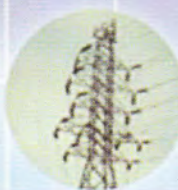


A Rising Sun on Metal World

49th

Annual Report

2009-10



Palco Metals Limited

www.palcometals.com



Palco Metals Limited

Board of Directors :

Shri Kiran B. Agrawal
Shri Kanaiyalal B. Agrawal
Shri Ashok B. Agrawal
Shri Lalitkumar D. Gupta
Shri Nareshchandra C. Jain

Auditors :

Madhusudan C. Mashruwala & Co.
Chartered Accountant
301-303, "AKIK" Opp. Lions Hall,
Mithakhali, Navarngpura,
Ahmedabad- 380 006.Gujarat.

Bankers :

State Bank of India
Shahjanand Complex Branch
Shahibaug Road,
Ahmedabad -380 004.

Registered Office :

604/B, Sahjanand Shopping Centre,
Shahiabug Road,
Ahmedabad - 380 004

Works :

Opp : Khanwadi,
Ramol Road,
Near, C.T.M. Cross Road,
Ahmedabad - 382 449

NOTICE

To,
The Shareholder,

Notice is hereby given that the 49th Annual General Meeting of the Members of the Company will be held on 18/09/2010 at 11.00 A.M. at the works of the company at Khanwadi, Ramol Road, Ahmedabad - 382 449 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Lalit Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kirankumar B. Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not later than 48 hours before the commencement of the annual general meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 if any is attached herewith.
3. The Register of Members and the share transfer books of the company shall remain closed from 15/09/2009 to 18/9/2009 (both days inclusive.)
4. Members are requested to notify immediately the change in address, if any, to the Company.

Place : Ahmedabad

By Order of the Board

Date : 12-05-2010

Kiran B. Agrawal
Director

DIRECTORS' REPORT

Dear Share Holders

Your Directors have pleasure in presenting the 49th Annual Report along with the audited Balance Sheet and Profit and Loss Account for the ended year on 31st March, 2010

FINANCIAL RESULTS

	2009 - 2010 (Rs. In Lacs)	2008 - 2009 (Rs. In Lacs)
Profit Before Depreciation	284.92	96.28
Less : -Depreciation	52.92	61.45
Profit Before Tax	232.00	34.83
Less : - Provision for Tax	80.24	16.25
Less : - Provision for Deferred Tax	4.11	5.89
Less : - Fringe Benefit Tax	0.00	0.20
Add : - Excess Income Tax Provision		
W/ off Bal.	0.00	1.57
Profit After Tax	147.65	*14.06

OPERATIONS

During the year, the Company has achieved the turnover of Rs. 7311.45 Lacs and has made a net profit of Rs. 147.65 after the as compared to the profit of Rs. 14.06 Lacs last year. After achieving satisfactory result in its operation during the year, the company continued its efforts on improving the market share for its products. As a result of which your directors are of the opinion that results in the coming years would also be satisfactory.

DIVIDEND

In order to conserve the resources for future expansion and enhancing the production capacity, Directors do not recommend any dividend for the financial year ended on 31st March, 2010

DIRECTOR

Mr. Lalit Gupta and Mr. Kirankumar B. Agrawal who retire by rotation at the ensuing Annual General Meeting and they being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO : Information as per section 217 (1) (E) read with Companies Disclosure of particulars in the report of the Board of Directors Rules, 1988 and forming part of the Directors Report for the year ended on 31st March, 2010

CONSERVATION OF ENERGY

The Directors have made full efforts to minimize the consumption of electricity and furnace oil. There is marginal increase/decrease in consumption of Electricity and furnace oil. The figures are given under.

ELECTRICITY		2009 - 2010	2008 - 2009
Consumption of Total Unit		459863.00	491605.00
Consumption in Rupees		2528228.00	2709671.00
Average Rate Per Unit		5.50	5.51
FURNACE OIL		2009 - 2010	2008 - 2009
Consumption of Total Unit		506022.00	439783.00
Consumption in Rupees		11962045.00	11035573.00
Average Rate Per Unit		23.64	25.09
FOREIGN EXCHANGE EARNING AND OUTGO		2009 - 2010	2008 - 2009
		221.99 Lac	191.02 Lac

FIXED DEPOSIT

The Company has accepted deposit after complying with the provisions of section 58A of the Companies Act 1956 and in accordance with Directors issued by the Reserve Bank of India.

