



PALCO METALS LIMITED



2004-2005

**PALCO
METALS
LIMITED**

BOARD OF DIRECTORS

Shri Kiran B. Agrawal
Shri Kanaiyalal B. Agrawal
Shri Ashok B. Agrawal
Shri Lalitkumar D. Gupta

BANKERS :

State Bank of Saurashtra
Shahibaug Branch,
Ahmedabad

AUDITORS :

M/s. MADHUSUDAN C.
MASHRUWALA & CO.

REGISTERED OFFICE :-

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

WORKS :-

Opp. Khanwadi, Ramol Road,
Post Jantanagar, Ramol,
Dist. Ahmedabad-382 449.

**44th ANNUAL REPORT
AND ACCOUNTS
2004-2005**

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Members of the company will be held on 25th August, 2005 at 11.00 A.M. at Registered Office of the Company at 604/B, Sahjanand Shopping Centre, Shahibaug Road, Ahmedabad-380 004 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance sheet as at 31st March 2005 and the profit & 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 Kiran B. Agrawal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditor's 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.

SPECIAL BUSINESS :

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

"Resolved that Mr. Lalitkumar D. Gupta who was appointed as an additional Director of the company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 be and is hereby appointed as a director by the company liable to retire by rotation".

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself 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 less than 48 hours before the commencement of the meeting.
2. The register of Member and share transfer book of the Company shall remain closed from 21/08/2005 to 25/08/2005 [Both days inclusive].
3. Members/Proxies are required to fill the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
4. Members are requested to notify immediately any change in their address, if any at the Registered Office of the Company, quoting their folio numbers.

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

Mr. Lalitkumar D. Gupta was appointed as an additional Director of the company w.e.f. 10.01.2005. He holds office only upto the date of Annual General Meeting in accordance with the provisions of Section 260 of the Companies Act, 1956. A notice in writing has been received from a member of the company pursuant to Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- signifying his intention to propose Mr. Lalitkumar D. Gupta for the office of Director of the Company.

None of the Director except Mr. Lalitkumar D. Gupta is in any way concerned or interested in the resolution.

Place : Ahmedabad
Date : 28th July, 2005

By order of the Board
Kiran B. Agrawal
Director

DIRECTOR'S REPORT:

Dear Shareholders,

Your Directors have pleasure in presenting the 44th Annual Report along with the audited Balance Sheet and Profit and Loss account for the year ended on 31st March, 2005 of your Company.

(1) FINANCIAL RESULT:

	<u>2004 - 2005</u>	<u>2003 - 2004</u>
	Amount	Amount
	(Rs. in '000)	(Rs. in '000)
Profit before Depreciation	4921	2952
Depreciation	1802	1021
Profit before Tax	3119	1932
Provision for Tax	235	600
Provision Deferred Tax	1150	(47)
Profit after Tax	1734	1379

(2) **OPERATION** : During the year Company has increased its turnover and has made a net Profit after tax of Rs. 17,33,787 as compared to the profit of Rs. 13,78,638 last year after achieving satisfactory result in its operation during the year, the Company continued its efforts during the year on improving the market for its products and popularizing its use. As a result of which your Directors are of the opinion that results in the coming years would also be satisfactory.

(3) **DIVIDEND** : Your Director does not recommend any Dividend for the financial year ended on 31st March, 2005.

(4) **DIRECTOR** : Kiran B. Agrawal who retires by rotation at the ensuing Annual General Meeting and he being eligible offer himself for reappointment. During the year Mr. Lalitkumar D. Gupta has been included as a director on the Board of the company.

(5) **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO**: Information as per section 217(1)(E) read with Companies Disclosure of particulars in the report of the Board of Directors Rule 1988 and forming part of the Directors Report for the year ended on 31st March, 2005.

