in Rs.)	5.52	5.71

16. Remuneration to Managing Director and Whole Time Directors :

Salary	: Rs 45.00 lakhs (Rs 39.20 lakhs)
Perquisites	: Rs.31.43 lakhs (Rs. 13.90 lakhs)

17. 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 POCL Enterprises Limited. (Formelly known as 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)
M/s. Daman Metallic Oxides

3. 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	Name of the relative
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
Purchases				
Goods & Materials	2,495.72 (1,266.32)	1,825.27 (466.09)	Nil (Nil)	Nil (Nil)
Sales				
Goods & Materials	Nil (237.86)	494.52 (476.16)	Nil (Nil)	Nil (Nil)
Conversion charges Received	Nil (22.81)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Expenses				
Conversion charges paid	1.43 (Nil)	73.77 (69.04)	Nil (Nil)	Nil (Nil)
Remuneration	Nil (Nil)	Nil (Nil)	76.43 (54.60)	Nil (Nil)
Interest paid	43.90 (Nil)	16.91 (7.06)	5.25 (12.19)	3.68 (8.93)
Interest received	Nil (17.77)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Finance and investments during the year				
Inter corporate Deposit paid	1,249.89 (1,019.10)	75.03 (2.27)	Nil (Nil)	Nil (Nil)
Inter corporate deposit received	1,465.39 (1,015.01)	56.60 (65.95)	Nil (Nil)	Nil (Nil)
Loan taken	Nil (Nil)	Nil (Nil)	63.53 (Nil)	2.16 (Nil)
Loan paid	Nil (Nil)	2.59 (Nil)	66.50 (Nil)	40.89 (Nil)
Outstanding				
Payable	1.96 (196.41)	230.13 (Nil)	39.73 (32.70)	23.66 (Nil)
Receivable	Nil (Nil)	Nil (19.62)	Nil (Nil)	Nil (Nil)
Inter corporate deposits	160.00 (15.99)	135.25 (103.67)	Nil (Nil)	Nil (Nil)



18. Segment Reporting

Segmental information for the year 2010-11 information about primary business segments :

S.No	Particulars	Amount – Rs. in lakhs
1.	Segment Revenue	
	External turnover	
	a. Metal	18,053.44
	b. Metallic oxides	4,912.25
	c. Plastic additives	5,886.74
	Total	28,852.43
	Less : Inter segment turnover	1,752.44
	Net sales / Income from operations	27,099.99
2.	Segment results	
	Profit / (Loss) (before tax and interest from each segment)	
	a. Metal	1,133.33
	b. Metallic oxides	144.38
	c. Plastic additives	406.22
	Total	1,683.93
	Less : Interest	609.40
	Other unallocable expenditure net of un-allocable income	241.71
	Total Profit before tax before exceptional income	832.82
	Exceptional Income / expenses	Nil
	Profit / Loss before tax	832.82
3.	Capital employed	
	(Segment assets Less Segment liabilities)	
	a. Metal	1,338.98
	b. Metallic oxides	184.70
	c. Plastic additives	127.92
	d. Unallocated	1,318.58

Pondy Oxides and Chemicals Limited

19. Deferred taxation

	As at 31.03.2011 Rs. in lakhs	As at 31.03.2010 Rs. in lakhs
Deferred tax liability / (Asset) on account of		
1 Depreciation	61.71	62.93
Deferred tax asset on account of		
1 Gratuity	(37.94)	(31.90)
2 Expenses allowable for tax purpose when paid	Nil	Nil
Total	(37.94)	(31.90)
Net Deferred tax liability / (Asset)	23.75	31.03

20. During the year the Board of directors of the Company has approved the merger of its subsidiary company M/s Lohia Metals Private Limited with holding company M/s Pondy Oxides and Chemicals Limited on 18/03/2011 subject to the approval of the Honorable High Court of Madras as required under Section 391-394 of the Companies Act ,1956 with 2 fully paid equity share of Rs 10/- each of M/s Lohia Metals Private Limited be exchanged with 5 fully paid equity shares of Rs 10/- each of M/s Pondy Oxides and Chemicals Limited.

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 has 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. A figure 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.


