

PALCO METALS LIMITED

50TH ANNUAL REPORT

Regd Office Address: B-604, Sahjanand Shopping Complex,
Shahibaug Road, Ahmedabad - 380004

E-mail: info@palcometals.com

BOARD OF DIRECTORS

Shri Kirankumar Agrawal	-	Managing Director
Shri Kanaiyalal Agrawal	-	Jt. Managing Director
Shri Ashok Agrawal	-	Director
Shri Lalitkumar Naredi	-	Director
Shri Nareshchandra Jain	-	Director

REGISTERED OFFICE

B-604, Sahjanand Shopping Complex,
Shahibaug Road, Ahmedabad - 380004

www.palcometals.com

STATUTORY AUDITORS

M/S. Madhusudhan C. Mashruwala & Co.
Chartered Accountants, Ahmedabad

INTERNAL AUDITORS

M/S. Agarwal Maheshwari & Nayata
Chartered Accountants, Ahmedabad.

BANKERS

- State Bank Of India
- Axis Bank

REGISTRAR & SHARE TRANSFER AGENT

MCS Limited
Ahmedabad Branch
101, 1st Floor, Shatdal Complex,
Ashram Road, Ahmedabad – 380009.

DIRECTORS REPORT

To,
The Members,
Palco Metals Limited
Ahmedabad - 380004

Your Directors are pleased to present the 50th Annual Report together with the Audited financial statement for the financial year ended 31st March, 2011.

Financial Highlights

Your Company's performance for the financial year 2010-11 is summarized below:

Financial Results	2010-11
Gross Turnover	0
Other Income	221122
Profit before Interest Depreciation & Tax	83122
Less : Depreciation	0
Less : Interest	0
Profit Before Tax	83122
Less : Provision for Taxation	28800
Add: Excess Income Tax Provision w/off bal. profit for the last year	22178
Profit for the year	76500
Add: Balance from Last balance sheet	47618966
Balance carried to Balance sheet	47695466

DIVIDEND:

There is no place of dividend this year as the company has acquired the stake in various companies for the development of the company

and therefore your Directors recommends no dividend this year.

DIRECTORS:

During the year under review, no change in the Board was made.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under sec. 2AA of sec. 217 of company act 1956. With respect to the directors responsibility statement, it is hereby confirmed:

- (1) That in preparation of annual accounts applicable accounting standard has been followed along with the proper explanation with material departure, if any.
- (2) that the directors have selected such accounting policies and applied them consistently and made judgment and estimate that are reasonable and prudent so as to give true

and fair view of the state of affairs of the company as at 31 march 2011. And of the profit of the year ended in that day.

- (3) that the directors to the best of their knowledge and ability have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provision of company act 1956, for safeguarding the assets of the company and detecting the fraud and any other irregularities.
- (4) that the directors has prepared an account on "going concern basis" .

AUDIT COMMITTEE:

The audit Committee's meeting was held quarterly for reviewing the quarterly financial results of the company.

DEMATERILISATION:

The company has applied to the CDSL & NSDL for providing electronic connectivity to the company's Equity shares and also for providing the ISIN no. to the Company's securities. The application with the CDSL has been approved the ISIN no. granted to the

company is INE239L01013. Further the application with NSDL is pending for approval which would be approved in due time. After approval of NSDL application all the members would be able to convert there Equity into Electronic mode through there brokers.

APPONTMENT OF REGISTRAR AND SHARE TRANSFER AGENT:

Our company has appointed MCS Ltd as the Register and Share Transfer Agent.

AUDITORS REPORT:

The notes to the accounts referred to in the auditor's report of M/S Madhusudhan C Mashruwala & Company. Chartered Accountants, are self explanatory and

therefore do not call any further explanation under section 217 (3) of the company Act 1956.

ACKNOWLEDGEMENT:


Palco's strong multi – cultural wok force has been the bedrock of the company's glorious past. Palco is confident that with the commitment and passion of our people, we will shape the bright future for the organization.

The Directors acknowledge the continued support from and cooperation received from Place: Ahmedabad

the shareholders, participating banks, customers, suppliers, and dealers. The Board also wishes to record its sincere appreciation of the total commitment, dedication, and hard work put in by every member of team Palco.

For and On Behalf of Board of Directors

Date: 27/08/2011



Mr. KiranKumar Agrawal
Director

ANNEXURE – A

Additional information as required under section 217(A) (E) of the Company Act 1956. and the Companies (Disclosure in the report of board of Directors) Rules 1988.