(A) **CONSERVATION OF ENERGY** : The Directors have made full efforts to minimise the consumption of Electricity and Furnace Oil. There is marginal increase/decrease in consumption of Electricity and Furnace oil. The figure are given under:

(1) ELECTRICITY	<u>2004 - 2005</u>	<u>2003 - 2004</u>
Consumption of Total Unit	224963	103287
Consumption in Rupees	10,86,658	5,20,163
Average Rate per Unit	4.83	5.04
(2) FURNACE OIL	<u>2004 - 2005</u>	<u>2003 - 2004</u>
Consumption of Total Unit	219860	104010
Consumption in Rupees	30,66,281	13,03,666
Average Rate per Unit	13.95	12.53

(B) TECHNOLOGY ABSORPTION :

EXPANSION : The Aluminum wire rod plant which was purchased during the last year has been installed and has commenced the commercial production during the year under review.

(C) FOREIGN EXCHANGE EARNING & OUTGO	2004-2005	2003 - 2004
	Rs.	Rs.
Foreign Exchange Earning (FOB)	0.42 Lacs	3.49 Lacs
Foreign Exchange Outgo	1010.09 Lacs	638.39 Lacs

- (6) **FIXED DEPOSIT:** The Company has not accepted any fixed deposit from the public during the financial year 2004 - 2005.
- (7) **DIRECTORS RESPONSIBILITY STATEMENT:** Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors Declares that.
- (A) In preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (B) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates 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 of the profit / loss of the Company
- (C) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company for preventing and detecting fraud and other irregularities
- (D) The Directors have prepared the annual accounts on a going concern basis.
- (8) **AUDITORS :** M/s Madhusudan C. Mashruwala & Co. Chartered Accountants statutory Auditors of the Company hold office untill the conclusion of ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them that their reappointment, if made would be within the prescribed limits under section 224(1-B) of the companies Act, 1956.
- (9) **AUDITORS REPORT :** The notes of the Accounts referred to in the auditor's Reports are explanatory and therefore do not call any further comments.
- (10) **PARTICULARS OF EMPLOYEE :** The Company has not employed person drawing remuneration of Rs. 24/- Lacs or more per year or Rs 2/- Lacs or more per month in the financial year 2004-2005.
- (11) **AUDIT COMMITTEE :** The provision of section - 292 A relating to constitution of Audit Committee is not applicable to the Company.
- (12) **ACKNOWLEDGEMENT :** Your Directors would like to express their appreciation of the Co-operation received from the Labour & Staff of the Company and to valued clients, bankers and shareholders for their continued support.

Place : Ahmedabad
Date : 28th July, 2005

By order of the Board
Kiran B. Agrawal
Director

MADHUSUDAN C. MASHRUWALA & CO.
CHARTERED ACCOUNTANTS
AUDITORS' REPORT TO THE SHAREHOLDERS

To,
The Members of
Palco Metals Limited
Ahmedabad.

We have audited the attached balance sheet of **Palco Metals Limited**, as at 31st March 2005, the profit and loss account 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.

1. We conducted our audit in accordance with the 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.
2. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. 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 purpose 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 the books.
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account 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 the written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005, 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 the affairs of the Company as at 31st March, 2005.
 - (b) In the case of Profit & Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow statement of the cash flows of the Company for the year ended on that date

FOR MADHUSUDAN C. MASHRUWALA & CO.
CHARTERED ACCOUNTANTS

AHMEDABAD

(U. M. MASHRUWALA)
PARTNER
MEMBERSHIP NO. 38254

Date : 28th July, 2005

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 programme 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 disposed off a major part of the old plant and machinery and the company has replaced with new plant and machinery.
- (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 had not granted any loan Secured or Unsecured to Companies firm or other parties, covered in the register 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 provisions of clause 4(iii)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to 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 loan from one company for Rs. 71 lakhs covered in the register 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) The payment of principal amount and interest are regular.
- (iv) In our opinion and 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.
- (v) (a) The Company has not made any transactions 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 provisions of the Act and the Companies (Acceptance of Deposits) Rule, 1975 with regard to the deposits accepted from the public.

- (vii) The Company does not have an internal audit system.
- (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 information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, Service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-3-2005 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (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 provisions of clause 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 4(xiv) 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 has 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.