DIRECTORS RESPONSIBILITY STATEMENT: Pursuant to section 217 (2AA) of the Companies Act, 1956 the preparation of the Directors confirms that: -

- 1 In the preparation of the Annual Accounts, the applicable accounting standard had been followed.
- 2 Appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss account for the current financial year.
- 3 Proper and sufficient care has been taken for the maintenance of adequate accounting records in and for preventing and detecting fraud and other irregularities.
- 4 The annual accounts have been prepared on a going concern basis.
- 5 **AUDITORS:** M/s. Madhusudan C. Mashruwala & Co. Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of ensuing annual general meeting and are recommended for re-appointment. The Company has received a certificate from them, that their re-appointment if made, would be within the prescribed limits under section 224 (1B) of the companies act 1956.
- 6 **AUDITORS REPORT:** The Notes on accounts referred to in the auditors report are self explanatory and therefore do not call any further comments.
- 7 **PARTICULARS OF THE EMPLOYEE:** The Company has not employed person drawing remuneration of Rs.24 Lacs or more per year or 2 Lacs or more per month in the financial year 2009-10.
- 8 **AUDIT COMMITTEE:** During the year the company has setup an audit committee comprises of three non executive directors. The names of members are as under.
 1. Mr. Kiran B. Agrawal
 2. Mr. Nareshchandra C. Jain
 3. Mr. Lalit D. Gupta

KEY FACTORS OF COMMITTEE

- (i) Reviewing with the management performance of statutory and internal auditors adequacy of internal control.
 - (ii) Discussion with internal auditor with respect to the coverage and frequency of internal audit as per the annual audit plan, nature of significant and follow up thereof.
 - (iii) Discussion with statutory auditor before the audit committee, about nature of scope of audit as well as post audit discussion to ascertain any area of concern.
9. **REMUNERATION COMMITTEE:** The Company has set up remuneration committee. This committee comprises of three non executive independent directors. The name of members as follows.

Mr. Kiran B. Agrawal	:	Chairman
Mr. Nareshchandra C. Jain	:	Independent director
Mr. Lalit D. Gupta	:	Independent director

This committee reviews and makes recommendations on annual salaries, performance commission perquisites and other employment conditions of executive director (s)

ACKNOWLEDGEMENT: Your directors would like to express their appreciation of the co-operation received from the labour and staff of the company and to valued clients, bankers and share holders for their continued support.

Place : Ahmedabad

By Order of the Board

Date : 12-05-2010

Kiran B. Agrawal
Director

AUDITORS' REPORT TO THE SHARE HOLDERS

To,
The Members of
PALCO METALS LIMITED
Ahmedabad.

We have audited the attached Balance Sheet of PALCO METALS LIMITED as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') 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 the matters specified in Paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to 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, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (IV) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
- (V) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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 said 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 affairs of the Company as at 31st March, 2010
 - (b) In the case of the Profit and Loss Account, of the **PROFIT** of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For, MADHUSUDAN C. MASHRUWALA & CO,
CHARTERED ACCOUNTANTS