CONSERVATION OF ENERGY:

Energy Conservation measures taken

A. Water level controller was installed for saving energy consumption.

B. Special Task force is created and given training to look after the reduction of energy consumption.

FORM A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY	
A : POWER & FUEL CONSUMPTION :	
	2010-11
1) Electricity	
Total Unit	517232
Total Amount	2932020
Rate per unit	5.669
2) Furnance Oil	
Total Unit	0
Total Amount	0
Rate per unit	0
3) Furnance Coal	
Total Unit	0
Total Amount	0
Rate per unit	0

FORM – B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECTS TO
TECHNOLOGY ABSORPTION****1. RESEARCH & DEVELOPMENT (R&D)**

Your Company has gone through restructuring process last year under which the business of Aluminium Recycle has been sold to Palco Recycle Industries Limited. So company is being carrying on no activity at present this is not applicable to company.

2. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Your Company has gone through restructuring process last year under which the business of Aluminium Recycle has been sold to Palco Recycle Industries Limited. So company is being carrying on no activity at present this is not applicable to company.

3. FOREIGN EXCHANGE EARNING OR OUT GOING :

The company has carrying on business on behalf of Palco Recycle Industries Limited so all the disclosures are made by the Palco Recycle Industries Limited.

PLACE: AHMEDABAD

DATE: 27/08/2011.

FOR AND ON BEHALF OF BOARD OF DIRECTORS


CHAIRMAIN & MANAGING DIRECTOR

PALCO METALS LIMITED
ANNUAL REPORT 2010-11

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW ABOUT THE COMPANY:

The Company was incorporated in 1960, since then it has never looked back. Your Management has come in the company in 1996-97 when the company had balance sheet with the loss. Your management with the bright insight turned the company's

fortune. The company started to earn profit, its share was again made relisted at ASE, Company issued the Bonus share in 2006 to its esteemed shareholders. Further company is considering the Bonus issue of the reserves standing in the Balance sheet.

BUSINESS STRATEGY:

Your company has undergone the restructuring process last year under which it had sold its operation to Palco Recycle

Industries Limited due to which the value of the company's investment in that company has been increased to large extent.

RISK AND CONCERNS:

Risk may be defined as the possibilities that an event (anticipated or unanticipated) can adversely affect the business objective and goals. At Palco Metals Ltd, risk governance reconciles estimation, control and quantification through an institutionalized approach, which include consistence implementation and monitoring, supplemented by audits. The management conducts regular to arrest the abnormalities.

All the risks are discuss in the senior management meeting periodically to ensure that the risk mitigation plants are implemented and adverse impact of risk are avoided or kept within

manageable proportions. Currency exchange rates could undergo changes with the Indian rupee turning volatile for most part of the year. This could have a potential impact on the export earning of the company. The company is conscious of the impact of the volatile movement. Hedging is done wherever is necessary and forward cover are taken to mitigate probable risks. The company has adopted conservative policy in booking the unfavorable impact of exchange fluctuation. Prudential accounting norms are followed in line with the accounting standard.

HUMAN RESOURCES MANAGEMENT:

The mission of human resource function is to build and sustained motivated leadership pipeline and to provide an empowering environment in which people can feel enthused to deliver their best for the progress of both the company and themselves.

The company considers its human resource as a valuable asset. The company endeavors to harness this resource through structure training programs, with the company currently implementing the expansion programs, training of its personnel assumes greater significance.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The company continuously updates its systems and procedure in order to keep it contemporary and to ensure that it is commensurate with size and nature of its business, the effectiveness of internal control is regularly verified by internal audit department of the company supplemented by independent outside internal auditors. They conduct regular audit based on annual internal audit programmed agreed with audit committee of board covering all the offices, factories and all the areas of business. The audit committee

closely monitors this process. Audit findings are closely reviewed by audit committee along with management response. The committee also reviews the effectiveness of company's internal control and their effectiveness on actual operation and regularly monitors implementation of audit recommendation. The system ensures effective utilization of company resource and protections of assets from loss, theft, misappropriation and relevant risks.

CONCLUSION:

Our Company is dedicated to ensure that ongoing Growing initiatives achieve profitable faster. Given the strategic thrust over achieving

identified distinctive vision in its business, our company is set as emerge stronger in the long run.

PLACE: AHMEDABAD

FOR AND ON BEHALF OF BOARD OF DIRECTORS

DATE: 27/08/2011.



DIRECTOR.

Kirankumar Agrawal

Madhusudan C. Mashruwala & Co.
CHARTERED ACCOUNTANTS

301-303, 'AKIK', OPP. LIONS HALL,
MITHAKHALI, AHMEDABAD-380 006.
TELE. NO.: 26462430, 26467183

AUDITORS REPORT

To,
The Members,
PALCO METALS LTD.

We have audited the Balance Sheet of M/S PALCO METALS LTD. as at 31 March, 2011 and Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed and report that :

These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.

