

PALCO METALS LIMITED

51st ANNUAL REPORT 2011-12

BOARD OF DIRECTORS:	Mr. Kirankumar Babulal Agrawal	Chairman
	Mr. Kanaiyalal Babulal Agrawal	Whole Time Director
	Mr. Nareshchand Jain	Director
	Mr. Lalit Kumar Naredi	Director

AUDITORS: M/s. Madhusudan C. Mashruwala & Co.
Chartered Accountants, Ahmedabad

BANKERS: State Bank of India

REGISTERED OFFICE: Opp. Khanwadi, Ramol Road,
& WORKS Post Jantanagar, Ramol,
Ahmedabad
Gujarat-382449

REGISTRAR AND

SHARE TRANSFER

AGENT:

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

NOTICE

NOTICE is hereby given that the **FIFTY FIRST ANNUAL GENERAL MEETING** of the Members of **PALCO METALS LIMITED** will be held as scheduled below:

Date: 29th September, 2012

Day: Saturday

Time: 12.00 Noon

Place: At the Registered Office of the Company at:
Opp. Khanwadi, Ramol Road,
Post Jantanagar, Ramol,
Ahmedabad
Gujarat-382449

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended as on that date, together with the Schedules thereon, the Cash Flow Statement, the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Kanaiyalal Babulal Agrawal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Lalit Kumar Naredi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and in that connection to pass with or without modification, the following resolution as an Ordinary Resolution.

“RESLOVED THAT M/S. Madhusudan C. Mashruwala & Co., Chartered Accountants, Ahmedabad be and are hereby appointed as the auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Increase in Borrowing Limits:

“RESOLVED THAT the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. 50 Crores (Rupees Fifty Crores) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Creation of Charge:

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all or any part of the immovable and/or movable properties/assets of the Company wherever situate, both present and future, to or in favour of any Bank(s), Financial Institution(s), Company(ies) or other Organisation(s) or Institution(s) or Trustee(s) (hereinafter referred to as the 'Lending Agencies') in order to secure the loans (excluding temporary loans obtained from the Company's Bankers in the ordinary course of business) advanced/to be advanced by such lending agencies to the Company from time to time, subject to the limits approved under section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said borrowings.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to execute such deeds, documents or writings as are necessary or expedient, on behalf of the Company for creating the aforesaid mortgages and/or charges as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to the above resolution.”

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HERSELF/HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Friday, 21st September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
- 3) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
- 4) Member intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
- 5) Members are requested to:
 - a. Intimate, if shares are held in the same name or in the same order and names, but in more than account to enable the company to club the said accounts into one account.
 - b. Notify immediately the change in their registered address, if any, to the company.
- 6) The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars standing that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to MCS Limited, Registrar and Transfer Agent of the Company.

By Order of the Board,

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In respect of Item No. 5:

In terms of the provisions of Sections 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

Your Board recommends these resolutions for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

In respect of Item No. 6:

The borrowings of the Company in general are required to be secured from time to time by creation of mortgage or charge on all or any of the movable or immovable property/assets of the Company in such form and manner as may be required by the lenders and acceptable to the Board of Directors of the Company.

Mortgaging or creating charge by the Company of its assets to secure the funds borrowed from time to time within the overall limits of borrowing powers delegated to the Board of Directors, may be construed as disposal of the Company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956. It is therefore considered necessary for the Members to authorise the Board to create mortgage/charge on Company's Assets in the manner proposed in the resolution to secure the funds borrowed by the Company from time to time.

Your Board recommends these resolutions for your approval.

None of the Directors of the Company is, in any way, deemed to be concerned or interested in passing of these Resolutions.

By Order of the Board,

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors present the Annual Report together with the Audited Statement of Accounts for the year ended on **31st March, 2012**.