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

I. REGISTRATION DETAILS	2010-11
Registration Number	30586
State Code	18
Balance Sheet Date	31.03.11
II. CAPITAL RAISED DURING THE YEAR	[Amount in Rs.Thousands]
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS	
Total Liabilities	8,36,212
Total Assets	8,36,212
SOURCES OF FUNDS	
Paid up Capital	1,01,071
Reserves & Surplus	1,91,215
Secured Loans	4,95,898
Unsecured Loans	45,653
Deferred tax	2,375
APPLICATION OF FUNDS	
Net Fixed Assets	2,21,385
Investments	29,694
Net Current Assets	5,85,133
IV. PERFORMANCE OF THE COMPANY	
Turnover [including other income]	27,39,817
Total Expenditure	26,56,536
Profit [+]/Loss[-] before tax	83,281
Profit [+]/Loss[-] after tax	55,796
Earning per share	5.52
Dividend Rate [%]	14%
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY [AS PER MONETARY TERMS]	
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 : 28/07/2011

Anil Kumar Bansal
Managing Director

Sunil Kumar Bansal
Director

K.Kumaravel
GM Finance &
Company Secretary

Pondy Oxides and Chemicals Limited**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956, RELATING TO SUBSIDIARY COMPANIES**

Particulars	POCL Enterprises Ltd.	Lohia Metals Pvt Ltd.
The Financial Year of the Subsidiary ended on	March 31, 2011	March 31, 2011
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, 2011	—	—
b. Not dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2011	Rs. 3,96,316	Rs. 1,90,77,973
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, 2010	—	—
b. Not dealt with in the accounts of Pondy Oxides & Chemicals Ltd., for the year ended March 31, 2010	2,91,506	6,48,46,986

For and on behalf of the Board

Place : Chennai
Date : 28/07/2011**Anil Kumar Bansal**
Managing Director**Sunil Kumar Bansal**
Director**K.Kumaravel**
GM Finance &
Company Secretary

Pondy Oxides and Chemicals Limited

CONSOLIDATED ACCOUNTS

2010-2011



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the attached Consolidated Balance Sheet of Pondy Oxides and Chemicals Limited (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2011, 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 Pondy 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, 2011;
 - 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 : 28.07.2011

Pondy Oxides and Chemicals Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule No.	[Amount in Rs.]	
		As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Share holders' funds			
Share Capital	1	10,04,56,720	10,04,56,720
Reserves & Surplus	2	<u>25,04,98,533</u>	<u>19,38,75,565</u>
		35,09,55,253	29,43,32,285
Minority Interest		3,18,64,538	2,49,85,791
Loan funds			
Secured Loans	3	54,69,95,080	55,31,86,333
Unsecured Loans	4	<u>5,13,37,090</u>	<u>4,95,16,015</u>
		59,83,32,170	60,27,02,348
Deffered tax liability [NET]		26,50,045	35,76,070
Total		<u>98,38,02,006</u>	<u>92,55,96,494</u>
Application of funds			
Fixed assets			
Gross Block	5	37,05,33,863	30,83,91,402
Less : Depreciation		<u>10,64,23,285</u>	<u>8,28,92,026</u>
Net Block		<u>26,41,10,578</u>	<u>22,54,99,376</u>
Capital work in progress		<u>1,60,78,408</u>	<u>69,03,888</u>
		28,01,88,986	23,24,03,264
Investments	6	30,02,883	30,02,883
Current assets, loans and advances			
Inventories	7	29,65,45,282	26,42,90,926
Sundry debtors	8	35,20,99,315	31,74,40,071
Cash & Bank balances	9	7,73,39,033	4,28,43,155
Other Current assets	10	17,64,08,264	12,52,72,216
Loans & Advances	11	<u>4,65,82,221</u>	<u>6,90,82,172</u>
		94,89,74,115	81,89,28,540
Less:Current liabilities and provisions			
Current Liabilities	12	18,52,63,187	7,70,09,813
Provisions	13	<u>6,31,00,791</u>	<u>5,17,28,380</u>
		24,83,63,978	12,87,38,193
Net current assets		<u>70,06,10,137</u>	<u>69,01,90,347</u>
Total		<u>98,38,02,006</u>	<u>92,55,96,494</u>

Significant accounting policies &

Notes on accounts

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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 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 28, 2011


CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule No.	[Amount in Rs.]	
		Year ended March 31, 2011	Year ended March 31, 2010
INCOME			
Sales and other operating income	14	3,39,02,68,893	2,43,13,33,826
Less : Excise duty		<u>16,29,60,280</u>	<u>13,12,95,600</u>
Net Sales		3,22,73,08,613	2,30,00,38,226
Other income	15	1,86,33,342	1,04,74,464
Increase/(Decrease) in stock	16	<u>69,01,583</u>	<u>10,21,10,277</u>
Total		<u>3,25,28,43,538</u>	<u>2,41,26,22,967</u>
EXPENDITURE			
Purchases of trading goods		20,97,78,745	15,08,20,058
Manufacturing, administrative & selling	17	<u>2,83,09,13,678</u>	<u>2,02,54,82,675</u>
Total		<u>3,04,06,92,423</u>	<u>2,17,63,02,733</u>
Profit before interest and depreciation		21,21,51,115	23,63,20,234
Interest and Finance charges	18	7,57,99,057	6,63,15,228
Depreciation		<u>2,41,99,661</u>	<u>1,76,67,609</u>
Total		<u>9,99,98,718</u>	<u>8,39,82,837</u>
Profit before tax		11,21,52,397	15,23,37,397
Provision for Current tax		3,81,68,405	3,04,24,483
Provision for Deferred tax		<u>(9,25,522)</u>	<u>(8,38,942)</u>
Net profit after tax		7,49,09,514	12,27,51,856
Less: Prior period adjustment		6,30,031	-
Adjustment for income tax		<u>8,58,221</u>	<u>13,48,283</u>
		7,34,21,262	12,14,03,573
Balance brought forward from previous year		<u>14,44,16,217</u>	<u>4,00,97,970</u>
Total available for appropriation		<u>21,78,37,479</u>	<u>16,15,01,543</u>
Appropriations:			
General Reserve		30,00,000	30,00,000
Proposed dividend on equity shares		1,41,49,975	1,21,28,550
Corporate dividend tax		<u>23,50,311</u>	<u>20,61,247</u>
Total		<u>1,95,00,286</u>	<u>1,71,89,797</u>
Balance carried to Balance sheet		<u>19,83,37,193</u>	<u>14,43,11,746</u>
Earning per Share [Rs.] [F.V. Rs. 10/- per share] [Refer Note of Schedule '6 ']		7.46	12.22

Significant Accounting policies and 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 28, 2011

Pondy Oxides and Chemicals Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2010-2011

PARTICULARS		[Amount in Rs.]	
		Year ended March 31, 2011	Year ended March 31, 2010
1. Cash Flow from Operating activity			
[A] Profit before taxes		11,21,52,396	15,23,37,396
(B) Adjustments for:			
Add:			
Depreciation as per the Companies Act 1956		2,41,99,661	1,76,67,609
Interest paid		7,57,99,057	6,63,15,228
Less:			
Profit on foreign exchange fluctuation		1,48,18,838	24,39,040
Profit on sale of Investments		-	3,61,313
Rent		8,18,820	1,90,000
Dividend income		1,55,646	1,35,621
Interest received		22,86,975	39,33,009
Profit on sale of assets		-	2,18,679
Miscellaneous Income		5,53,063	31,96,802
(C) Operating profit from working capital changes (A + B)		19,35,17,772	22,58,45,769
(D) Adjustments for :			
(Increase) / Decrease in Inventories		(3,22,54,356)	(16,01,19,283)
(Increase) / Decrease in Sundry debtors		(3,46,59,244)	(17,61,02,478)
(Increase) / Decrease in Loans & advances		4,69,99,951	(2,61,88,314)
(Increase) / Decrease in Other current assets		(5,11,36,048)	(5,84,34,064)
Increase / (Decrease) in Sundry creditors		10,82,53,373	2,83,92,917
Increase / (Decrease) in Other current liabilities & provisions		(3,02,37,929)	(51,81,307)
Net cash from working capital changes			
Income Tax paid		(2,45,00,000)	(2,40,00,000)
(E) Net Cash flow from operating activities (C - D)		17,59,83,519	(19,57,86,760)
2. Cash Flow from Investing Activities			
Adjustments for:			
Add:			
Proceeds from Sale of Fixed assets		7,32,000	8,67,378
Proceeds from Sale of investments		-	4,20,313
Dividend received		1,55,646	1,35,621
Rent		8,18,820	1,90,000
Interest received		22,86,975	39,33,009
Less:			
Increase / (Decrease) in investments		-	-
Purchase of Fixed assets		6,39,00,170	9,14,29,217
Increase / (Decrease) to Capital work-in-progress		91,74,520	52,85,418
Net Cash from investing activities		(6,90,81,249)	(9,11,68,314)
3. Cash Flow from financing activities			
Adjustments for:			
Add			
Increase / (Decrease) in Goodwill		65,80,739	3,21,68,087
Increase / (Decrease) in Secured loans		(61,91,253)	24,76,61,276
Increase / (Decrease) in Unsecured loans		18,21,075	(18,89,139)
Profit on Foreign exchange fluctuation		1,48,18,838	24,39,040
Miscellaneous Income		5,53,063	31,96,802
Less			
Dividend paid		1,41,89,797	59,12,416
Interest paid		7,57,99,057	6,63,15,228
Net Cash from / (used) from Financing activities		(7,24,06,392)	21,13,48,422
Net Increase / (Decrease) in Cash & Cash equivalents (1 + 2 + 3)		3,44,95,878	(7,56,06,652)
Cash & Cash equivalents as at 01.04.2010		4,28,43,155	11,84,49,807
Cash & Cash equivalents as at 31.03.2011		7,73,39,033	4,28,43,155