**FOR MADHUSUDAN C. MASHRUWALA & CO.
CHARTERED ACCOUNTANTS**

Place : AHMEDABAD

Date : 28th July, 2005

(U. M. MASHRUWALA)
PARTNER
MEMBERSHIP NO. 38254

PALCO METALS LIMITED, AHMEDABAD

BALANCE SHEET AS AT 31ST MARCH, 2005

LIABILITIES	SCHEDULE	CURRENT YEAR 31-3-2005 (Rs. in'000)	PREVIOUS YEAR 31-3-2004 (Rs. in'000)
<u>SOURCES OF FUNDS :-</u>			
<u>SHARE HOLDERS' FUNDS :-</u>			
Share Capital	A	10000	10000
Preference Share Capital	A	10000	10000
Reserves & Surplus	B	18227	17859
		38227	37859
<u>LOAN FUNDS :-</u>			
Secured Loans	C	25839	14091
Unsecured Loans	D	17514	11256
		43353	25347
Deferred Tax Liability		1214	64
		82794	63270
TOTAL : Rs.		82794	63270
<u>APPLICATION OF FUNDS :-</u>			
<u>FIXED ASSETS :-</u>			
	E		
Gross Block		38873	32133
Less : Depreciation		12293	14466
		26580	17667
Capital : Work in progress		0	3532
		26580	21199
<u>CURRENT ASSETS, LOANS & ADVANCES :-</u>			
Inventories	F	16394	9127
Sundry Debtors	G	46337	41090
Cash & Bank Balance	H	3219	2059
Loans & Advances	I	4601	4102
		70551	56378
Less : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	J	13529	12993
Provisions	K	808	1314
		14337	14307
Net Current Assets		56214	42071
TOTAL : Rs.		82794	63270

Notes forming part of the Accounts Schedule "S"

As per our report of even date attached herewith.

FOR MADHUSUDAN C. MASHRUWALA & CO.

CHARTERED ACCOUNTANTS

(U. M. Mashruwala)

PARTNER

PLACE : AHMEDABAD

DATE : 28th July, 2005

FOR PALCO METALS LIMITED

KIRAN B. AGRAWAL DIRECTOR

KANAIYALAL B. AGRAWAL DIRECTOR

ASHOK B. AGRAWAL DIRECTOR

LALITKUMAR D. GUPTA DIRECTOR

PLACE : AHMEDABAD

DATE : 28th July, 2005

PALCO METALS LIMITED, AHMEDABAD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

PARTICULARS	Schedule	CURRENT YEAR 31-3-2005 (Rs. in'000)	PREVIOUS YEAR 31-3-2004 (Rs. in'000)
INCOME :-			
Sales & Other operational Income	L	263010	224620
Increase/(Decrease) in stock	M	3081	28
		266091	224648
		266091	224648
EXPENDITURE :-			
Purchases for Trading	N	0	981
Raw & Other Materials	O	237069	205659
Manufacturing Expenses	P	14994	8611
Administrative & Sales Exps.	Q	4684	2932
Financial & Similar Exps.	R	4423	3513
		261170	221696
		261170	221696
Profit before Depre. & Taxation		4921	2952
Depreciation	E	2357	1612
Less : Amount transfered from Revaluation Reserve		555	591
		1802	1021
Net Profit before Tax		3119	1932
Less : Provision for Taxation		235	600
Deferred Tax		1150	(47)
Profit for the year		1734	1379
Balance as per last Balance Sheet		8463	7084
Balance carried to Balance Sheet		10197	8463
Basic and diluted earnings per share (in Rs.) (Schedule S Note 12)		1.73	1.38

Notes forming part of the Accounts Schedule "S"

As per our report of even date attached herewith.

FOR MADHUSUDAN C. MASHRUWALA & CO.