(U.M. MASHRUWALA)
PARTNER
MEMBERSHIP NO.: 38254
Firm Registration No. 105717W

Place : Ahmedabad
Date : 12-05-2010

**ANNEXURE TO AUDITOR'S REPORT OF PALCO METALS LIMITED
REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- (I) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial fixed assets
- (II) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (III) (a) The Company has not granted any loan secured or unsecured to companies firm or other parties covered in the registered maintained under section 301 of the companies act, 1956. Therefore, the provisions of clause 4c (iii) of the companies (Auditor's report) order 2003 are not applicable to the Company.
- (b) The Company has not granted any loan to companies, firm and other parties, hence the provision of clause 4 (iii) (b) of the companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (c) The Company has not given any loan hence the provision of clause 4 (iii) (c) of the companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the companies act, 1956.
- (e) The Company has taken loans from two companies for Rs. 2.22 Crores covered in the registered maintained under section 301 of the companies act, 1956.
- (f) In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- (g) As regards the loan taken the terms of repayment have not been stipulated.
- (IV) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- (V) (a) The Company has not made any transaction that need to be entered in to the register maintained under section 301 of the companies act, 1956.
- (b) The Company has not made any transactions with above parties which are not reasonable.
- (VI) In our opinion and according to the information and explanation given to us the company has complied with the provision of section 58A 58AA or any other relevant provision of the Act and the companies (Acceptance of deposits) rule 1975 with regard to the deposits accepted from the public.
- (VII) In our opinion, the company has no internal audit system commensurate with the size and nature of its business.
- (VIII) The provisions of Section 209(1) (d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company.

- (IX) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, wealth tax, service tax, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the records of the company as at 31st March, 2010 the following are the particulars of disputed dues on account of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and cess which have not been deposited.

Name of the Statute	Nature of Dues	Amount Rs. In Lacs	Forum where dispute is pending
Central Excise	Central Excise	12.79	Commissioner of Central Excise

- (X) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (XI) Based on our audit procedures and as per the information and explanation given to us we are of the opinion that the company has not defaulted in repayment of dues to banks.
- (XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares
- (XIII) In our opinion, the company is not a chit fund or a Nidhi mutual benefit fund / society. Therefore the provision of clauses 4 (xiii) of the order are not applicable to the Company.
- (XIV) In our opinion the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly the provisions of clauses (vix) of the order are not applicable to the Company
- (XV) The Company has not given guarantees for loans taken by others from banks or financial institutions.
- (XVI) The Company has not taken any term loan.
- (XVII) No funds have been raised on short term basis and no long term investment has been made from it.
- (XVIII) The Company has not issued any shares hence there is no preferential allotment.
- (XIX) The Company has not issued any debenture.
- (XX) The Company has not raised money from public issue.
- (XXI) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE : AHMEDABAD

DATE: 03-08-2009

For, MADHUSUDAN C. MASHRUWALA & CO.
(CHARTERED ACCOUNTANTS)

(U.M. MASHRUWALA)
PARTNER
MEMBERSHIP NO.: 38254
Firm Registration No. 105717W

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	31-03-2010 (Rupees in Lacs)	31-03-2009 (Rupees in Lacs)
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	A	500.00	500.00
Reserves and Surplus	B	1,445.25	1,297.61
LOAN FUNDS			
Secured Loans	C	1,340.33	969.71
Unsecured Loans	D	694.07	404.50
DEFERRED TAX		10.96	6.85
TOTAL		3,990.62	3,178.66
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS	E		
Gross Block		1,669.05	1,661.27
Less : Depreciation		385.70	332.78
Net Block		1,283.35	1,328.49
INVESTMENTS	F	105.18	80.13
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	1,139.05	294.05
Sundry Debtors	H	1,033.66	560.18
Cash and Bank Balances	I	94.93	102.41
Loans & Advances	J	1,339.90	1,172.74
		3,607.54	2,129.38
Less : CURRENT LIABILITIES	K	878.98	264.58
Less : PROVISION	L	126.47	95.71
NET CURRENT ASSETS		2,602.09	1,769.08
MISCELLANEOUS EXPENDITURE	M	0.00	1.04
(To the extent not written off or adjusted)			
TOTAL		3,990.62	3,178.74

The Schedules referred to above and also Schedule V form an integral part of the Balance Sheet.

As per our Report of even date
For **Madhusudan C. Mashruwala & Co.**
CHARTERED ACCOUNTANTS