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 28, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011	[Amount in Rs.] As at March 31, 2010
SCHEDULE 1		
Share Capital		
Authorised		
1,15,00,000 [1,15,00,000] Equity shares of Rs. 10/- each	<u>11,50,00,000</u>	11,50,00,000
	<u>11,50,00,000</u>	<u>11,50,00,000</u>
Issued, subscribed and paid-up		
1,01,07,125 (1,01,07,125) Equity shares of Rs. 10/- each	<u>10,10,71,250</u>	10,10,71,250
Less: 3813 (3813) Equity shares of Rs. 10/- each held by the subsidiary company	<u>38,130</u>	38,130
Less: 57640 (57640) Equity shares of Rs. 10/- each held by the subsidiary company	<u>5,76,400</u>	<u>5,76,400</u>
	<u>10,04,56,720</u>	<u>10,04,56,720</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/- allotted to promoters of the company otherwise than for cash)		
SCHEDULE 2		
Reserves and Surplus		
General Reserve	1,41,53,566	1,12,27,310
Add:		
Transfer during the year	30,00,000	30,00,000
Transfer on consolidation	39,851	16,605
	<u>1,71,93,417</u>	<u>1,42,43,915</u>
Less : Utilised during the year	-	-
Less: Reserve for Goodwill	-	-
	<u>1,71,93,417</u>	<u>1,42,43,915</u>
Less: Transfer on consolidation	<u>12,74,407</u>	9,22,426
Share premium account	<u>3,67,80,198</u>	3,67,80,198
Less: Transfer on consolidation	<u>5,37,868</u>	5,37,868
Profit & Loss account	<u>19,83,37,193</u>	14,43,11,746
Total	<u>25,04,98,533</u>	<u>19,38,75,565</u>
SCHEDULE 3		
Secured Loans		
1) From Bank		
a) Term Loan		
i) For Plant & Machinery / Buildings*	3,02,38,647	1,05,42,177
ii) For Vehicles**	<u>43,25,907</u>	<u>39,10,592</u>
	<u>3,45,64,554</u>	1,44,52,769
b) Working Capital ***		
i) From bank	50,29,38,592	53,05,78,805
ii) From others	<u>94,91,934</u>	<u>81,27,319</u>
	<u>51,24,30,526</u>	<u>53,87,06,124</u>
c) Interest accrued	-	27,440
Total	<u>54,69,95,080</u>	<u>55,31,86,333</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 specific assets.

***Working Capital Loans from Others are secured by pledge of specific assets.

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2011	[Amount in Rs.] As at March 31, 2010
SCHEDULE 4		
Unsecured Loans		
From banks	-	97,249
From others		
Directors & Relatives	3,06,34,615	2,16,57,103
Others	1,94,87,793	2,71,61,080
Interest accrued and due	12,14,682	6,00,583
Total	5,13,37,090	4,95,16,015

SCHEDULE 5

Fixed Assets

Sl. No.	Description	Gross block				Depreciation				Net block	
		As on 1.04.10 Rs.	Additions Rs.	Deduction/ Adjustments Rs.	As on 31.03.11 Rs.	Upto 31.03.10 Rs.	For the Year Rs.	Deduction Rs.	Upto 31.03.11 Rs.	As on 31.03.10 Rs.	As on 31.03.11 Rs.
1.	Free hold land	1,92,65,032	-	1,80,885	1,90,84,147	4,33,210	97,157	-	5,30,367	1,88,31,822	1,85,53,780
2	Building	13,27,71,204	3,84,29,208	-	17,12,00,412	2,74,73,217	1,18,40,996	-	3,93,14,213	10,52,97,987	13,18,86,199
3	Plant & machinery	8,39,62,955	33,64,458	11,89,758	8,61,37,655	3,83,61,513	71,08,083	3,48,910	4,51,20,686	4,56,01,442	4,10,16,969
4	Furniture & Office Equipment	74,09,196	90,36,503	60,000	1,63,85,699	47,44,114	11,75,315	14,886	59,04,543	26,65,082	1,04,81,156
5	Vehicles	1,02,74,282	38,71,080	6,07,062	1,35,38,300	35,15,312	21,79,639	3,04,606	53,90,345	67,58,970	81,47,955
6	Lab Equipments	65,28,015	29,71,920	-	94,99,935	31,96,302	8,37,782	-	40,34,084	33,31,713	54,65,851
7	Electrical fittings	1,14,35,086	-	-	1,14,35,086	51,68,360	9,60,688	-	61,29,048	62,66,726	53,06,038
8	Goodwill	3,67,45,633	65,21,328	-	4,32,66,961	-	-	-	-	3,67,45,633	4,32,66,961
		30,83,91,403	6,41,94,497	20,37,705	37,05,48,195	8,28,92,028	2,41,99,660	6,68,402	10,64,23,286	22,54,99,375	26,41,24,909
	Previous Year 2009-10	21,88,36,401	9,14,29,217	18,74,216	30,83,91,402	6,64,49,932	1,76,67,610	12,25,516	8,28,92,026	15,23,86,467	22,54,99,375

