

PALCO METALS LIMITED

ANNUAL REPORT 2012-13

BOARD OF DIRECTORS:

Mr. Kirankumar Babulal Agrawal	Chairman
Mr. Kanaiyalal Babulal Agrawal	Whole Time Director
Mr. Nareshchand Jain	Director
Mr. Narendra Agrawal	Director

AUDITORS:

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

BANKERS:

State Bank of India

**REGISTERED OFFICE
& WORKS:**

Opp. Khanwadi, Ramol Road,
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 **ANNUAL GENERAL MEETING** of the Members of **PALCO METALS LIMITED** will be held as scheduled below:

Date: 30th September, 2013

Day: Monday

Time: 10.00 a.m.

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, 2013 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. Kirankumar Babulal Agrawal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Nareshchand Jain, 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. Appointment of Mr. Narendra Agrawal as a Director of the Company

To consider and if thought fit, to pass with or without modification, the following resolutions as an **ORDINARY RESOLUTION**:

“RESOLVED THAT Mr. Narendra Agrawal, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 15th December, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed with effect from the commencement of this meeting as Director of the Company, liable to retire by rotation.”

By Order of the Board,

Date: 30-05-2013
Place: Ahmedabad

Kanaiyalal Agrawal
Whole Time Director

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 Thursday, 26th September, 2013 to Monday, 30th September, 2013 (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: 30-05-2013
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:

Mr. Narendra Agrawal was appointed as Additional Director by the Board on 15th December, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing the name of Mr. Narendra Agrawal for the office of Director.

None of the Directors, except Mr. Narendra Agrawal is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

By Order of the Board,

Date: 30-05-2013
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, 2013**.

1. FINANCIAL RESULTS:

Particulars	(Rs. In lacs) Financial year Ended 31-03-2013 (12 Months)	(Rs. In lacs) Financial Year Ended 31-03-2012 (12 Months)
Operating Profit / Loss (Before Interest and Depreciation)	17.46	62.62
Less: Interest	0.07	0.10
Profit / Loss before Depreciation	17.39	62.52
Less: Depreciation	-	-
Profit / Loss for the year	17.39	62.52
Add: Extraordinary Income (Net)	-	-
Add: Prior period Income	-	-
Profit / Loss before Tax	17.39	62.52
Fringe Benefit Tax	-	-
Provision for Taxation	4.88	-
Profit / Loss after Tax	12.51	62.52

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

During the year under review, Mr. Lalitkumar Naredi was ceased to act as a Director of the Company with effect from 15th December, 2012.

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

Mr. Nareshchand Jain retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

During the year under review, Mr. Narendra Agrawal was appointed as Additional Director of the Company with effect from 15th December, 2012. It is proposed to appoint him as Director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

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. GENERAL:

9.1 INSURANCE:

The Company's properties continued to be adequately insured against risks such as fire, riots, strikes etc.

9.2 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.

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

The notes of the auditors are self explanatory in the nature.

9.3 PARTICULARS OF EMPLOYEES:

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

10. 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**.

11. ACKNOWLEDGEMENT:

Your Directors express their sincere gratitude for the assistance and cooperation extended by 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: 30-05-2013
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 (2012-13)	Previous Year (2011-12)
Foreign Exchange Earning	-	-
Foreign Exchange 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:

ANNEXURE - II

SR NO.	Particulars	For, 31 st March, 2013	For, 31 st March, 2012
A	Power and Fuel	-	-
	1. Electricity	-	-
	A) Purchased	-	-
	Unit	-	-
	Total Amount in (lacs)	-	-
	Rate/ Unit (Rs.)	-	-
	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 Of HDPE fabrics/ sheets (kg.)	-	-

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:

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies and membership/chairmanship in committees of other companies. The particulars of composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the numbers of directorships / memberships of committees of other companies are as under:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Directorships*	Committee (1)Membership/ (2) Chairmanship in other Companies	No. of Board Meetings attended	Attendance at the AGM held on 29 th September, 2012 Yes(Y)/ No(N)
Kirankumar Babulal Agrawal	Non Executive	2	2	9	Y
Kanaiyalal Babulal Agrawal	Executive	3	1	9	Y
Lalit Kumar Naredi**	Independent Non-Executive	N.A.	N.A.	5	Y
Nareshchand Jain	Independent Non Executive	1	1	2	Y
Narendra Agrawal***	Independent Non Executive	Nil	Nil	1	Y

* These numbers exclude the directorship/committee membership held in the Company and in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956 and alternate directorship. Further, it includes only the chairmanship / membership of the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Clause 49 of the Listing agreement, which were placed before the Board.