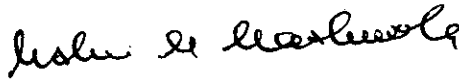
We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, 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 (Auditors 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 enclosed in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- (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 (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors Report(s) have been forwarded to us and have been appropriately dealt with);
- (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 (and the audited returns from the branches);
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and 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;
- (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 disqualified as on that date 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:
 - (1) insofar as it relates to the Balance Sheet, of the state of affairs of the Company as at 31, March 2011, and
 - (2) insofar as it relates to the Profit & Loss Account, of the Profit of the Company for the period ended on that date,
 - (3) insofar as it relates to the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

Place : AHMEDABAD.
Date : 27-08-2011

For MADHUSUDAN C MASHRUWALA & CO.
Chartered Accountants


U.M. MASHRUWALA
Partner
M.No - 038254
301-303, AKIK, OPP. LIONS HALL, NR. MITHAKHALI SIX ROAD
Ahmedabad - 380006
Firm Reg.No -105717W

ANNEXURE TO THE AUDITORS REPORT

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1 (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- 1 (c) According to the Information and Explanation and on examination of Books of Accounts, company has disposed off substantial part of Fixed Assets during the Year pursuant to agreement to sell.
- 2 (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2 (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.
- 2 (c) The company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- 3 (a) The Company has not granted any loan secured or unsecured to companies firms or other parties covered in the register maintained under Sec.301 of the Companies Act. Therefore the provisions of this clause of CARO are not applicable
- 3 (b) The Company has not granted any loan secured or unsecured to companies firms or other parties and hence, provisions of clause 4(iii)(b) of CARO are not applicable.
- 3 (c) The Company has not granted any loan secured or unsecured to companies firms or other parties and hence, provisions of clause 4(iii)(c) of CARO are not applicable.
- 3 (d) There is no over due amount and all the loans are squared up at the end of the year.
- 3 (e) The Company has taken any Loan from 2 companies listed in the register maintained under section 301 of the Companies Act, 1956. The amount borrowed is Rs 29.61 crores and at the end of the year all liabilities have been transferred pursuant to agreement to sell business.
- 3 (f) In our opinion the rate of interest and the terms and conditions are prima facie not prejudicial to the interests of the company.
- 3 (g) At the end of the year, all liabilities transferred pursuant to agreement to sell business.
- 4 In our opinion an according to the information and explanations 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 weaknesses in internal controls.
- 5 (a) According to the information and explanation given to us and as per our examination from the books of accounts, there is no such transaction in the company which is to be mentioned in the register maintained under section 301 of the Companies Act, 1956
- 5 (b) As there is no such transaction in the company, hence this point is not applicable.
- 6 As per the information and explanation given to us and as per our examination of books of accounts, the company has not taken any deposit, hence there is no contravention of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- 7 In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8 The Central Government has not prescribed the maintenance of cost records in respect of the Company under section 209 (1) (d) of the Companies Act, 1956.

- 9 (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other material statutory dues applicable to it.
- 9 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty, excise duty and Cess were in arrears, as at 31-03-2011, for a period of more than six months from the date they became payable.
- 10 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.
- 11 In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- 12 There are no such transactions and hence this clause is not applicable.
- 13 In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 13 (a) There are no deposits accepted and hence this clause is not applicable.
- 13 (b) As there is no money lending business or acceptance of deposits, this clause is not applicable.
- 13 (c) There is no money lending business of the company and hence this clause is not applicable.
- 13 (d) There is no money lending business and hence this clause is not applicable.
- 14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15 As per the Explanation and as per the records of the company, no guarantee has been given by the company for loans taken by others.
- 16 As per the Explanation and as per the records of the company, the term loans taken has been applied for the purpose for which the same has been taken.
- 17 According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- 18 According to the information and explanations given to us and as per the records of the company, no allotment of preferential shares have been made during the year to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956
- 19 The company has not issued any debentures and hence this clause is not applicable to the company.
- 20 No money has been raised by way of public issue during the year under consideration.
- 21 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 : 27-08-2011

For MADHUSUDAN C MASHRUWALA & CO.
Chartered Accountants



U.M MASHRUWALA
Partner
M.No - 038254
301-303, AKIK, OPP. LIONS HALL, NR. MITHAKHALI SIX ROAD
Ahmedabad - 380006
Firm Reg.No - 105717W

PALCO METALS LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2011

LIABILITIES	SCH- EDULE	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
SOURCES OF FUNDS :-			
SHARE HOLDERS' FUNDS :-			
Share Capital	A	20000000	20000000
Preference Share Capital	A	30000000	30000000
Reserve & Surplus	B	144601970	144525470
		194601970	194525470
LOAN FUNDS :-			
Secured Loans	C	0	134033295
Unsecured Loans	D	0	69407228
		0	203440523
Deferred Tax		0	1095661
		<u>194601970</u>	<u>399061654</u>
APPLICATION OF FUNDS :-			
FIXED ASSETS :-			
Gross Block	E	97103000	166904863
Less : Depreciation		0	38570197
		<u>97103000</u>	<u>128334666</u>
		97103000	128334666
INVESTMENT	F	100890000	10518070
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	0	113904784
Sundry Debtors	H	0	103366177
Cash & Bank Balance	I	3438138	9493033
Loans & Advances	J	4265780	133990366
		<u>7703918</u>	<u>360754360</u>
Less : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	K	1301148	87898319
Provisions	L	9793800	12647123
		<u>11094948</u>	<u>100545442</u>
Net Current Assets		-3391030	260208918
Miscellaneous Expenditure (To the extent not written off)		0	0
Preliminary Exp		<u>0</u>	<u>0</u>
		<u>194601970</u>	<u>399061654</u>