For, Palco Metals Limited

(**U.M. MASHRUWALA**)
PARTNER

KIRAN B. AGRAWAL KANAIYALAL B. AGRAWAL
DIRECTOR DIRECTOR

Ahmedabad
May, 12 2010

Ahmedabad
May, 12 2010

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

	SCHEDULE	31-03-10	31-03-09
		(Rupees in Lacs)	(Rupees in Lacs)
INCOME			
Gross Sales	N	7,311.45	7,430.20
Less : Excise Duty		532.23	846.41
Net Sales		6,779.22	6,583.79
Other Income	N	50.34	14.57
Increase / (Decrease) in Stocks	O	700.09	-14.88
TOTAL		7,529.64	6,583.47
EXPENDITURE			
Raw Materials for Trading	P	1,212.16	106.28
Raw Materials Consumed	Q	5,194.99	5,799.81
Manufacturing Expenses	R	301.06	211.63
Employees' Cost	S	38.45	36.43
Administrative Expenses	T	53.26	27.33
Selling & Distribution Expenses	U	206.66	161.32
Financial & Similar Expenses	V	237.12	143.35
Preliminary Expenses Written Off		1.04	1.04
Depreciation		52.92	61.45
TOTAL		7,297.65	6,548.63
PROFIT BEFORE TAX		232.00	34.83
Less : Provision for Current Tax		80.24	16.25
Less : Provision for Fringe Benefit Tax		0.00	0.20
Less : Provision for Deferred Tax		4.11	5.89
Add: Excess Income Tax Provision W/off Bal.		0.00	1.57
PROFIT AFTER TAX		147.65	14.06
Add : Balance Brought Forward		328.54	314.48
BALANCE AVAILABLE FOR APPROPRIATION		476.19	328.54
APPROPRIATION		476.19	328.54
Balance Carried to Balance Sheet		476.19	328.54
TOTAL		7.38	0.70
EARNINGS PER SHARE (Rupees)			

The Schedules referred to above and also Schedule V form an integral part of the Profit & Loss Account.

As per our Report of even date
For **Madhusudan C. Mashruwala & Co.**
CHARTERED ACCOUNTANTS

For, **PALCO METALS LIMITED**

(U.M. Mashruwala)
PARTNER

Ahmedabad
May, 12 2010

KIRAN B. AGRAWAL KANAIYALAL B. AGRAWAL
DIRECTOR DIRECTOR

Ahmedabad
May, 12 2010

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		31-03-2010 (Rs. In Lacs)	31-03-2009 (Rs. In Lacs)
1. SHARE CAPITAL			
<u>Authorised</u>			
70,00,000 Equity Shares of Rs. 10/- each	A	700.00	700.00
30,00,000 8.5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- Each		300.00	300.00
		1,000.00	1,000.00
<u>Issued, Subscribed and paid up :-</u>			
20,00,000 Equity Share of Rs. 10/- Each		200.00	200.00
30,00,000 8.5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- Each		300.00	300.00
		500.00	500.00
2. RESERVE AND SURPLUS	B		
Share Capital Reserve		0.03	0.03
Revaluation Reserve		969.04	969.04
Balance in Profit and Loss Account		328.54	314.48
Add : Addition during the Year		147.65	14.06
		476.19	328.54
		1,445.25	1,297.61
3. SECURED LOANS	C		
<u>WORKING CAPITAL FACILITY</u>			
State Bank of India		1,340.33	969.71
(The above credit facilities are secured by way of hypothecation of entire stocks of raw materials, WIP, Finished Goods, Consumable stores & spares book debts mortgage factory and building and alongwith unconditional irrevocable personal guarantee of the Directors)		1,340.33	969.71
4. UNSECURED LOANS	D		
Loan from Companies		514.97	390.43
Loan from Others		179.10	14.07
		694.07	404.50