** Ceased as Director w.e.f. 15-12-2012.

*** appointed as an additional Director w.e.f. 15-12-2012

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

Name of Director	Mr. Kirankumar Babulal Agrawal	Mr. Nareshchand Jain
Date of Birth	23-10-1964	27-07-1959
Date of Appointment	17-08-1996	28-03-2006
Expertise in specific functional areas	Accounts & Finance	Technical Matters
List of other Public Limited Companies in which Directorships held	- Palco Recycle Exchange Limited - Palco Recycle Industries Limited	- Palco Recycle Industries Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee Share Transfer & Investor's Relationship Committee Remuneration Committee	Audit Committee Remuneration Committee
Chairman/Member of the Committees of Directors of other Companies	Audit Committee	Audit Committee

c) Shareholding of Non-Executive Directors as on 31st March, 2013:

Sr. No.	Name of Director	No. of Shares held
1.	Kirankumar Babulal Agrawal	4000
2.	Nareshchand Jain	-
3.	Narendra Agrawal	190000

d) 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 16-04-2012, 03-05-2012, 13-08-2012, 01-09-2012, 30-10-2012, 14-11-2012, 15-12-2012, 02-01-2013, 29-01-2013.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee
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.
Narendra Maheshchand Agrawal		
Nareshchand Jain		

Details of the attendance of the Members at the same are summarized below:

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1)	Kirankumar Babulal Agrawal	5	5
2)	Narendra Maheshchand Agrawal	1	1
3)	Nareshchand Jain	5	5

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:

Shri Kirankumar Agrawal, Member- Non- Executive
Shri Nareshchand Jain, Non- Executive Independent
Shri Narendra Agrawal, Non- Executive Independent

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 2012-13.
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, Chairman and Mr. Kanaiyalal Agrawal, Whole Time Director are the Members of the Committee.

Mr. Pramod Ramanlal Agrawal is the Compliance Officer for the above purpose.

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, 2013.

6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2009-2010 (12 Months)	26-08-2010	11.00 a.m.	Registered Office at Opp. Khanwadi, Ramol Road, Post Jantanagar, Ramol, Ahmedabad. Gujarat-382449
2010-11 (12 Months)	29-09-2011	11.30 a.m.	
2011-12 (12 Months)	29-09-2012	12.00 noon	

During the year under review, no special resolution was passed through postal ballot or Extra Ordinary General Meeting and as of day, there is no proposal to pass any special resolution through postal ballot.

Details of Special Resolution passed in the last three Annual General Meeting:

Special Resolution for the re-appointment of Mr. Kanaiyalal B. Agrawal as Whole time Director of the Company for the period of five years w.e.f. 01/08/2011 in Annual General Meeting dated 29th September, 2011.

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 they are taken on record by the Board of Directors. 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, 2013, 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	Monday
		Date	30 th September, 2013
		Time	10:00 A.M.
		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 Audited yearly Results	Mid August, 2013. Mid November, 2013. Mid February, 2014. End May, 2014.
d	Book Closure Dates	From	To
		26 th September, 2013	30 th September, 2013
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 2012-13.

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 15 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, 2013:

No. of Equity Shares held	No. of Shareholders	% of Share holders	No. of Shares held	% of Shareholding
Up to 500	1519	97.1849	155400	3.8850
501 to 1000	13	0.8317	8720	0.2180
1001 to 2000	9	0.5758	14200	0.3550
2001 to 3000	2	0.1280	5200	0.1300
3001 to 4000	1	0.0640	4000	0.1000
4001 to 5000	1	0.0640	12000	0.3000
5001 to 10000	2	0.1280	73520	1.8380
10001 to above	16	1.0237	3726960	93.174
Grand Total	1563	100	4000000	100

l) Category of Shareholders as on 31st March, 2013:

Category	No. of Shares held	% of Shareholding
Promoters including Promoter Company	2727040	68.1760
Financial Institutions/ Banks	0	0
Mutual Fund	0	0
Bodies Corporate	100	0.0025
NRIs	0	0
Foreign National	0	0
Other (Clearing Member)	0	0
Public	1272860	31.8215
Total	4000000	100

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 : The Company has entered into Shares Agreement with NSDL/CDSL for Dematerialisation of Shares.

As on 31st March, 2013, a total of 895680 Shares of the Company which form 22.39% of the Share Capital of the Company stands dematerialised.