For, Madhusudan C. Mashruwala & Co.
Chartered Accountant

U.M. Mashruwala
Partner
M.No:-38254
Place :- Ahmedabad
Date:-27/08/2011

For, Palco Metals Ltd

Kiran B. Agrawal
Director

Kanaiyalal B. Agrawal
Director

PALCO METALS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2011

PARTICULARS	SCHE- DULE	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
<u>INCOME :-</u>			
Gross Sales	M	0	731145132
Less:-Excise Duty		0	53222939
Net Sales		0	677922193
Other Income		221122	5033830
Increase / (Decrease) in stock	N	0	70008976
		221122	752964999
<u>EXPENDITURE :-</u>			
Purchase for Trading	O	0	121215924
Raw & Other Materials	P	0	519498503
Manufacturing Expenses	Q	0	30106229
Employees' Remuneration & Benefits	R	0	3845288
Administrative Expenses.	S	138000	5325681
Selling and Distribution Expenses	T	0	20665659
Financial & Similar Exps.	U	0	23711930
Preliminary Exp. Written Off.		0	104000
		138000	724473214
<u>Profit Before Depre. & Taxation</u>		83122	28491785
<u>Depreciation</u>	E	0	5292277
Profit before Tax		83122	23199508
Less : Provision for Taxation		28800	8024000
Less :Deferred Tax		0	410826
Add : Excess Income Tax Provision W/off Bal.		22178	0
Profit for the year		76500	14764682
Balance as per last Balance Sheet		47618966	32854284
Balance carried to Balance Sheet		47695466	47618966
Basic and diluted earnings per share (in Rs.)		0.04	7.38

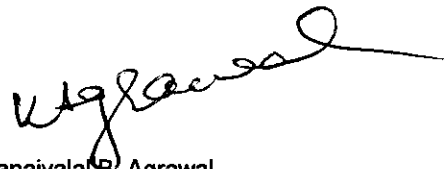
(Schedule W. Note 12)

For Madhusudan C.Mashruwala & Co.
Chartered Accountant

U.M.Mashruwala
Partner
M.No:- 38254
Place: Ahmedabad
Date:-27/08/2011

For Palco Metals Ltd


Kiran B. Agrawal
Director


Kanaiyalal B. Agrawal
Director

PALCO METALS LIMITED
Annual Report & Accounts 2010-2011

PARTICULARS	AS ON 31.03.2011 Rupees	AS ON 31.03.2010 Rupees
SCHEDULE : A		
SHARE CAPITAL		
Authorised :		
70,00,000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
30,00,000 8.50% Non- Cumulative Redeemable Preference Shares of Rs. 10/- each	30,000,000	30,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and paid up :-		
20,00,000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
30,00,000 8.50% Non- Cumulative Redeemable Preference Shares of Rs. 10/- each	30,000,000	30,000,000
Share Application Money	<u>50,000,000</u>	<u>50,000,000</u>
SCHEDULE : B		
RESERVES & SURPLUS		
Share Capital Reserve	2,517	2,517
Revaluation Reserve :-		
Balance as per Last year	0 96,903,987	0 96,903,987
Balance in Profit & Loss Account	47618966	32854284
Add:- Profit for the Year	76500 47,695,466	14764682 47,618,966
	<u>144,601,970</u>	<u>144,525,470</u>
SCHEDULE : C		
SECURED LOANS		
Loan From Bank		
From Statebank of India	0	134,033,295
	<u>0</u>	<u>134,033,295</u>
The above credit facilities are secured by way of hypothecation of entire stocks of raw material, WIP, finished goods, consumable stores and spares book debts mortgage factory and building and alongwith irrevocble unconditional and personal guarantee of Directors.		
SCHEDULE : D		
UNSECURED LOANS		
Loan from Companies	0	51,496,836
Loan from Others	<u>0</u>	<u>17,910,392</u>
		<u>69,407,228</u>