CHARTERED ACCOUNTANTS

(U. M. Mashruwala)

PARTNER

FOR PALCO METALS LIMITED

KIRAN B. AGRAWAL . DIRECTOR

KANAIYALAL B. AGRAWAL DIRECTOR

ASHOK B. AGRAWAL DIRECTOR

LALITKUMAR D. GUPTA DIRECTOR

PLACE : AHMEDABAD

DATE : 28th July, 2005

PLACE : AHMEDABAD

DATE : 28th July, 2005

PALCO METALS LIMITED, AHMEDABAD

SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AS ON 31-3-2005

PARTICULARS	AS AT 31-3-2005 (Rs. in'000)	AS AT 31-3-2004 (Rs. in'000)
SCHEDULE : A		
SHARE CAPITAL		
Authorised :	10000	10000
10,00,000 Equity Shares of Rs.10/- each		
10,00,000 8.5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each	10000	10000
	<u>20000</u>	<u>20000</u>
Issued subscribed and paid up :-		
10,00,000 Equity Shares of Rs. 10/- each	10000	10000
10,00,000 8.5% Non Cumulative Redeemable Preference Shares of Rs. 10/- each	10000	10000
	<u>20000</u>	<u>20000</u>
SCHEDULE : B		
RESERVES & SURPLUS		
General Reserve	747	747
Share Capital Reserve	3	3
Revaluation Reserve :-		
Balance as per Last year	8647	9238
Less : Adjustment in respect of Fixed Assets sold	775	0
Less : Transfer to Profit and Loss Account	<u>591</u>	<u>591</u>
	7281	8647
Balance in Profit & Loss Account	<u>10197</u>	<u>8642</u>
	<u>18227</u>	<u>17859</u>
SCHEDULE : C		
SECURED LOANS		
(1) Loan from Bank :-		
From State Bank of Saurashtra	25839	14091
 (includes FCNR loan San tioned \$ 1 lakh) (Current Year Rs. NIL) (Secured by first mortgage on land including building thereon admeasuring 17000 sq. yd. and hypothecation of all movable proprieties including plant and machinery, and raw materials, stores, spares, finished goods and book debts.		
Total : Rs.	<u>25839</u>	<u>14091</u>

PARTICULARS	AS AT 31-3-2005 (Rs. in'000)	AS AT 31-3-2004 (Rs. in'000)
SCHEDULE : D		
UNSECURED LOANS		
Loan From Companies/Other Firms		
Loan from Companies	14597	11256
Loan from others	2917	—
Total	17514	11256
<hr/>		
Deferred Tax Liability	1214	64
	1214	64

SCHEDULE : E

FIXED ASSETS

(Rs. in'000)

Description	Opening Balance	Addition during the year	Ded. During the Yr.	Total	Depre. upto 31-3-2004	Ded. during the Yr.	Depre. for the year	Total Depre.	Net Block As on 31-3-2005	Net Block As on 31-3-2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Hold Land	6909	—	—	6909	—	—	—	—	6909	6909
Goodwill	17	—	—	17	—	—	—	—	17	17
Factory Building	3965	2161	—	6126	2115	—	316	2431	3695	1850
Office Building	1094	—	—	1094	650	—	22	672	422	444
Plant & Machineries	9948	8533	6181	12299	7728	4531	862	4059	8240	2220
Electric Installation	777	2122	—	2899	642	—	298	940	1959	135
Furniture & Fixtures	214	23	—	238	191	—	4	195	43	24
Air Condition	20	20	—	40	10	—	3	12	28	10
Vehicles	101	—	—	101	83	—	5	88	13	18
Laboratory Equipments	139	—	—	139	105	—	4	109	30	34
Computers	202	62	—	264	183	—	11	194	70	19
Fax Machine	13	—	—	13	7	—	1	8	5	6
Air Cooler	7	—	—	7	2	—	1	3	4	5
Co's Own Dies	8727	—	—	8727	2750	—	831	3582	5145	5976
TOTAL : Rs.	32133	12921	6181	38873	14466	4531	2358	12293	26580	17667
Capital Workin progress	3532	—	3532	—	—	—	—	—	—	—
Previous Year : Rs.	32092	41	—	32133	12855	—	1612	14466	21199	19237

SCHEDULE : F

INVENTORIES : As taken valued & Certified by The Management

Raw Materials (Al, Copp, I&S, MN Ore, MN, Sili & DEPB)	6908	2899
Stores (Coal, furnace Oil)	411	234
Work in Progress	268	484
Finished Goods	8807	4529
Trading Material (Ferro Boron)	0	981
	<u>16394</u>	<u>9127</u>