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 Whole Time 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. : +91-9228010691

Compliance Officer : Mr. Pramod Ramanlal Agrawal

By Order of the Board,

Date: 30-05-2013
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, 2013.

Date: 30-05-2013
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, 2013 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, 2013 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: 30-05-2013

(U.M.Mashruwala)
Partner
Membership No.: 38254

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: 30-05-2013
Place: Ahmedabad

**Kanaiyalal Agrawal
Whole Time Director**

Independent Auditor's Report

To the Members of
PALCO METALS LIMITED
Ahmedabad.

Report on the Financial Statements

We have audited the accompanying financial statements of **PALCO METALS LIMITED** which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date.
- (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by "The Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, and on the basis such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that :
 - a) 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;
 - b) 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;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

**AHMEDABAD
DATE : 30-05-2013**

**Mem. No. 38254
F.R. No. 10571W**

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 not disposed off any/ substantial part of Fixed Assets during the Year.
- 2 (a) Company is not having any closing stock hence this point is not applicable
- 2 (b) There is no closing inventories in hence this clause is not applicable.
- 2 (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.
- 3 (a) There are three firms covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans. The maximum amount involved during the year was Rs. 8.55 crores and the year-end balance of loans granted to such parties was Rs. 6.25 crores
- 3 (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company. The company has given interest free advances.
- 3 (c) The parties have repaid the principal amounts as stipulated and the question of receiving interest does not arise as the advances are interest free
- 3 (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
- 3 (e) There are three firms covered in the register maintained under section 301 of the Companies Act, 1956 from which the company has taken loans. The maximum amount involved during the year was Rs. 8.55 crores and the year-end balance of loans taken from such parties was Rs. Nil crores
- 3 (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- 3 (g) The company have been repaying the principal amounts as stipulated and have been regular in the payment of interest.
- 4 In our opinion and according to the information and explanation given to us, there are no internal control procedures
- 5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5 (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 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 no proper 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, service tax, sales tax, custom duty, excise duty and Cess were in arrears, as at 31-03-2013. For a period of more than six months from the date they became payable.
- 10 There are no accumulated losses. Hence thi clause is not applicable.
- 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 The company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- 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) 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 (b) 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 (c) 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 (d) 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.
- 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 In our opinion as per the Explanation given to us terms and condition of the guarantee given by the company for loans taken by others from bank/financial institutions, are not prejudicial to the interest of the company.
- 16 No tern loan as been taken by the compaly hence this clause is not applicable.
- 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 hence this clause is not applicable.
- 20 No money is raised by way of public issue during the current f.y. hence this clause is not applicable.
- 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 : 30-05-2013

For MADHUSUDAN C MASHRUWALA & CO.
Chartered Accountants

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

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Note 1: Significant Accounting Policies

A. Method of accounting

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

B. 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.

C. 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.

D. Income recognition and expenditure:

Sales are shown after providing for adjustment of trade discount and goods return. Income and expense are recognized on accrual basis.

E. 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.

F. 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.

PALCO METALS LIMITED
Balance Sheet as at 31st March, 2013

(Rs. In Lacs)

Particulars	Note No	For the year ended on 31/03/2013	For the year ended on 31/03/2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	700.00	700.00
(b) Reserves and Surplus	3	1,321.05	1,308.54
(2) Share application money pending allotment			
		-	-
(3) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)		-	-
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Other current liabilities	4	46.23	93.27
(c) Short-term provisions	5	85.46	97.03
Total		2,152.74	2,198.84
II. Assets			
(1) Non-current assets			
<i>(a) Fixed assets</i>			
(i) Tangible assets	6	970.86	970.86
(ii) Intangible assets		0.17	0.17
(b) Non-current investments	7	387.05	1,028.30
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	8	636.30	30.40
(2) Current assets			
(a) Cash and cash equivalents	9	23.54	26.33
(b) Short-term loans and advances		-	-
(c) Other current assets	10	134.81	142.78
Total		2,152.74	2,198.84

Significant Accounting Policies

The Accounting Policies & Notes are an integral part of the financial Statements
As per our report of even date

For Madhusudan C Mashruwala & Co
Chartered Accountants

For Palco Metals Limited

U.M Mashruwala
Partner
M.No. 38254

Kiran B.Agrawal
Director

Kanaiyalal B. Agarwal
Director

Date : 30/05/2013
Place : Ahmedabad.