**SCHEDULE : E
FIXED ASSETS**

Description	Rate	Opening Balance	Addition during the year	Deduction during the year	Total	Depreciation upto 1.4.2010	Depreciation for the year	Deduction during the Yr.	Total Depreciation as on 31.3.2011	Net Block as on 31.03.2011	Net Block as on 31.03.2010
		1.4.2010	Rs.	Rs.	31.3.2011	1.4.2010			31.3.2011		31.03.2010
Air Conditioner	13.91	148089	54600	202689	0	71856	16205	88061	0	0	76233
Air Cooler	13.91	17300	0	17300	0	8685	1198	9883	0	0	8615
CCTV System	13.91	21352	22733	44085	0	6131	3664	9795	0	0	15221
Company's Own Dies	13.91	8768478	0	8768478	0	7554558	168856	7723414	0	0	1213920
Computer	40.00	823856	84532	908388	0	669258	78033	747291	0	0	154598
Electric Installation	20.00	6481079	0	6481079	0	4316437	432928	4749365	0	0	2164642
Factory Building	10.00	14869624	0	14869624	0	6690885	817874	7508759	0	0	8178739
Fax Machine	13.91	31660	0	31660	0	18114	1884	19998	0	0	13546
Flate Purchase	10.00	2072000	0	2072000	0	369846	170215	540061	0	0	1702154
Furniture & Fixture	18.10	597426	47840	645266	0	393328	42510	435838	0	0	204098
Good Will	0.00	17000	0	0	17000	0	0	0	0	17000	17000
Handcart	13.91	54368	0	54368	0	21203	4613	25816	0	0	33165
Laboratory Equipments	10.00	188953	0	188953	0	134864	5409	140273	0	0	54089
Lease Hold Land	0.00	97086000	0	0	97086000	0	0	0	0	97086000	97086000
Office Building	5.00	1300937	0	1300937	0	938430	18125	956555	0	0	362507
Office Equipment	13.91	70848	0	70848	0	22531	2416	24947	0	0	48317
Plant & Machinery	13.91	32469640	1396531	33866171	0	16751783	2245742	18997525	0	0	15717857
Spector Meter	13.91	1084942	0	1084942	0	295612	109796	405408	0	0	789330
Vehicle	25.89	178547	0	178547	0	131222	12252	143474	0	0	47325
Water Cooler	13.91	31938	0	31938	0	8288	3290	11578	0	0	23650
Weigh Bridge	13.91	590826	15554	606380	0	167166	60262	227428	0	0	423660
Total Rs.		166904863	1621790	71423653	97103000	38570197	4195272	42765469	0	97103000	128334666
Previous Year Rs.		166127296	777567	0	166904863	33277920	0	5292277	38570197	128334666	132849376

SCHEDULE : F**INVESTMENT (At Cost / Unquoted)**

884400 Equity Shares of Rs10/- each fully paid up in Palco Recycle Exchange Ltd	8,462,500	7,962,500
700 Equity Share of Rs. 10/- Saptak Tradeling Pvt. Ltd.	7,000	7,000
123500 Equity Shares of Rs. 3 each fully paid up in Manidhari Strips Pvt Ltd.	370,500	370,500
707 Equity Shares of Rs. 10 Ornet Infrastructure Pvt. LTd.	0	7,070
70700 Equity Shares of Rs. 10/- Rs. 20/- Premium in Ornet Infrastructure Pvt. Ltd	0	2,121,000
Unit : ANMA (A'bad Non-Metal Association) Equity Shares of Palco Recycle Industries Ltd. (2947500 shares of Rs 10 each)	50,000	50,000
Share Application of Palco Recycle Ind Ltd	29,475,000	
	62,525,000	
	<u>100,890,000</u>	<u>10,518,070</u>

SCHEDULE : G**INVENTORIES :****(As taken valued & certified by the management)**

Finished Goods	0	10,675,605
Raw Materials	0	32,615,412
Trading Stocks	0	69,871,656
Material in Transit	0	0
Stores	0	742,111
	<u>0</u>	<u>113,904,784</u>

SCHEDULE : H**SUNDRY DEBTORS****(Considered Good)**

Outstanding for less than 6 months	0	101,606,940
Outstanding for more than 6 months	0	1,759,237
	<u>0</u>	<u>103,366,177</u>

SCHEDULE : I**CASH & BANK BALANCES**

Cash on Hand	183,981	172,688
Bank Balance	579,085	6,932,939
FD with S B I Bank (L.C.Margin)	100,000	0
FD With SBI Bank (Liquid Security)	2,000,000	2,000,000
FD With SBS (Guarantee Margin)	200,080	200,000
Accrued interest on F.D	374,992	187,406
(Including Interest Accrued on FDRs)	<u>3,438,138</u>	<u>9,493,033</u>

SCHEDULE : J**LOANS & ADVANCES**

Deposits with other Firms	0	793,035
Loan to Employees		318,000
VAT Receivable	0	10,520,998
Advance Income Tax	558,724	8,095,110
Balance with Excise Department	0	6,732,733
Advances to Suppliers (Sundry Creditors)	0	938,076
Other Advances	3,707,056	25,143,245
Deposit (Assets)	0	81,335,285
Prepaid Expenses	0	113,882
	<u>4,265,780</u>	<u>133,990,365</u>