1. FINANCIAL RESULTS:

Particulars	(Rs. In lacs) Financial year Ended 31-03-2012 (12 Months)	(Rs. In lacs) Financial Year Ended 31-03-2011 (12 Months)
Operating Profit / Loss (Before Interest and Depreciation)	62.62	0.83
Less: Interest (Finance Cost)	0.10	--
Profit / Loss before Depreciation	62.52	--
Less: Depreciation	-	-
Profit / Loss for the year	62.52	0.83
Add: Extraordinary Income (Net)	-	-
Add: Prior period Income	-	--
Profit / Loss before Tax	62.52	0.83
Fringe Benefit Tax	-	-
Provision for Taxation	-	0.29
Excess Income Tax provision W/o	-	0.22
Profit / Loss after Tax	62.52	0.77

2. DIVIDEND:

With a view to conserve the resources, the board of directors of the company have not recommended any dividend for the year under review.

3. DIRECTORS

Mr. Kanaiyalal Babulal Agrawal retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Mr. Lalit Kumar Naredi retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures.
- b. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company at the end of financial year and of profit or loss of the company.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on going concern basis.

5. PERSONNEL:

Industrial relations continued to remain cordial and peaceful during the year under review.

6. LISTING:

The Equity Shares of the Company are listed on the Ahmedabad Stock Exchange.

7. CORPORATE GOVERNANCE:

The Report on Corporate Governance as per Clause 49 of the Listing Agreement is annexed.

8. DEMATERIALISATION OF EQUITY SHARES:

Shareholders have an option to dematerialise their shares with either of the depositories viz NSDL and CDSL. The ISIN allotted is INE239L01013.

9. AUDITORS:

The present Auditors of the Company M/S. Madhusudan C. Mashruwala & Co., Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for re-appointment under Section 224(1-B) of the Companies Act, 1956.

10. AUDITORS REPORT:

The observation made in the Auditors Report and Notes on accounts are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

11. PARTICULARS OF EMPLOYEES:

There is no employee drawing remuneration requiring disclosure under the Companies (Particulars of Employees) Rules, 1975.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information 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, regarding conservation of energy and technology absorption and Foreign Exchange earnings and outgo is attached as per **Annexure – I**, and conservation of energy as per **Annexure – II**.

13. ACKNOWLEDGEMENT:

Your Directors express their sincere gratitude for the assistance and cooperation extended by Financial Institutions, Banks, Government Authority, Shareholders, Suppliers, Customers and Stakeholders.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their level towards achievements of the Companies goals.

By Order of the Board,

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

ANNEXURE - I

The information 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, regarding conservation of energy and technology absorption and Foreign Exchange earnings and outgo

Particulars	Current Year (2011-12)	Previous Year (2010-11)
Foreign Exchange Earning	--	--
Foreign Exchange Outgo	--	1,35,141

The information 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, regarding conservation of Energy:

ANNEXURE - II

SR NO.	Particulars	For, 31 st March, 2012	For, 31 st March, 2011
A	Power and Fuel		
	1. Electricity	--	--
	A) Purchased		
	Unit	--	517232
	Total Amount in (lacs)	--	29.32
	Rate/ Unit (Rs.)	--	5.67
	B) Own Generation		
	Through diesel generator	--	--
	Unit	--	--
	Total Amount (Rs. In lacs)	--	--
	Rate/ Unit (Rs.)	--	--
	2. Coal	--	--
	3. Furnace oil	--	--
	4. LSHS of HDPE Fabrics /Sheets(Kg.)	--	--
B	Consumption per Unit of Production	--	--

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. It goes beyond mere financial measurement of the performance of the company, taking into consideration a basket of parameters such as employee satisfaction, shareholders satisfaction, commitment to quality etc. The management of the company believes that the corporate governance is the reflection of our culture, policies, our commitment to values and our relationship with Stakeholders. The Company is committed to Corporate Governance and endeavors to adhere to the highest standards of corporate value and ethics.

The Company has implemented the mandatory requirements of the Code of Governance as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Director Ships*	Committee (1)Membership / (2) Chairmanship in other Companies	No. of Board Meetings attended	Attendance at the AGM held on 29 th September, 2011 Yes(Y)/ No(N)
Kirankumar Babulal Agrawal, Chairman	Non Executive	3	2	9	Y
Kanaiyalal Babulal Agrawal	Executive	4	-	9	Y
Lalit Kumar Naredi	Independent Non-Executive	3	-	9	Y
Nareshchand Jain	Independent Non Executive	2	1	-	N
Ashokkumar Babulal Agrawal**	Non Executive	1	-	8	N

* Private companies excluded.