SCHEDULE 6

Investments

Quoted

13295 (13295) 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
600(600) Equity shares of Rs. 10/- each fully paid in Indian Overseas Bank	24,030	24,030
300(300) Equity shares of Rs. 10/- each fully paid in UCO Bank	3,600	3,600
300(300) Equity shares of Rs. 10/- each fully paid in Vijaya Bank	7,200	7,200
720(360) Equity shares of Rs. 5/- each fully paid in ONGC	87,750	87,750
Bhagavandoss metals 2000 (2000) fully paid equity shares of Rs. 10/- each	30,200	30,200
300(300) Equity shares of Rs. 10/- each fully paid in Orchid Chemicals	31,104	31,104

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at March 31, 2011	[Amount in Rs.] As at March 31, 2010
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
1800 (1800) Equity shares of Rs. 10/- each fully paid in Himachal Futuristic	22,032	22,032
221 (221) 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
2000 (2000) Equity shares of Rs.10/- each fully paid in Rashtriya Chem Ltd.,	10,000	10,000
1000 (1000) Equity shares of Rs.10/- each fully paid in Saint Gobain Glass Co. Ltd.	13,150	13,150
2000 (2000) 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
Total	<u>7,08,767</u>	<u>7,08,767</u>
Unquoted		
459000 (459000) Equity shares of Rs. 10/- each fully paid in Lohia Metals P Ltd.	-	-
781465(781465) Equity shares of Rs.10/- each in POCL Enterprises Ltd.,(Subsidiary)	-	-
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
Total	<u>30,02,883</u>	<u>30,02,883</u>

Market value of quoted investments is Rs. 13,76,374/- (Rs. 10,90,406/-)

SCHEDULE 7**Inventories**

(Inventory taken valued and certified by the Management)

Raw Materials	12,97,23,662	10,51,87,586
Work-in-progress	1,05,00,364	1,57,19,349
Finished goods	14,93,72,628	13,72,52,062
Consumables	69,48,628	61,31,929
Total	<u>29,65,45,282</u>	<u>26,42,90,926</u>

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2011	[Amount in Rs.] As at March 31, 2010
SCHEDULE 8		
Sundry debtors		
(Unsecured Considered good unless otherwise stated)		
Outstanding for a period exceeding six months	12,22,959	21,29,070
Other Debts	35,08,76,356	31,53,11,001
Total	<u>35,20,99,315</u>	<u>31,74,40,071</u>
SCHEDULE 9		
Cash and Bank balances		
a) Cash on hand	7,66,375	6,68,593
b) Balance with scheduled banks		
i) In Current account	4,56,83,141	1,42,92,773
ii) In Fixed deposit account	3,08,89,517	2,78,81,789
Total	<u>7,73,39,033</u>	<u>4,28,43,155</u>
SCHEDULE 10		
Loans and Advances		
(Unsecured considered good unless otherwise specified)		
(Advance recoverable in cash or in kind or for value to be received)		
Staff loans and advances	4,17,969	5,59,075
Loans and advance to others	4,61,64,252	6,85,23,097
	<u>4,65,82,221</u>	<u>6,90,82,172</u>
SCHEDULE 11		
Other current assets		
(Advances recoverable in cash or in kind or for value to be received)		
Advances	2,31,05,710	2,56,34,794
Deposits	2,14,73,868	6,21,36,081
Taxes	2,63,67,170	2,61,16,190
Others	10,38,86,845	1,05,36,783
Interest accrued but not due	15,74,671	8,48,368
Total	<u>17,64,08,264</u>	<u>12,52,72,216</u>
SCHEDULE 12		
Current liabilities		
Sundry creditors		
For Trade	9,55,28,803	4,48,99,942
For Expenses	50,80,280	36,79,221
For Capital expenditure	9,56,221	10,01,764
Other Current liabilities	8,28,87,907	2,67,64,751
Unclaimed dividends	8,09,976	6,64,135
Total	<u>18,52,63,187</u>	<u>7,70,09,813</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	[Amount in Rs.]	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 13		
Provisions		
For Taxation & dividend	5,46,68,691	4,46,41,380
For Others	84,32,100	70,87,000
Total	6,31,00,791	5,17,28,380