PALCO METALS LIMITED

Notes forming part of Balancesheet and Profit & Loss Account

(Rs in Lacs)

Note No		For the year ended on	
		31/03/2013	31/03/2012
2. (a)	Share Capital		
	Equity Share Capital		
	Authorised Share capital		
	70,00,000 Equity Shares of Rs. 10/- each	700.00	700.00
	30,00,000 8.50% Non- Cumulative Redeemable of Rs. 10 each	300.00	300.00
		1,000.00	1,000.00
	Issued, subscribed & fully paid share capital		
	40,00,000 Equity Shares of Rs. 10/- each fully paid in cash (40,00,000 Equity Shares of Rs. 10/- each)	400.00	400.00
	Preference Share Capital		
	30,00,000 8.50% Non- Cumulative Redeemable Rs. 10 each	300.00	300.00
	Total	700.00	700.00

(b) Reconciliation of the number of Shares in outstanding of the company.

Particulars	Equities Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount in lakh	Number	Amount in lakh
Shares outstanding at the beginning of the year	4,000,000.00	400.00	2,000,000.00	200.00
Shares Issued during the year (Bonus Share)			2,000,000.00	200.00
Shares bought back during the year	-	-	-	-
Any other movement (please specify)				-
Shares outstanding at the end of the year	4,000,000.00	400.00	4,000,000.00	400.00

Reconciliation of the number of Shares in outstanding of the company.

Particulars	Preference Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	3,000,000.00	300.00	3,000,000.00	300.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year			-	-
Any other movement (please specify)				-
Shares outstanding at the end of the year	3,000,000.00	300.00	3,000,000.00	300.00

(C) Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	For the year ended on 31/03/2013	For the year ended on 31/03/2012
KRISHNA CAPITAL & SECURITIES LTD. (Shares in No.s)	1,706,840	1,706,840
(Percentage of Share holding)	42.67	42.67

Note No		For the year ended on 31/03/2013	For the year ended on 31/03/2012

3	Reserves and Surplus		
	Capital Reserves		
	Balance at the beginning of the year	0.03	0.03
	Addition(deduction)during the year	-	-
	Balance at the end of the year	0.03	0.03
	Revaluation Reserves		
	Balance at the beginning of the year	969.04	969.04
	Addition(deduction)during the year	-	-
	Balance at the end of the year	969.04	969.04
	Surplus in the Statement of Profit & Loss A/c.		
	Balance at the beginning of the year	339.48	276.95
	Addition(deduction)during the year	12.51	62.52
	Balance at the end of the year	351.98	339.48
	Total	1,321.05	1,308.54

4	Other current liabilities		
	Provision for Expenses	1.00	0.82
	Statutory Dues	0.01	-
	Other payables	45.22	92.45
	Total	46.23	93.27

* Other Payable includes the account of Palco Recycle Industries Limited which represents the amount payable pursuant to agreement to sell business and is regarding the money received from debtors and deposits matured.

5	Short-term provisions		
	Provision for employee benefits	0.06	0.05
	Other Provisions	85.41	96.98
	Total	85.46	97.03

PALCO METALS LIMITED

Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2013

Note : 6 Fixed Asset

(Rs. In Lacs)

Sr. No	Particulars	Rate	Gross Block				Depreciaton				Net Block	
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2013	WDV as on 31.03.2012
I	<u>Tangible Assets</u>											
	Leasehold Land		970.86	-	-	970.86	-	-	-	-	970.86	970.86
	SUB TOTAL (A)		970.86	0.00	0.00	970.86	0.00	0.00	0.00	0.00	970.86	970.86
II	<u>Intangible Assets</u>											
			0.17	-	-	0.17	-	-	-	-	0.17	0.17
	SUB TOTAL (B)		0.17	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.17	0.17
III	<u>Capital Work-in-progress</u>											
			-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (C)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV	<u>Intangible Assets Under Development</u>											
			-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (D)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total [A + B + C + D] (Current Year)			971.03	0.00	0.00	971.03	0.00	0.00	0.00	0.00	971.03	971.03
(Previous Year)			971.03	0.00	0.00	971.03	0.00	0.00	0.00	0.00	971.03	1283.35