** Ceased as Director w.e.f. 16-04-2012.

b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Name of Director	Mr. Kanaiyalal Babulal Agrawal	Mr. Lalit Kumar Naredi
Date of Birth	13-03-1965	10-07-1960
Date of Appointment	17-08-1996	10-01-2005
Expertise in specific functional areas	Business Administration	Marketing and Administration
List of Public Limited Companies in which Directorships held	- Palco Metals Limited - Regal Entertainment And Consultants Limited - Palco Recycle Exchange Limited - Palco Recycle Industries Limited	- Palco Metals Limited - Wingate Developers Limited - Palco Recycle Industries Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Nil	Audit Committee and Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	Nil	Nil

c) Board Procedures:

The Board of Directors meets regularly to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/ Managing Director briefs the Directors at every Board Meeting, overall performance of the company.

All major decisions/ approvals are taken at the meeting of the Board of Directors such as policy formation, business plans, budgets, and investment opportunities, Statutory Compliance etc. The meetings of the board of directors were held on 29-04-2011, 14-07-2011, 21-07-2011, 27-08-2011, 21-10-2011, 25-10-2011, 25-11-2011, 21-01-2012 and 10-02-2012.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Kirankumar Babulal Agrawal	Chairman is independent Director and majorities are independent. Two members have thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meeting held on 29-04-2011, 21-07-2011, 22-08-2011, 21-10-2011 and 10-02-2012.
Lalit Kumar Naredi			
Nareshchand Jain			

4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation package for the Managing Director. It also reviews from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

The committee comprises the following Directors as members:

Mr. Kirankumar Agrawal, Non Executive
Mr. Nareshchand Jain, Non- Executive Independent
Mr. Lalit kumar Naredi, Non- Executive Independent

All the members attended the meetings held on 14-07-2011.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs. 1,80,000/- to Mr. Kanaiyalal Agrawal, Whole Time Director during the year 2011-12.
2. The other Directors were not paid sitting fees. No Commission or Stock Option has been offered to the Directors

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet etc.

Mr. Kirankumar Agrawal, Director and Mr. Lalit Kumar Naredi, Director are the Members of the Committee.

The Company received NIL complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st March, 2012.

6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2008-2009 (12 Months)	18-09-2009	11.00 a.m.	Registered Office at Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad Gujarat-382449
2009-2010 (12 Months)	26-08-2010	11.00 a.m.	
2010-2011 (12 Months)	29-09-2011	11.30 a.m.	

7. DISCLOSURES:

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company at large.
- b) There has neither been any intentional non compliance of any legal provision of applicable law, nor any penalty, structure imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

8. MEANS OF COMMUNICATIONS:

- a) In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after the Board of Directors takes them on record. These Financial Results are normally published in Western Times (English and Gujarati).

Results are not displayed on Website and Quarterly results are not sent individually to the Shareholders.

- b) During the year ended on 31st March, 2012, no presentation was made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and Analysis form part of the Annual Report.

9. SHAREHOLDERS' INFORMATION:

a	Registered Office	Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad, Gujarat - 382449	
b	Annual General Meeting	Day	Saturday
		Date	29 th September, 2012
		Time	12.00 Noon
		Venue	Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad Gujarat-382449
c	Financial Calendar	1 st Quarter Results Half-yearly Results 3 rd Quarter Results 4 th Quarter Results Audited yearly Results	Mid August, 2012. Mid November, 2012. Mid February, 2013. End May, 2013. End July, 2013.
d	Book Closure Dates	From	To
		21 st September, 2012	29 th September, 2012
e	Registrar and Share Transfer Agents	In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR-18/2003 dated 12 th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:	

		MCS Limited Ahmedabad Branch 101, 1st Floor, Shatdal Complex, Ashram Road, Ahmedabad - 380009	
f	ISIN	INE239L01013	
g	Dividend Payment Date	The Company has not declared Dividend	
h	Stock Exchange Code	Stock Exchange	Code
		Ahmedabad Stock Exchange Limited	04601

i) Stock Price Data : There has been no trading activity in the shares of the Company during the financial year 2011-12.

j) Share Transfer System:

The transfer of shares in physical form is processed and completed by M/s. MCS Limited generally within a period of 25 days from the date of receipt thereof.