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	Year ended	
	March 31, 2011	March 31, 2010
SCHEDULE 14		
Sales & Other operating income		
Local sales (includes deemed export of Rs.45.41 lakhs (Rs. 6.03 lakhs) & inter- division transfer of Rs. 1573.20 lakhs (Rs.2386 lakhs)	1,66,05,86,603	1,55,06,97,668
Export sales	1,88,91,04,722	1,12,02,23,505
Conversion charges received	-	-
Consignment proceeds	6,604	-
	3,54,96,97,929	2,67,09,21,173
Less: Returns	21,09,010	9,87,309
Less: Inter unit sales	15,73,20,026	23,86,00,038
Net sales	3,39,02,68,893	2,43,13,33,826
SCHEDULE 15		
Other income		
Interest received from banks (includes TDS Rs. 2,17,139 /- (7,90,050/-))	21,94,195	31,80,074
Interest received from others (Includes TDS Rs. 2,850/- (Nil))	92,780	7,52,935
Dividend received from group company	-	-
Dividend received from others	1,55,646	1,35,621
Profit on Sale of investments	-	3,61,313
Profit on sale of Fixed assets	-	2,18,679
Rent received (includes TDS Rs. 86,062/- (Rs.19,000/-))	8,18,820	1,90,000
Exchange fluctuation- Net profit	1,48,18,838	24,39,040
Miscellaneous Income	5,53,063	31,96,802
Total	1,86,33,342	1,04,74,464

Pondy Oxides and Chemicals Limited

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT		[Amount in Rs.]	
Particulars	Year ended	Year ended	
	March 31, 2011	March 31, 2010	
SCHEDULE 16			
Increase / (Decrease) in stock			
Stock (April, 01, 2010)			
Finished goods	13,72,52,060		4,47,88,771
Work-in-process	<u>1,57,19,349</u>		<u>60,72,363</u>
	15,29,71,409		5,08,61,134
Stock (March 31, 2011)			
Finished goods	14,93,72,628		13,72,52,062
Work-in-process	<u>1,05,00,364</u>		<u>1,57,19,349</u>
	15,98,72,992		15,29,71,411
	<u>69,01,583</u>		<u>10,21,10,277</u>
SCHEDULE 17			
Manufacturing, administrative and selling			
Raw materials consumed	2,56,00,56,882		1,79,73,02,900
Manufacturing expenses			
Processing & Other charges	77,77,632		2,09,56,153
Other Direct expenses	82,06,371		98,51,782
Power & Fuel consumed	7,55,42,319		5,81,27,729
Repairs - Machinery	1,18,01,699		77,54,905
Repairs - Building	42,64,776		34,47,380
Repairs - Others	23,78,213		35,45,156
Foreign exchange [Net]	2,11,717		1,63,421
Establishment expenses			
Salaries, wages and bonus	3,65,59,802		3,26,81,041
Contribution to Provident fund, Grauity fund etc.	50,72,939		43,81,857
Other amenities	1,23,79,280		66,52,114
Administrative expenses			
Auditors' fee	6,30,750		4,41,648
Communication	21,44,941		22,47,362
Loss on sale of machinery	3,44,763		-
Entertainment expenses	7,17,140		6,01,316
Exchange fluctuation	2,89,214		-
Fees & Taxes	28,28,392		18,24,293
General expenses	19,68,644		32,11,047
Insurance	68,55,512		43,56,263
Office maintenance	17,19,577		15,36,834
Professional fee	20,17,821		16,63,711
Rent	15,69,838		20,02,030
Loss on sale of commodities	16,76,266		-
Subscriptions & Periodicals	7,44,827		4,09,729
Travelling expenses (including Rs. 17,71,984/- (Rs. 21,62,764/-) for Directors)	75,91,484		67,49,039



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT Particulars	[Amount in Rs.]	
	Year ended March 31, 2011	Year ended March 31, 2010
Vehicle expenses	20,18,374	15,17,675
Selling expenses		
Business Promotions, Advertisement expenses & Others	15,52,191	11,15,964
Commission	53,80,277	49,81,589
Discounts & Rebates	2,79,72,940	2,21,20,185
Bad debts	2,22,275	10,49,324
Freight Outwards	3,84,16,822	2,47,90,228
Total	<u>2,83,09,13,678</u>	<u>2,02,54,82,675</u>
SCHEDULE 18		
Interest and finance charges		
Bank	6,56,88,360	5,50,42,289
Others	1,01,10,697	1,12,72,939
Total	<u>7,57,99,057</u>	<u>6,63,15,228</u>