SCHEDULE - G

SUNDRY DEBTORS (Considered Good)

Outstanding for less than 6 months	46253	40095
Outstanding for more than 6 months	84	995
	<u>46337</u>	<u>41090</u>

PARTICULARS	AS AT 31-3-2005 (Rs. in'000)	AS AT 31-3-2004 (Rs. in'000)
SCHEDULE - H		
CASH & BANK BALANCES		
Bank of Baroda (FD)	1	1
Cash on Hand	238	104
Cheques on Hand	1700	799
State Bank of Saurashtra Fixed Deposit (including interest accrued thereon)	1224	1118
Bank Balances with Schedule Banks in Current Accounts	56	37
Total : Rs.	3219	2059
SCHEDULE - I		
LOANS & ADVANCES		
Deposits with other Firms	244	31
Staff Loan	433	237
Advance Income Tax & TDS		
TDS (04-05)	355	267
Other Advance Tax	30	318
	385	585
Employees Gratuity Trust Fund	269	276
Balance with Excise Department	1356	145
Prepaid Expenses	12	0
Other Advance	1902	2828
Total : Rs.	4601	4102
SCHEDULE - J		
CURRENT LIABILITIES		
Sundry Creditors for Goods & Exps.	13195	11709
Sundry Creditors for Capital Exps.	0	65
Advance received from customers (Buss. Adv.)	334	1219
	13529	12993
SCHEDULE - K		
PROVISIONS		
Provision for expenses	573	714
Provision for Taxation	235	600
	808	1314

PALCO METALS LIMITED, AHMEDABAD

SCHEDULE ATTACHED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-2005

PARTICULARS	AS AT 31-3-2005 (Rs. in'000)	AS AT 31-3-2004 (Rs. in'000)
SCHEDULE : L		
SALES & OTHER INCOME		
Sales	251705	215259
Sales (Service)	8927	7635
Commission	1600	1600
Other Income	299	126
Profit in Sale of Machinery	479	0
TOTAL : Rs.	263010	224620
SCHEDULE : M		
INCREASE/(DECREASE) IN STOCK :-		
Opening Stock :-		
Finished Goods	4529	5452
Work in Process	484	514
Trading Materials (Ferro Boron)	981	0
	5994	5966
Less : Closing Stock		
Finished Goods	8807	4529
Work in Process	268	484
Trading Material (Ferro Boron)	0	981
	9075	5994
TOTAL : Rs.	3081	28
SCHEDULE : N		
PURCHASES FOR TRADING		
Alluminium, Brass, Iron & Steel	0	981
TOTAL : Rs.	0	981

PARTICULARS	AS AT 31-3-2005 (Rs. in'000)	AS AT 31-3-2004 (Rs. in'000)
SCHEDULE : O		
RAW MATERIAL & OTHER MATERIALS :-		
Consumption of Alluminium, Silicon, Zinc, Diesteel, Magnesium, etc.		
Opening Stock :-		
Raw Material	2898	7133
	2898	7133
Purchases during the year		
Raw Material	241079	201425
	241079	201425
Less : Closing Stock		
Raw Material	6908	2899
Stores & Loose Tools	0	0
	6908	2899
TOTAL : Rs.	237069	205659

SCHEDULE : P		
MANUFACTURING EXPENSES :-		
Power & Fuel	4915	2610
Freight & Octroi	2731	638
Sales & Other Taxes	4154	4048
Packing & Forwarding Exps.	492	218
Production & Factory Expenses	1330	481
Job Work Expenses	1372	616
TOTAL : Rs.	14994	8611

PARTICULARS	AS AT	AS AT
	31-3-2005 (Rs. in'000)	31-3-2004 (Rs. in'000)
SCHEDULE : Q		
ADMINISTRATIVE, SALES & PERSONNEL EXPENSES :-		
Salaries & Wages	1882	852
Contribution to P.F. & Other Fund	120	75
Workers & Staff Welfare Exps.	1	33
Postage, Telephone & Telegram	207	183
Land, Office, Godown Rent & Taxes	21	21
Legal and Professional Charges	371	78
Advertisement	15	11
Travelling & Conveyance	110	28
Travelling (Foreign)	284	95
Office & Miscellaneous Exps.	275	213
Donation	2	5
Repairs & Maintenance		
Plant & Machinery		11
Others	11	8
Commission, Sales & Distri. Exps.	794	843
Insurance Exps.	361	476
Bad Debts	230	0
TOTAL	<u>4684</u>	<u>2932</u>