SCHEDULE : K**CURRENT LIABILITIES**

Sundry Creditors for Goods	0	14,308,759
Sundry Creditors for Expenses	1,301,148	9,173,240
Advance received from Customers (Business Advances)	0	64,416,320
	<u>1,301,148</u>	<u>87,898,319</u>

SCHEDULE : L**PROVISIONS**

Duties And Taxes	0	2,139,929
Provision for Expenses	96,000	816,015
Provision for Taxation (07-08)	0	22,179
Provision for FBT (08-09)	20,000	20,000
Provision for Taxation (08-09)	1,625,000	1,625,000
Provision for Taxation (09-10)	8,024,000	8,024,000
Provision for Taxation (10-11)	28,800	0
	<u>9,793,800</u>	<u>12,647,123</u>

SCHEDULE : M**SALES & OTHER INCOME**

Sales		731,145,132
Other Income	221122	5,033,830
	<u>0</u>	<u>736,178,962</u>

SCHEDULE : N**INCREASE / (DECREASE) IN STOCK**

(As valued and certified by the Management)

Opening Stock :-

Finished Goods	7033274	
Trading Material	3505011	10,538,285

Less : Closing Stock

Finished Goods	10675605	
Trading Material	69871656	80,547,261
		<u>70,008,976</u>

SCHEDULE : O**PURCHASE FOR TRADING**

	<u>0</u>	<u>121,215,924</u>
		<u>121,215,924</u>

SCHEDULE : P**RAW MATERIAL**

Consumption of Raw Material		
Opeing Stock		17,874,252
Purchases during the year		534,239,663
Less : Closing Stock		32,615,412
	<u>0</u>	<u>519,498,503</u>

SCHEDULE : Q**MANUFACTURING EXPENSES**

Power & Fuel		15,916,040
Production & Factory Expenses		6,104,311
Jobwork Expenses		6,096,007
Freight and Octroi Exp.		1,989,871
	<u>0</u>	<u>30,106,229</u>

SCHEDULE : R
EMPLOYEES' REMUNERATION AND Benefits

Salaries & Bonus		3,422,967
Contribution to P.F. & Other Fund		342,824
Staff Welfare Exp.		79,497
	<u>0</u>	<u>3,845,288</u>

SCHEDULE : S
ADMINISTRATIVE EXPENSES

Rent,Rates and Taxes	0	105,255
Insurance Exps.	0	509,209
Repair & Maintenance	0	
Building	0	1,378,905
Other	0	56,353
Postage, Telephone & Telegram	0	272,202
Auditors' Remuneration	0	
Audit Fees	30,000	33,090
Tax Audit Fees	10,000	11,030
Legal and Professional charges	98,000	518,376
Advertisement Exp.	0	112,064
Travelling & Conveyance	0	566,102
Travelling (Foreign)	0	146,000
Office & Miscellaneous Exps.	0	861,735
Donation Exp	0	72,300
Bad Debts A/c	0	683,060
	<u>138,000</u>	<u>5,325,681</u>

SCHEDULE : T
SELLING AND DISTRIBUTION EXPENSES

Packing and Forwarding Expenses	0	3,429,025
Freight outward Expenses	0	15,036,051
Commission Expenses	0	2,019,363
Sales and other Taxes	0	181,220
	<u>0</u>	<u>20,665,659</u>

SCHEDULE : U
INTEREST AND CHARGES (NET)

Bank Charges	0	708,460
Interest Paid	0	23,003,470
	<u>0</u>	<u>23,711,930</u>

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Significant Accounting Policies

1. Method of accounting

The accounts are prepared on the historical cost basis adjusted by revaluation of fixed assets.

2. Fixed assets and Depreciation

The value of goodwill is shown at cost price. No depreciation is provided on the leasehold hand. Depreciation is provided on written down value method as per Sec.205(2) of the Companies Act, 1956 at the rates and in the manner prescribed in the Schedule XIV of the Companies Act.

3. Inventory Valuation

a) Finished stock and work-in-process is valued at cost or estimated value whichever is less.

b) Raw materials, Stores and Loose tools are valued at cost.

c) Plant and machinery scrap is valued at estimated cost.

4. Sales

Sales are shown after providing for adjustment of trade discount and goods return.

5. Foreign currency transactions

All foreign currency transactions have been accounted at the rate prevailing on the date of the transaction. As per AS 11, all outstanding foreign currency transactions are valued at appropriate exchange rate prevalent on the close of financial year and any fluctuations are provided for in the Profit and Loss Account.