Details of Depreciation as at 31st March, 2008

5. FIXED ASSETS

Name of Assets	Gross Block					Depreciation				Net Block	
	Rate	Opening Balance 01.04.2009	Addition during the year	Deduction during the year	As at 31.3.2010	Depreciation upto 1.4.2009	Deduction during the year	Depreciation for the year	Total Depreciation 31.3.2010	Net Block as on 31.03.2010	Net Block as on 31.03.2009
			Rs.	Rs.							
Air Conditioner	13.91	148089	0		148089	59734		12122	71856	76233	88355
Air Cooler	13.91	17300	0		17300	7315		1370	8685	8615	9985
CCTV System	14.00	21352	0		21352	3711		2420	6131	15221	17641
Company's Own Dies	13.91	8768478	0		8768478	6763588		790970	7554558	1213920	2004890
Computer	40.00	796733	27123		823856	577314		91944	669258	154598	219419
Electric Installation	20.00	6481079	0		6481079	3784511		531926	4316437	2164642	2696568
Factory Building	10.00	14869624	0		14869624	5795947		894938	6690885	8178739	9073677
Fax Machine	13.91	31660	0		31660	15960		2154	18114	13546	15700
Flate Purchase	10.00	1921000	151000		2072000	106790		263056	369846	1702154	1814210
Furniture & Fixture	18.10	597426	0		597426	348974		44354	393328	204098	248452
Good Will	0.00	17000	0		17000	0		0	0	17000	17000
Handcart	13.91	54368	0		54368	15929		5274	21203	33165	38439
Laboratory Equipments	10.34	188953	0		188953	128945		5919	134864	54089	60008
Lease Hold Land	0.00	97086000	0		97086000	0		0	0	97086000	97086000
Office Building	5.00	1300937	0		1300937	919626		18804	938430	362507	381311
Office Equipment	13.91	70848	0		70848	20025		2506	22531	48317	50823
Plant & Machinery	13.91	31870196	599444		32469640	14340129		2411654	16751783	15717857	17530067
Spector Meter	13.91	1084942	0		1084942	170101		125511	295612	789330	914841
Vehicle	25.89	178547	0		178547	114994		16228	131222	47325	63553
Water Cooler	13.91	31938	0		31938	4527		3761	8288	23650	27411
Weigh Bridge	14.00	590826	0		590826	99800		67366	167166	423660	491026
Total Rs.		166127296	777567	0	166904863	33277920	0	5292277	38570197	128334666	132849376
Previous Year Rs.		162621962	3505334	0	166127296	27132656	0	6145264	33277920	132849376	135489306

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

		31-03-2010 (Rs. In Lacs)	31-03-2009 (Rs. In Lacs)
6. INVESTMENTS	F		
<u>UNQUOTED</u>			
834400 Equity Shares of Rs. 10/- Each fully paid Up in Palco Recycle Exchange Ltd		79.63	79.63
700 Equity Share of Rs. 10/- Saptak Tradeling Pvt. Ltd.		0.07	0.00
123500 Equity Shares of Rs. 3 each fully paid up in Manidhari Strips Pvt Ltd.		3.71	0.00
707 Equity Shares of Rs. 10 Ornet Infrastructure Pvt. LTd.		0.07	0.00
70700 Equity Shares of Rs. 10/- and Rs. 20/- Primium in Ornet Infrastructure Pvt. Ltd		21.21	0.00
Unit : Ahmedabad Non-Ferrous Metal Exim Association		0.50	0.50
		105.18	80.13
7. INVENTORIES	G		
(As taken, valued & certified by the Management.)			
Finished Goods		106.76	70.33
Raw Materials		326.15	169.49
Trading Stocks		698.72	35.05
Material in transit		0.00	9.25
Stores		7.42	9.92
		1,139.05	294.05
8. SUNDRY DEBTORS (NET)	H		
(Unsecured, considered good)			
Outstanding less than 6 months		1,016.07	553.15
Outstanding more than 6 months		17.59	7.03
		1,033.66	560.18
9. CASH AND BANK BALANCE	I		
Cash on hand		1.73	0.76
Bank Balance		69.33	63.78
FD with S B I (L.C. Margin)		0.00	12.54
FD with S B I (Liquid Security)		20.00	20.16
FD with S.B.I (Guarangee Margin)		2.00	5.17
Accu. Interest Rece. (SBI-FD) (Including Interest Accrued on FDRs)		1.87	0.00
		94.93	102.41
10. LOANS AND ADVANCES	J		
(Unsecured, considered good)			
Deposit with other firms		7.93	8.84
Loan to Employees		3.18	1.84
VAT Receiable		105.21	21.74
Advance Income Tax		80.95	87.19
Balance with Excise Department		67.33	66.46
Advances to Suppliers		9.38	257.61
Other Advance		251.43	620.75
Earnest Money Deposit		813.35	103.95
Pre-paid Expenses		1.14	4.37
		1,339.90	1,172.74