SCHEDULE –19

Accounting policies and notes on accounts of Consolidated Financial Statements for the year ended 31.03.2011

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.POCL Enterprises Limited (Formerly known as 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 of 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 – M/s Pondy Oxides & Chemicals Limited, M/s Lohia Metals Private Limited and M/s POCL Enterprise Limited (Formally known as 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	220.69	1465.70
2.	Capital WIP	39.22	60.00
3.	Disputed Tax	Nil	9.88



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. 1.88 lakhs (Rs.10.30 lakhs) being non-recoverable has been written off as bad debts.
4. **Auditors' Remuneration**
- Statutory Audit : Rs. 4.70 lakhs (Rs.3.20 lakhs)
 Tax Audit : Rs. 1.05 lakhs (Rs.1.05 lakhs)
 Others : Rs. 0.76 lakhs (Rs.0.17 lakhs)

5. **Earnings Per Share**

	2010-2011	2009-2010
Net Profit attributable to Share holders(Rs in lakhs)	749.10	1227.52
No. of Shares	10045672	10045672
Weighted average No. of Equity shares	10045672	10045672
Basic Earnings per share (in Rs.)	7.46	12.22
Adjusted basic EPS (in Rs.)	7.46	12.22

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

6. **Remuneration to Managing Director and Whole Time Directors :**

- Salary : Rs. 57.00 lakhs (Rs.56.30 lakhs)
 Perquisites : Rs. 49.58 lakhs (Rs.17.68 lakhs)

7. **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

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-Subsidiary Company
8	Sri N. Ravichandran	Managing Director-Subsidiary Company

Pondy Oxides and Chemicals Limited

3. Relatives of Key Management Personnel

S.No	Name	Name of the relative
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) & (3) above.

(Rs. in lakhs)

Nature of Transaction	Other Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel
Purchases			
Goods & Materials	1909.98 (1282.96)	-	-
Sales			
Goods & Materials	495.52 (549.18)	-	-
Expenses			
Job work charges	73.77 (69.04)	-	Nil (Nil)
Remuneration	-	106.58 (75.48)	Nil (Nil)
Interest paid	10.60 (7.07)	11.27 (18.11)	18.54 (13.22)
Finance and investments during the year			
Inter corporate deposit paid	73.97 (1.57)	-	-
Inter corporate deposit received	56.60 (60.78)	-	-
Loan taken	-	128.00 (100.36)	30.10 (24.82)
Payable	85.61 (55.51)	Nil (Nil)	Nil (Nil)
Receivable	Nil (20.51)	-	-

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8. Segment Reporting

Segmental information for the year 2010 – 11 — Information about primary business segments :

S.No.	Particulars	Amount- Rs in lakhs
1	Segment Revenue	
	External turnover	
	a. Metal	26753.85
	b. Metallic oxides	4912.25
	c. Plastic additives	5886.74
	d. Others	569.39
	Total	38122.23
	Less: Inter segment turnover	4219.53
	Net sales / Income from operations	33902.70
	Segment Results	
2	Profit / (loss) (before tax and interest from each segment)	
	a. Metal	1905.00
	b. Metallic oxides	277.37
	c. Plastic additives	486.51
	d. Others	-5.64
	Total	2663.24
	Less:	
	1. Interest	757.99
	2. Other unallocable expenditure	783.73
	net of un-allocable income	
	Total profit before tax before exceptional income	1121.52
	Profit before tax	1121.52
3	Capital employed	
	(Segment assets less segment liabilities)	
	a. Metal	2054.26
	b. Metallic oxides	211.94
	c. Plastic additives	160.57
	d. Others	-32.70
	e. Unallocated	1484.20

Pondy Oxides and Chemicals Limited

9. Deferred taxation

	As at 31.03.2011 Rs. in lakhs	As at 31.03.2010 Rs. in lakhs
Deferred tax liability on account of		
1 Depreciation	64.44	67.66
Deferred tax asset on account of		
1 Gratuity	(37.94)	(31.90)
2 Expenses allowable for tax purpose when paid	Nil	Nil
Total	(37.94)	(31.90)
Net Deferred tax liability / (Asset)	26.50	35.76

10. Balance in Sundry debtors/creditors and advances amount are subject to confirmation.

11. 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.
- 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.