SCHEDULE : R

FINANCIAL CHARGES :-

Bank Charges	368	541
Interest Paid	4055	2972
TOTAL	<u>4423</u>	<u>3513</u>

SCHEDULE : "S"

ACCOUNTING POLICIES AND NOTES FORMING PARTS OF THE ACCOUNTS

A) **Significant Accounting Policies :-**1) **Accounting Concepts :-**

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) **Sales :-**

Sales are shown after deducting business kasar vatav and goods return.

3) **Research and Development :-**

The expense incurred on research and development during the year is written off to revenue expenses during the same year.

4) **Fixed Assets :-**

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.

5) **Depreciation :-**

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.

6) (a) Finished Stock 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.

7) **Foreign Currency Transactions :-**

All foreign Currency Transactions 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 fluctuations of exchange rates is charged to Profit and Loss Account.

8) **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 differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(B) **NOTES ON ACCOUNTS :-**

1) Plant and Machinery, Electric Installation, Laboratory equipments and Furniture and fixtures and lease hold land, Factory and office building were revalued as on 1996-1997. As a result the Gross value of fixed assets includes revaluation amount of Rs. 1,38,20,263/- which was transferred to revaluation reserve. Depreciation for the year includes Rs. 5,55,294/- [Previous Year Rs. 5,90,918/-] being depreciation on the increased amount of assets due to revaluation and an equivalent amount has been transferred from Revaluation Reserve to the Profit and Loss Account.

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) Payment to Auditors :- | <u>2004-2005</u> | <u>2003-2004</u> |
| Audit Fees | 14,326 | 14,040 |
| For Taxation Work | 6,061 | 5,940 |
| For others | | |
- 4) The previous year figures have been regrouped and rearranged wherever necessary.
- 5) License Capacity :-
Not Applicable
- 6) Foreign Travelling Expenses (Directors) Rs. 2,84,434/-
(Previous Year Rs. 94,850/-)
- 7) Foreign Exchange Earnings :-
Export of Aluminium utensiles of FOB value Rs. NIL (Previous year Rs 3,48,674/-)
- 8) Provision for gratuity has not been made as there is no gratuity liability for the current year.
- 9) Remuneration to Directors Rs. 1,80,000 (Previous Year Rs. NIL)

10) **Quantity Details :-**

(a) **Finished Products Details :-**

	<u>2004-2005</u>		<u>2003-2004</u>	
	(Rs. in'000)	Kg.	(Rs. in'000)	Kg.
Opening Stock	4529		5453	
Casting Nos.		22,007		53,569
Alu Alloys		46,063		61,003
Ferro Alloys		47		4,300
Copper Alloys		0		0
Production :-				
Casting Nos.		56,028		1,64,307
Alu. Alloys		21,96,938		21,75,497
Ferro Alloys		2,07,603		7,797
Copper Alloys		0		0
Sales	260945		222894	
Casting Nos.		67,557		1,95,869
Alu. Alloys		21,55,837		21,90,437
Ferro Alloys		1,98,450		12,050
Copper Alloys		0		0
Closing Stock	8807		4529	
Casting Nos.		10,478		22,007
Alu. Alloys		87,164		46,063
Ferro Alloys		9,200		47
Copper Alloys		0		0

(b) **Raw Material Consumption Detail :-**

	<u>2004-2005</u>		<u>2003-2004</u>	
	(Rs. in'000)	Kgs.	(Rs. in'000)	Kgs.
Alluminium	217235	40,37,966	203591	35,85,320
Copper	31	334	703	7,736
Brass Scrap	0	0	0	0
Zinc	0	0	138	3,928
Iron & Ferrous	1031	88,335	969	26,427
Manganese - Ore	—	—	256	74,785
Coal, Oil, Lime (KG/LIT)				
Silico Man.Store				
Waste Paper,etc.	5122	1,09,370	2551	3,97,802