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

11. CURRENT LIABILITIES & PROVISIONS	K		
<u>CURRENT LIABILITIES</u>			
Sundry Creditors			
For Goods		143.09	173.05
For Expenses		91.73	39.81
Advances received from Customers		644.16	51.73
		878.98	264.58
12. PROVISIONS	L		
Duties and Taxes		21.40	4.08
Provision for Expenses		8.16	5.18
Provision for FBT (08-09)		0.20	0.20
Provision for Taxation (07-08)		0.22	70.00
Provision for taxation (08-09)		16.25	16.25
Provision for Taxation (09-10)		80.24	0.00
		126.47	95.71
13. MISCELLANEOUS EXPENDITURE	M		
(To the extent not written off or adjusted)			
Preliminary Expenses		0.00	1.04
		0.00	1.04
14. OTHER INCOME	N		
Sales		7,311.45	7,430.20
Other Income		50.34	14.57
		7,361.79	7,444.77
15. INCREASE / DECREASE IN STOCKS	O		
<u>OPENING STOCKS</u>			
Finished Goods		70.33	56.83
Trading Materials		35.05	63.44
		105.38	120.27
LESS : <u>CLOSING STOCKS</u>			
Finished Goods		106.76	70.33
Trading Materials		698.72	35.05
		805.47	105.38
		700.09	-14.89
16. PURCHASE FOR TRADING	P		
Trading Materials		1,212.16	106.28
		1,212.16	106.28
17. RAW MATERIALS	Q		
Opening Stock		178.74	170.89
Add : Purchases during the year		5,342.40	5,807.67
Less : Closing Stock		326.15	178.74
		5,194.99	5,799.81
18. MANUFACTURING EXPENSES	R		
Power Cost		159.16	137.37
Production & Factory Expenses		61.04	43.34
Job Work Expenses		60.96	24.72
Freight and Octroi Expenses		19.90	6.20
		301.06	211.63

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

19. EMPLOYEES' COST	S		
Salary, Wages, Bonus and Gratuity		34.23	34.14
Contribution to P.F. & Other Fund		3.43	1.66
Staff Welfare Expenses		0.79	0.63
		38.45	36.43
20. ADMINISTRATIVE EXPENSES	T		
Rent, Rates and Taxes		1.05	1.47
Insurance		5.09	1.89
• Repairing and Maintenance			
(a) Building		13.79	4.02
(b) Other		0.56	0.82
Postage, Telephone and couriers		2.72	3.13
Auditor Fees			
(a) Statutory Audit		0.33	0.43
(b) Tax Audit		0.11	0.11
Legal & Professional Charges		5.18	4.14
Advertisement Expenses		1.12	0.12
Travelling & Conveyance Expenses		5.66	2.44
Travelling (Foreign Tour)		1.46	1.25
Other & miscellaneous Expenses		8.62	7.27
Donation Expense		0.72	0.25
Bad Debts A/c		6.83	0.00
		53.26	27.33
21. SELLING AND DISTRIBUTION EXPENSES	U		
Packing & Forwarding Expenses		34.29	32.15
Freight (Outward) Expenses		150.36	118.40
Commission Expenses		20.19	9.76
Sales exp. and Other Taxes		1.81	1.01
		206.66	161.32
22. FINANCIAL AND SIMILAR EXPENSES	V		
Bank Charges		7.08	12.17
Interest Paid		230.03	131.18
		237.12	143.35

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

NOTES OF ACCOUNT

ACCOUNTING POLICIES

- A.**
- 1. Method of Accounting**
The accounts are prepared on the historical cost basis adjusted by revaluation of fixed assets and on the accounting principles of a going concern.
 - 2. Fixed Assets and Depreciation**
Fixed Assets are stated at their original cost and adjusted by revaluation of fixed assets after deducting depreciation. The value of goodwill is shown at cost price.