Note No		For the year ended on 31/03/2013	For the year ended on 31/03/2012
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7	Non-current investments		
	Investments in Equity instruments (Unquoted)		
	(Valued at cost)		
	84625 Equity Shares of Rs10/- each fully paid up in Palco Recycle Exchange Ltd	84.63	84.63
	700 Equity Share of Rs. 10/- Saptak Tradelink Pvt. Ltd.	0.07	0.07
	123500 Equity Shares of Rs. 3 each fully paid up in Manidhari Strips Pvt Ltd.	3.71	3.71
	Unit : ANMA (A'bad Non-Metal Association)	0.50	0.50
	Equity Shares of Palco Recycle Industries Ltd. (2947500 shares of Rs 10 each)	294.75	294.75
	1,60,000 Equity Shares of Rs10/- each fully paid of Vinod Realities Pvt Ltd	-	16.00
	34,000 Equity Shares of Rs10/- each fully paid Shares of SFC Palco Metals Limited	3.40	3.40
	Share Application of Palco Recycle Ind. Ltd.	-	625.25
	Total	387.05	1,028.30

8	Long Term Loans and Advances		
	Secured considered good		
	Other loans and advances		
	Sub Total	-	-
	Unsecured considered good		
	Capital Advances		
	Security Deposits	-	0.10
	Loans and advances to related parties	625.25	-
	Other loans and advances	11.05	30.30
	Sub Total	636.30	30.40
	Total	636.30	30.40

9	Cash and cash equivalents		
	Balances with banks	0.89	1.52
	Cheques, drafts on hands	-	-
	Cash on hand	1.65	1.81
	Others- Fixed Deposits		
	FD with SBI Bank (LC Margin)	-	1.00
	FD with SBI Bank (Liquid Security)	20.00	20.00
	FD with SBS Bank (Guarantee Margin)	1.00	2.00
	Total	23.54	26.33

10	Other Current Assets		
	Loans and advances to related parties (Secured/ Unsecured/ Doubtful)		
	Others		
	a) Income Tax Paid	128.75	139.03
	b) Advance to Creditors for Expenses	0.00	-
	c) Interest accrued on Deposits	6.06	3.75
	Total	134.81	142.78

11	Other Income		
	Interest income	7.08	0.26
	Rent income	15.00	60.00
	Net gain/ loss on sale of investments	1.60	-
	Other non-operating income (net of expenses directly attributable to such income) VAT /Excise Duty Refund	9.72	12.79

Note No		For the year ended on 31/03/2013	For the year ended on 31/03/2012
	Total	33.39	73.05

12	Finance Costs		
	Interest expenses	0.03	0.07
	Other borrowing costs	0.04	0.04
	Total	0.07	0.10

13	Employee Benefits Expense		
	Salaries and wages	2.36	2.17
	Staff welfare expenses	-	-
	Total	2.36	2.17

14	Other Expenses		
	Administrative Exps	2.13	1.32
	Auditor Remuneration	0.08	0.13
	ROC Filing fees	0.13	0.05
	Website developement Exp.	0.13	0.02
	Postage Telephone & Telegram	0.50	0.02
	Insurance	3.07	1.04
	Rates and Taxes, excluding taxes on income	3.01	2.77
	Miscellaneous expenses	4.54	2.91
	Total	13.58	8.26

15. 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.
16. Pursuant to an agreement to sell on slump sale basis with Palco Recycle Industries Ltd.(PRIL) executed on 12th May, 2010, as well as “Supplementary Agreement” executed on 30th November,2011, the company has transferred the entire business to PRIL. In terms of clause no. 5.04 of the agreement to sell and the clauses of the supplementary agreement entered into on 30th November,2011, the requisite approval from SEBI and Ministry of Company Affairs is awaited.

17. 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 31-03-2013	Year ended 31-03-2012
Profit attributable to equity share holders (Rs in lacs)	17.39	50.681
Basic/weighted number of equity shares (in lacs)	40	26.67
Nominal value of equity share(in Rs)	10	10
Basic/diluted earnings per share(in Rs)	0.43475	1.90

18. Payment to auditors

Particulars	31-03-2013 (Rupees in lacs)	31-03-2012 (Rupees in lacs)
i. Audit fees	0.075	0.075
ii. Tax Audit fees	0.00	0.05
Total	0.075	0.125

19. Licensed and installed capacity and production: Not Applicable

20. Foreign Traveling expenditure of Directors

31-03-2013	31-03-2012
Rs.NIL	Rs.NIL

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

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

23. Remuneration to Directors

31-03-2013	31-03-2012
Rs.1,80,000	Rs. 1,80,000

24. Deferred tax working as per AS-22

Particulars	31-03-2013 Rupees in lacs	31-03-2012 Rupees in lacs
Deferred tax Liability(A)	NIL	NIL
Deferred tax Asset on account of depreciation (B)	NIL	NIL
Total (A)+(B)	NIL	NIL

No provision for deferred tax liability is made as there are no timing differences.