PONDY OXIDES AND CHEMICALS LIMITED

FIVE YEARS FINANCIAL HIGHLIGHTS

[Amount Rs. in lakhs]

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Summary of Operations					
Total Income	11341.56	15971.83	12285.91	16979.48	27072.70
Profit Before Tax	441.31	776.42	[72.68]	741.55	832.82
Profit After Tax	289.95	491.15	[119.06]	576.70	557.96
Net Cash Accrual	379.63	639.39	40.60	735.54	780.53
Dividend [incl. Div. Tax]	141.90	141.90	59.13	141.90	165.00
Year-end Financial Position					
Fixed Assets : Gross [incl. WIP]	1658.11	2030.21	1906.40	2499.61	3180.37
Net [incl. WIP]	1251.56	1487.02	1313.97	1751.67	2213.85
Investments	82.44	82.44	296.94	296.94	296.94
Net Current Assets	2500.92	2730.57	3109.72	4697.55	5851.33
Total Assets	3834.92	4300.03	4720.63	6746.16	8362.12
Represented by					
Equity Share Capital	1010.71	1010.71	1010.71	1010.71	1010.71
Reserves & Surplus	431.59	461.60	461.60	491.60	521.60
Profit and Loss Account	469.41	812.72	634.38	1033.89	1390.55
Net Worth	1911.71	2285.03	2106.69	2536.20	2922.86
Loan Funds	1890.77	1975.87	2574.50	4178.93	5415.51
Deferred Tax Liability [Net]	32.44	39.13	39.44	31.03	23.75
Total Funds	3834.92	4300.03	4720.63	6746.16	8362.12
Per share Data					
Earning per share	2.80	4.86	[1.18]	5.71	5.52
Dividend per share	1.20	1.20	0.50	1.20	1.40

QUALITY POLICY

We at Pondy Oxides and Chemicals Limited as a team, are committed to

- Continually improve quality management systems
- Timely delivery of quality products
- Maintain suitable work environment

For enhancing customer satisfaction

Notes

PROXY FORM

PONDY OXIDES AND CHEMICALS LIMITED

Regd. Office : KRM Centre, 4th Floor, No 2, Harrington Road, Chetpet, Chennai - 600 031.

No. of shares	Folio / ID No.

I / We of
being a member / members of Pondy Oxides and Chemicals Limited, hereby appoint
..... of or failing him
..... of as my / our
proxy to attend and vote for me / us on my / our behalf at the Sixteenth Annual General Meeting of the
Company to be held on 24th September, 2011 and at any adjournment thereof.

Affix
Revenue
Stamp
Rs.0.15

Signature

Note : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. This form duly completed should be deposited at the Registered / Corporate office of the Company at Chennai not later than 48 hours before the commencement of the meeting.

ATTENDANCE SLIP

[To be handed over at the entrance of the meeting hall]

PONDY OXIDES AND CHEMICALS LIMITED

Regd. Office : KRM Centre, 4th Floor, No 2, Harrington Road, Chetpet, Chennai - 600 031.

Name and Address

--

No. of shares	Folio / ID No.

16th ANNUAL GENERAL MEETING AT 11.00 A.M.
ON 24th SEPTEMBER, 2011
AT NARADA GANA SABHA MINI HALL,
314 (OLD NO. 254), TTK ROAD, CHENNAI-18.

I certify that I am a registered shareholder / proxy of the registered shareholder of the Company.

I hereby record my presence at the above Annual General Meeting of the Company.

A member / proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

NO GIFTS WILL BE DISTRIBUTED

Name of Proxy [if any] in BLOCK LETTERS

Signature of Member / Proxy



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, 2011

[In Rs.]

Name of the subsidiary	POCL Enterprises Ltd.	Lohia Metals Pvt Ltd.
Issued and Subscribed share capital	78,14,650	90,00,000
Reserves	51,95,037	5,62,17,337
Total Assets	2,13,14,398	13,00,65,152
Total Liabilities	2,13,14,398	13,00,65,152
Investments (except investments in subsidiaries)	2,26,825	26,46,987
Turnover	5,69,39,486	87,00,40,155
Profit/(Loss) before taxation	5,34,251	2,84,10,049
Provision for taxation	1,37,935	93,32,076
Profit/(Loss) after taxation	3,96,316	1,90,77,973
Proposed dividend	0.00	0.00

Notes:

1. Ministry of Corporate Affairs, Government of India has granted a general exemption through its General Circular No: 2/2011 dated 8th February, 2011 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 : 28/07/2011

Anil Kumar Bansal
Managing Director

Sunil Kumar Bansal
Director

K.Kumaravel
GM Finance &
Company Secretary