Depreciation is provided on written down value method as per section 205(2) of the companies act, 1956 at the rates and in the manner prescribed in schedule XIV of the Companies Act, Depreciation on increase in value of fixed assets due to revaluation is computed on the basis of remaining useful life as estimated by the valuer on straight line method.
 - 3. Inventory Valuation**
(a) Finished Stocks and work in process is valued at cost or estimated value whichever is less.
(b) Raw Material, Stores and Loose Tools are valued at cost.
 - 4. Sales**
Sales are shown after deducting business kasar vatav and goods return.
 - 5. Research and Development**
The expenses incurred on research and development during the year is written off to revenue expenses during the same year.
 - 6. Foreign Currency Transaction :**
All foreign currency transaction have been accounted at the rate prevailing on the date of transaction. All outstanding foreign currency transactions are valued at the appropriate exchange rate at the close of the financial year. The loss or gain due to fluctuation of exchanges rates are charged to Profit and Loss Account.
 - 7. Taxes on Income**
Current tax is determined on the basis of the amount of tax payable on taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- B.**
- 1. Notes on Accounts**
Lease hold land has been revalued in financial year 2007-2008, as a result the gross value of fixed assets includes revaluation amount of 69,72,000 which is transferred to revaluation reserve.
 - 2.** Sundry Debtors, Loans and advances and Sundry Creditors are subject to confirmation necessary adjustments if any will be made in the accounts on receipt of the same.
 - 3. Earning Per Share**
Basic Earning Per Share is computed by dividing the net profit after tax by the weighted average number of shares outstanding for the period.

NOTES FORMING PART OF ACCOUNTING FOR THE YEAR 2008-2009

4. Payment to Auditors:

- i. Audit Fees
- ii. Tax Audit Fees

31-03-2010 (Rupees in lacs)	31-03-2009 (Rupees in lacs)
0.30	0.20
0.10	0.10

5. Licensed and Installed Capacity and Production: Not applicable
6. Foreign Travelling Expense (Directors) Rs. 1460000.00 Previous year : 125428.00
7. Foreign Exchange Earning: NIL Previous year: NIL
8. Raw Material Import Rs. 23263725.00 Previous year : 19102133.00
9. Provision for gratuity and provision for leave encasement has been made in the current year.
11. Remuneration to Directors Rs. 1,80,000.00 Previous year : 1,80,000.00
12. The previous year figure have been regrouped and re-arranged wherever necessary.

13. Quantity Details

(1) Raw Materials Consumption Details : -

	Qty (Tonnes)	Rs. In lacs
1 Aluminium	8441558 {6408308}	5,166 {5799}
2 Furnace Oil Lubricant	506022 {439783}	119.00 {110}
3 Furnance Coal	43315 (-)	12.00 (-)

(2) Raw Materials Purchase Details

1 Indigenous	5109.38 {5615.98}	96% {96%}
2 Imported	232.62 {191.02}	4% {4%}
Total	5,342 {5807}	

(3) Finished Products Details : -

Products	Opening Stock Qty	Production Qty	Sales Qty	Closing Stock Qty
Alu. Conductor	0 {0}	0 {29878}	0 {29878}	0 {0}
Alu. Alloys	0 {0}	0 {32391}	0 {32391}	0 {0}
Alu. Ingots	6742 {58491}	2400995.2 {1875086}	2348298.85 {1926835}	59438.35 {6742}
Alu. Cubes	7457 {1607}	608165 {599850}	610000 {594000}	5322 {7457}
Alu. Notch Bar	18114 {12804}	1041323 {256210}	1058000 {250900}	1437 18114
Alu. Wire Rods	50340 {33609}	2931921 {3721245}	2956179.1 {3704514}	26081.9 {50340}

14. Deferred Tax

<u>Particulars</u>	<u>2009-10</u> Rs. In lacs	<u>2008-09</u> Rs. In lacs
Deferred Tax Liability (A)	NIL	NIL
Deferred Tax Assets on account of Dep. (B)	4.10	5.89
Total A+B	<u>4.10</u>	<u>5.89</u>

15. Related party disclosures : -

Related party disclosures as required by accounting standards 18 on "Related Party Disclosures" are given below :-

- (a) List of Related Parties
Associates
Palco Recycle Exchange Limited
- (b) The following transaction were carried out with the related parties in the ordinary course of business.

	2008-09 Rs. In Lacs	2007-08 Rs. In Lacs
Intercorporate loans taken during the year	222.76	807.40
Interest expense on intercorporate loans	59.38	32.30
Purchases during the year	4860.02	1712.99

(16.)