(c)Raw Material Purchase details :-	<u>2004-2005</u> (Rs. in'000)	<u>%</u>	<u>2003-2004</u> (Rs. in'000)	<u>%</u>
Indigenous	140069	58	141178	69
Imported	101009	42	63838	31
TOTAL Pur.	<u><u>241078</u></u>		<u><u>205016</u></u>	

10) Deferred Tax :-

<u>Particular</u>	<u>2004-2005</u> (Rs. in'000)	<u>2003-2004</u> (Rs. in'000)
Deferred Tax Liability on account of Fixed Assets excess net block Over written down value as per the Provisions of the Income Tax Act, 1961	<u>1214</u>	<u>64</u>
Total : A	1214	64
Deferred Tax Assets :-	<u>Total : B</u> NIL	<u>NIL</u>
Deferred Tax Liability Total (A+B)	<u><u>1214</u></u>	<u><u>64</u></u>

11) Related Party Disclosures :-

Related Party Disclosures as required by Accounting Standard 18 on "Related Party Disclosures" are given below :-

A) List of Related Parties :-

Associates

Krishna Capital & Securities Ltd

B) The following transactions were carried out with the related parties in the ordinary course of business

	<u>2004-2005</u>	<u>2003-2004</u>
	(Rs. in'000)	(Rs. in'000)
(1) Intercorporate loans taken during the year	7,100	10,653
(2) Interest expense on intercorporate loans taken	1,507	1,454.45
(3) Commission paid during the year	—	77.32

12) Earning Per Share (EPS) : as per Accounting standard 20

The numerators and denominators used to calculate Basic and

Diluted Earnings per share :-

		<u>Year ended</u>	<u>Year ended</u>
		<u>31-3-2005</u>	<u>31-3-2004</u>
(A) Profit attributable to the Equity Share holders	(Rs. in'000)	1,734	1,378
(B) Basic/weighted average number of Equity Shares	Nos.	10,00,000	10,00,000
(C) Nominal value of Equity Shares	Rs.	10.00	10.00
(D) Basic/Diluted Earnings Per Share (A/B)	Rs.	1.73	1.38

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(C) ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

1. REGISTRATION DETAILS :-

Registration No.	998
State Code	04
Balance Sheet date	31-3-2005

2. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSAND)

Public Issue	Nil	Right Issue	Nil
Private placement	Nil	Bonus Issue	Nil

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN THOUSANDS)

Total Liabilities	82,794	Total assets	82,794
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SOURCES OF FUNDS

Paid up capital	20,000
Reserve and Surplus	18,227
Secured Loans	25,839
Unsecured Loans	17,514
Deferred Tax Liability	1,214

APPLICATION OF FUNDS

Net Fixed assets	26,580
Investments	—
Net Current Assets	56,214
Misc. expenditure	—
Accumulated losses	—

4. PERFORMANCE OF THE COMPANY (AMOUNT IN RUPEES THOUSANDS)

Turnover (incl. other income)	2,63,010	Total expenditure	2,59,891
Profit before tax	3,119	Profit after tax	1,734
Earning per share (Rs.)	1.73	Dividend Rate (%)	Nil