6. Taxes on income

Current tax is determined on the basis of the amount of tax payable on the taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Notes to accounts

1. Lease hold land was revalued in the financial year 2007-08. As a result, the gross value of assets includes revaluation amount of Rs.69,72,000/- which is transferred to Revaluation Reserve.
2. Pursuant to an agreement to sell on slump sale basis with Palco Recycle Industries Ltd.(PRIL) executed on 12th May, 2010, the company has transferred all assets and liabilities as mutually agreed upon at a consideration of Rs. 900.59 lacs to PRIL. The company has informed the Ahmedabad Stock Exchange regarding the transaction of sale of business to PRIL.

Necessary approval of the equity shareholders has been obtained by the company through postal ballot in terms of requirements of Sec192A of the Companies Act, 1956. In this regard, we have relied upon the report of the scrutinizer appointed by the company.

As per agreement with PRIL, the company carried on the business on behalf of PRIL till the completion of the scheme and on 31st March,2011 all items of income, expense, assets and liabilities were transferred to PRIL.

3. Earnings 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. As on the reporting date, there are no potential equity shares outstanding which may have a diluting impact on the earnings per share.

The calculation of EPS as per AS 20 is as under:

Particulars	Year ended 31-03-2011	Year ended 31-03-2010
Profit attributable to equity share holders (Rs in lacs)	0.76	147
Basic/weighted number of equity shares (in lacs)	20	20
Nominal value of equity share(in Rs)	10	10
Basic/diluted earnings per share(in Rs)	0.04	7.38

4. Payment to auditors

Particulars	31-03-2011 (Rupees in lacs)	31-03-2010 (Rupees in lacs)
i. Audit fees	0.30	0.30
ii. Tax Audit fees	0.10	0.10
Total	0.40	0.40

5. Licensed and installed capacity and production: Not Applicable

6. Foreign Travelling expenditure of Directors

31-03-2011	31-03-2010
Rs.1,35,141	Rs. 14,60,000

7.Foreign exchange earning Nil during the current year and Nil during the previous year.

8.No provision for gratuity and leave encashment is made during the year.

9. Raw Material Import

31-03-2011	31-03-2010
Rs.36,05,03,481	Rs. 2,32,63,725

10.Remuneration to Directors

31-03-2011	31-03-2010
Rs. 1,80,000	Rs. 1,80,000

11.Quantity Details

a. Raw materials consumption details :-

Particulars	Quantity consumed (tonnes)	Rs. in lacs
Aluminium scrap	7383.512 (8441.558)	5569 (5166)
Furnace oil	482.274 (506.022)	135.69 (119)
Furnace Coal	499.930 (43.315)	28.04 (12)

b. Raw material purchase details:-

Particulars	Qauntity (Tonnes)	Percentage
Indigenous	4460.92 (5109.38)	52.87% (96%)
Imported	3976.05 (232.62)	47.13% (4%)
Total	8436.97 (5342)	100% (100%)

c. Finished products details

Particulars	Opening stock	Production	Sales/ Captively consumed	Transferred to PRIL as per agreement to sell	Closing Stock
Alu. Alloys	0 (0)	43038 (0)	43038 (0)	0 (0)	0 (0)
Alu. Ingots	59438 (6742)	2067498 (2400995)	1965860 (2348299)	161076 (0)	0 (59438)
Alu. Cubes	5622 (7457)	930678 (608165)	909200 (610000)	27100 (0)	0 (5622)
Alu. Notch Bar	1437 (18114)	1465846 (1041323)	1410500 (1058000)	56783 (0)	0 (1437)
Alu. Wire Rods	26082 (50340)	2365651 (2931921)	2313223 (2956179)	78510 (0)	0 (26082)

12. Deferred tax working as per AS-22

Particulars	31-03-2011 Rupees in lacs	31-03-2010 Rupees in lacs
Deferred tax Liability(A)	NIL	NIL
Deferred tax Asset on account of depreciation (B)	NIL	4.10
Total (A)+(B)	NIL	4.10

13. The company holds more than 50% of voting rights in Palco Recycle Industries Ltd.(PRIL). However, as informed to us by the Board of Directors, the controlling interest is of temporary nature and hence, consolidated balance sheet in terms of AS 21 is not prepared.

14. Related Party Disclosure as per AS-18

a) Name of related party and description of relationship where control exists:

Palco Recycle Industries Ltd. : Subsidiary Company (w.e.f 28th September, 2010)

b) Name of related party and description of the relationship with whom transactions took place:

1. Associates: Palco Recycle Exchange Limited.

2. Key Management Personnel:

i. Kiran B Agrawal

ii. Kanaiyalal B. Agrawal

Madhusudan C. Mashruwala & Co.
CHARTERED ACCOUNTANTS

301-303, 'AKIK', OPP. LIONS HALL,
MITHAKHALI, AHMEDABAD-380 006.
TELE. NO.: 26462430, 26467183

Finished products details:

Particulars	Opening stock	Production	Sales/ Captively consumed	Transferred to PRIL as per agreement to sell	Closing Stock
Alu. Alloys	0	43038	43038	0	0
Alu. Ingots	59438	2067498	1965860	161076	0
Alu. Cubes	5622	930678	909200	27100	0
Alu. Notch Bar	1437	1465846	1410500	56783	0
Alu. Wire Rods	26082	2365651	2313223	78510	0

Raw Materials quantity details:

Particulars	Opening stock	Purchase	Sales/ Captively consumed	Transferred to PRIL as per agreement to sell	Closing Stock
Alu. Scrap	412368	8436967	7776850	1072485	0
Furnace Oil	6290	515090	498744	22636	0
Furnace Coal	24720	489910	499930	14700	0

3. The following transactions with related parties took place in the ordinary course of business:

(Rupees in lacs)

Sr No.	Particulars of transactions	Subsidiary	Associate	Total
1.	Sales -Palco Recycle Industries Ltd.	32 (NIL)		32 (NIL)
	-Palco Recycle Exchange Ltd.		736 (17)	736 (17)
2.	Purchases -Palco Recycle Exchange Ltd.		3862 (4860.2)	3862 (4860.2)
3.	Inter- Corporate Deposit taken during the year -Palco Recycle Exchange Ltd.		1828 (222.76)	1828 (222.76)
	-Palco Recycle Industries Ltd.	20829 (282)		20829 (282)
4.	Inter- Corporate Deposit repaid during the year -Palco Recycle Exchange Ltd.		1239 (225)	1239 (225)
	-Palco Recycle Industries Ltd.	745 (NIL)		745 (NIL)
5.	Interest expense on inter-corporate deposits -Palco Recycle Exchange Ltd.		NIL (59.38)	NIL (59.38)

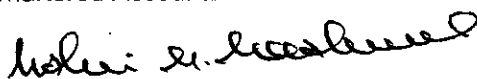
15. The details required under segment reporting as per AS 17 is not furnished as the company is having all products manufactured from single raw material i.e aluminium

16. The previous year figures have been regrouped and reworked wherever necessary.

For, Madhusudan C Mashruwala & Co.

For Palco Metals Ltd.

Chartered Accountants



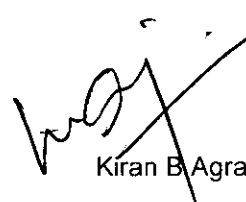
U.M Mashruwala

Partner

M.No. 38254

Place: Ahmedabad

Date: 27-08-2011



Kiran B. Agrawal

Director



Kanaiyalal B. Agrawal

Director

Cash Flow Statement of Palco Metals Ltd. Annexed to the balance sheet

Details	Year Ended 31-03-2011	Year Ended 31-03-2010
	Amt. Rs in lacs	Amt. Rs in lacs
(A) Cash flow from operating activities		
Net Profit before tax and extra ordinary items	0.83	231.99
Adjustment:		
Depreciation	0	52.92
Interest paid	0	230.03
Miscellaneous expenditure written off	0	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	2	0
Operating Profit before working capital changes	-1.17	515.98
(Increase)/Decrease in debtors	1034	-459.66
(Increase)/Decrease in stock	1139	-844.99
(Increase)/Decrease in Loans and Advances	896.87	-173.47
Increase/(Decrease) in Current Liabilities and Provisions	-895	617.38
Cash generated from operations	2173.7	-344.76
Taxes paid	0	-60.05
Net cash flow from operating activities	2173.7	-404.81
(B) Cash flow from investing activities		
Purchase of fixed assets	0	-7.78
Purchase of investments	-904	-25.06
Capital Work-in-progress	0	0
Sale of fixed assets	698	0
Sale of investments	0	0
Interest received	2	0
Dividend received	0	0
Net cash flow from investing activities	-204	-32.84
(C) Cash flow from financing activities		
Borrowings	-2034	660.2
Dividend paid including dividend tax	0	0
Interest paid	0	-230.03
Issue of new shares	0	0
Redemption of share capital	0	0
Net cash flow from financing activities	-2034	430.17
Net increase/(decrease) in cash & cash equivalents	-64.3	-7.48
Cash and cash equivalents at the beginning of the year	94.93	102.41
Cash and cash equivalents at the end of the year	30.63	94.93

Notes:

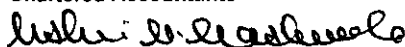
1. The cash flow statement has been prepared under the Indirect method as set out in the AS-3 issued by the Institute of Chartered Accountants of India.

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



U.M. Mashruwala

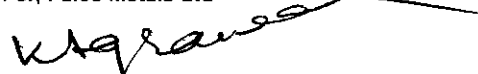
Partner

M.No:-038254

Place :- Ahmedabad

Date:-27-08-2011

For, Palco Metals Ltd



(Kanaiyala Agrawal)

Director

(Kiran Agrawal)

Director