Earning per Share (EPS) as per accounting standards 20 :

The numerators and denominators used to calculate basic and diluted earning per Share

	Year Ended 31-03-2009	Year Ended 31-03-2008
Profit attributable to the equity Shares holders	14	14
Basic/weighted average number of Equity Shares	200,00,000	200,00,000
Normal Value of Equity Shares	10.00	10.00
Basic/Diluted Earning per Share	7.38	0.70

- (17) The Details required under segment reporting as per AS 17 is not furnished as the company is having all products manufactured from single raw materials i.e. Aluminium.

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

REGISTRATION DETAILS :-

Registration No	998
State Code	04
Balance Sheet Date	31.3.2010

CAPITAL RAISED DURING THE YEAR

Public Issue	NIL	Right Issue	NIL
Private Placement	NIL	Bonus Issue	NIL

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	Rs in lacs		Rs in lacs
Total Liability	3,990	Total Assets	3,990

SOURCES OF FUNDS

Paid up capital	500
Reserve and Surplus	1,445
Secured Loans	1,340
Un-secured Loans	694
Deferred Tax Assets	11

APPLICABLE OF FUNDS

Net Fixed Asset	1,283
Investment	105
Net Current Asset	2,602
Misc Expenditure	0
Accumulated Losses	

PERFORMANCE OF THE COMPANY (AMOUNT IN THOUSAND)

Turnover	7,361	Total Expenditure	7,129
(Incl.other Income)			
Profit before Tax	232	Profit after Tax	147
Earning Per Share (Rs.)	7.38	Dividend Rate (%)	NIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Details	31.3.2010 Amount (Rs. In Lacs)	31.3.2009 Amount (Rs. In Lacs)
(A) Cash flow from operating activities		
Net Profit before tax and extra ordinary items	231.99	34.83
Adjustment:		
Depreciation	52.92	61.45
Interest paid	230.03	131.18
Miscellaneous expenditure written off	1.04	1.04
Provision for doubtful debts	0	0
Profit on sale of fixed assets	0	0
Profit on sale of investments	0	0
Loss on sale of fixed assets	0	0
Loss on sale of investments	0	0
Dividend income	0	0
Interest income	0	0
Operating Profit before working capital changes	515.98	228.5
(Increase)/Decrease in debtors	-459.66	920.12
(Increase)/Decrease in stock	-844.99	8.65
(Increase)/Decrease in Loans and Advances	-173.47	-671.52
Increase/(Decrease) in Current Liabilities and Provisions	617.38	-57.48
Cash generated from operations	-344.76	428.27
Taxes paid	-60.05	-15
Net cash flow from operating activities	-404.81	413.27
(B) Cash flow from investing activities		
Purchase of fixed assets	-7.78	-35.05
Purchase of investments	-25.06	0
Capital Work-in-progress		
Sale of fixed assets	0	0
Sale of investments	0	0
Interest received		
Dividend received		
Net cash flow from investing activities	-32.84	-35.05
(C) Cash flow from financing activities		
Borrowings	660.2	-222.58
Dividend paid, including dividend tax	0	0
Interest paid	-230.03	-131.18
Issue of new shares	0	0
Redemption of share capital		
Net cash flow from financing activities	430.17	-353.76
Net increase/(decrease) in cash & cash equivalents	-7.48	24.46
Cash and cash equivalents at the beginning of the year	102.41	77.95
Cash and cash equivalents at the end of the year	94.93	102.41

Notes :

1. The cash flow has been prepared under the Indirect Method as set out in Accounting Standard 3 on Cash flow statement issued by the Institute of Chartered Accounts of India.
2. Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our report of even
date attached herewith

For, MADHUSUDAN C. MASHRUWALA & CO.
CHARTERED ACCOUNTANTS

FOR PALCO METALS LIMITED

(U.M.MASHRUWALA)
PARTNER

KIRAN B. AGRAWAL
DIRECTOR

KANAIYALAL B. AGRAWAL
DIRECTOR

PLACE : AHMEDABAD
DATE : 12/05/2010