In case of Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

k) Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Shareholding
Up to 500	1512	97.49	1,55,400	3.89
501 to 1000	13	0.84	8,720	0.22
1001 to 2000	7	0.45	10,200	0.25
2001 to 3000	0	0	0	0
3001 to 4000	2	0.13	8,000	0.20
4001 to 5000	0	0	0	0
5001 to 10000	1	0.06	5,200	0.13
10001 to 50000	2	0.13	52,000	1.30
50001 to 100000	1	0.06	73,520	1.84
Above 100001	13	0.84	36,86,960	92.17
Grand Total	1551	100	40,00,000	100

l) Category of Shareholders as on 31st March, 2012:

Category	No. of Shares held	% of Shareholding
Promoters including Promoter Company	2727040	68.18
Financial Institutions/ Banks	0	0
Mutual Fund	0	0
Bodies Corporate	0	0
NRIs	0	0
Foreign National	0	0
Other (Clearing Member)	0	0
Public	1272960	31.82
Total	4000000	100.00

m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ADRs.

n) Dematerialisation of Shares : The Company has entered into Shares Agreement with NSDL/CDSL for Dematerialisation of Shares. The Company has entered into Shares Agreement with NSDL/CDSL, dematerialisation of shares is under process.

10. CODE OF CONDUCT

The Company has an approved Code of Conduct applicable to Directors and Senior Management personnel. A certificate of affirmation in this regard forms part of this Report as Annexure 1.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in detail in Note to Accounts annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

12. CEO / CFO CERTIFICATION

The Managing Director of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

13. PLANT LOCATIONS:

The Company's Plant is situated at: Opp. Khanwadi, Ramol Road,
Post Jantanagar, Ramol,
Ahmedabad
Gujarat-382449

14. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:

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

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, relating to shares:

Registered Office : Opp. Khanwadi, Ramol Road,
Post Jantanagar, Ramol,
Ahmedabad
Gujarat-382449

Telephone Nos. : 079- 25850690

Compliance Officer : Mr. Pramod Ramanlal Agrawal

By Order of the Board,

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

Annexure 1 to Corporate Governance Report

CERTIFICATE

PALCO METALS LIMITED

DECLARATION UNDER CLAUSE 49 (I) (D) (ii)

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

To
The Members of
Palco Metals Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by M/s. Palco Metals Limited, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India. We have conducted over review on the basis of relevant records and documents maintained by the Company for the year ended 31st March, 2012 and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of review.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for period exceeding one month against the Company as per the records maintained and certified by the Company.

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

For Madhusudan C. Mashruwala & Co.,
Chartered Accountants
(Firm Reg. No.:105717W)

Place: Ahmedabad
Date: 01.09.2012

(U.M. Mashruwala)
Partner
Membership No.: 038254

MANAGEMENT DISCUSSION AND ANALYSIS

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 as well as in 2011 to its esteemed shareholders.

BUSINESS STRATEGY:

Your company has undergone the restructuring process last financial 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.

By Order of the Board,

Date: 01-09-2012
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

PALCO METALS LIMITED

Registered Office: Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad,
Gujarat-382449

**ATTENDANCE
SLIP**

51st Annual General Meeting

Saturday, the 29th September, 2012 at 12.00 Noon

Place: At the Registered Office of the Company at
Opp. Khanwadi, Ramol Road,
Post Jantanagar, Ramol,
Ahmedabad,
Gujarat-382449

Signature of Member/Proxy attending the meeting _____

Regd. Folio No. _____ No. of Shares held _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

PALCO METALS LIMITED

Registered Office: Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad,
Gujarat-382449

FORM OF PROXY

I/We _____ of
_____ in the district of _____ being
member/s of the above named Company hereby appoint _____ of
_____ in the district of _____ or failing him
_____ of _____ in the district of
_____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 51st Annual
General Meeting of the Company, to be held on Saturday, the 29th September, 2012 and/or at any
adjournment thereof.

Signed the _____ day of _____ 2012

Signature _____

Affix
Revenue
Stamp
of 30
paise

N.B.: This Proxy must be deposited
than 48 hours before the time

at the Registered Office of the Company not less
fixed for holding the meeting.