**5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(AS PER MONETARY TERMS)**

PRODUCT DESCRIPTION

MANUFACTURING OF ALUMINIUM ALLOYS/SHOT/CUBES/NOTCHBAR/POWDER/FERRO ALLOYS, FERRO MANGANESE/DIES/JIGS & FIXTURES/ALUMINIUM AND ZINC BASE NON FERROUS PRESSURE AND GRAVITY DIECAST COMPONENTS.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	For the year ended 31-3-05 (Rs. in'000)	For the year ended 31-3-04 (Rs. in'000)
A. Cash Flow from Operating Activities :-		
Net Profit before Tax	3,119	1,932
Adjustment for :-		
Depreciation	1,802	1,021
Interest	4,055	3,032
Bad Debts W/o	230	/ -
Profit in Sale of Assets	(479)	-
	<u>8,727</u>	<u>5,985</u>
Operating profit before working Capital changes :-		
Decrease/(Increase) in Sundry Debtors	(5,526)	(20,138)
Decrease/(Increase) in Inventories	(7,267)	4,145
Decrease/(Increase) in Loans and Advances	(298)	396
Increase/(Decrease) in Current Liabilities	618	3,688
Inventories capitalised	-	-
	<u>(3,746)</u>	<u>(5,924)</u>
Cash Inflow/[outflow] from Operations :-		
Interest Paid	(4,055)	(3,032)
Direct Taxes Paid	(201)	(635)
Net Cash Inflow/[Outflow] from Operating Activities (a)	<u>(8,002)</u>	<u>(9,591)</u>
B. Cash Flow from Investing Activities :-		
Purchase of Fixed Assets	(10,163)	(3,573)
Net Cash Flow/[outflow] from Investing Activities (b)	<u>(10,163)</u>	<u>(3,573)</u>
C. Cash Flow from Financing Activities		
Sale of Fixed Assets	1,319	-
Long Term Borrowings	11,748	14,060
Short Term Borrowings	6,258	(210)
Increase in Share Capital	-	-
Net Cash Inflow/[outflow] from Financing Activities (c)	<u>19,325</u>	<u>13,850</u>
Net Increase/(Decrease) in Cash & Cash Equivalent (a+b+c)	1,160	686
Add : Cash and Cash equivalents of at beginning of the year	2,059	1,373
Cash and Cash equivalents as at end of the year	3,219	2,059

Notes :-

1. The Cash Flow has been prepared under the Indirect Method as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants for 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

FOR PALCO METALS LIMITED

KIRAN B. AGRAWAL DIRECTOR

KANAIYALAL B. AGRAWAL DIRECTOR

ASHOK B. AGRAWAL DIRECTOR

LALITKUMAR D. GUPTA DIRECTOR

PLACE : AHMEDABAD

DATE : 28th July, 2005

PLACE : AHMEDABAD

DATE : 28th July, 2005

ATTENDANCE SLIP
PALCO METALS LIMITED

Registered office :- 604/B, Sahjanand Shopping Centre, Shahibaug Road, Ahmedabad-380 004.
PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL Joint Shareholders may obtain additional Attendance Slip on request (Reg. Code No. & Name of the Shareholder / Joint holders / Proxy & address as given on the envelop in BLOCK LETTERS to be furnished below)

Shareholder : _____ Reg. Code _____ No. of _____

Proxy _____ No. Shares held _____

I hereby record my presence at the 44th Annual General Meeting of the
Company on the 25th August, 2005 at 11.00 A.M.

SIGNATURE OF THE
SHAREHOLDER OR PROXY _____

NOTES :

- (1) Shareholders/Proxy holder are requested to bring the Attendance Slip with them when he come to the meeting and hand it over at the gate after affixing their signature on it.
- (2) This meeting is only for members or thier proxies. Please therefore do not bring any person who is not a member or a proxy in the meeting.

FORM OF PROXY
PALCO METALS LIMITED

Registered office :- 604/B, Sahjanand Shopping Centre, Shahibaug Road, Ahmedabad-380 004.
(Reg. Code No. & Name of the Shareholder, Joint holder, Joint Holders & Address as given on the envelop in BLOCK LETTERS to be furnished below)

Reg. Code No.	No. of Shares held

I/We _____ of _____ being a member
of **PALCO METALS LIMITED**
hereby appoint.

_____ of _____ or failing him
_____ of _____ my/our

Proxy to vote for me/us and on my/our behalf at the 44th Annual general Meeting of the company to be held on 25th August, 2005 at 11.00 A.M. and at any As witness my/our hand(s) this day of 2005.

Signed by the said _____

**Affix a Rs.1/-
Revenue
Stamp**

Note : The proxy form must be returned so as to reach the Registered office of the Company latest by 25th August, 2005.

BOOK - POST
(Printed Matter)

To, _____

From :

if undelivered, please return to :

PALCO METALS LIMITED

Regd. Off. : 604/B, Sahjanand Shopping Centre, Shahibaug Road, Ahmedabad-380 004.