25. The company has ceased to hold more than 50% of voting rights in Palco Recycle Industries Ltd.(PRIL) w.e.f 06/12/2012. The consolidated financial statements in terms of AS 21 are prepared upto the date on which the company was holding more than 50%.

26. Related Party Disclosure as per AS-18

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

- Subsidiary Company: Palco Recycle Industries Ltd. (Ceased wef 06/12/2012)
- Associates: Palco Recycle Exchange Limited, SFC Palco Metals Ltd.
- Enterprise over which Key Management personnel exercise significant influence:-
 - i. Palco Recycle Industries Ltd.
 - ii. Palco Recycle Exchange Limited,
 - iii Vinod Realities Pvt. Ltd.,
 - iv. Radius Global Private Limited (Formerly Known as Krishna Worldwide Pvt. Ltd.
 - v. ABC Metals and Trading Consultancy Pvt. Ltd.
 - vi . ABC Resource Traders Private Limited
 - vii. Palco E-Waste Recyclers Private Limited
 - viii. Krishna Sharebroking Services Private Limited

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

1.Associates: Palco Recycle Exchange Limited,

2Subsidiary:- Palco Recycle Industries Limited. (Ceased wef 06/12/2012)

3.Key Management Personnel:

- i.Kiran B Agrawal
- ii. Kanaiyalal B. Agrawal

4. 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.	NIL (62.60)		NIL (62.60)
	-Palco Recycle Exchange Ltd.		NIL (NIL)	NIL (NIL)
2.	Purchases -Palco Recycle Exchange Ltd.	NIL	NIL (NIL)	NIL (NIL)
3.	Rent Income -Palco Recycle Industries Ltd.	15.00 (60)		15 (60)
3.	Inter- Corporate Deposit taken during the year -Palco Recycle Exchange Ltd.		NIL (217.20)	NIL (217.20)
	-Palco Recycle Industries Ltd.	9.70 (200)		9.70 (200)
4.	Inter- Corporate Deposit repaid during the year -Palco Recycle Exchange Ltd.		NIL (217.20)	NIL (217.20)
	-Palco Recycle Industries Ltd.	9.70 (237)		9.70 (237)
5.	Inter- Corporate Deposit given during the year -Palco Recycle Exchange Ltd.		450 (NIL)	450 (NIL)
	-Palco Recycle Industries Ltd	405.25 (NIL)		405.25 (NIL)

27. The details required under segment reporting as per AS 17 is not furnished as the company is not having any reportable segments.

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

29. Contingent liabilities:-

The Company is contingently liable as it has given corporate guarantee for Rs.27.50 crores for loan borrowed by Palco Recycle Industries Ltd.

For, Madhusudan C Mashruwala & Co.

For Palco Metals Ltd.

Chartered Accountants

U.M Mashruwala

Kiran B Agrawal Kanaiyalal B Agrawal

Partner

Director

Director

M.No. 38254

Place: Ahmedabad

Date: 30-05-2013

**Cash Flow Statement of Palco Metals Ltd. Annexed to the stand alone balance sheet
for the financial year ended 31st March 2013**

Details	Year Ended 31-03-2013	Year Ended 31-03-2012
	Amt. Rs in lacs	Amt. Rs in lacs
(A) Cash flow from operating activities		
Net Profit before tax and extra ordinary items	17.39	62.52
Adjustment:		
Debit/Credit balance w/off	0	0
Depreciation	0	0.1
Interest paid	0.07	0
Miscellaneous expenditure written off	0	0
Provision for doubtful debts	0	0
Profit on sale of fixed assets	0	0
Profit on sale of investments	1.6	0
Loss on sale of fixed assets	0	0
Loss on sale of investments	0	0
Dividend income	0	0
Interest income	7.08	7.08
Operating Profit before working capital changes	8.78	62.62
(Increase)/Decrease in debtors	0	0
(Increase)/Decrease in stock	0	0
(Increase)/Decrease in Loans and Advances	-596.76	-42.52
Increase/(Decrease) in Current Liabilities and Provisions	-58.61	0
Cash generated from operations	-646.59	20.1
Taxes paid	0	-5
Net cash flow from operating activities	-646.59	15.1
(B) Cash flow from investing activities		
Purchase of fixed assets	0	0
Purchase of investments	0	-19.4
Capital Work-in-progress	0	0
Sale of fixed assets	0	0
Sale of investments	642.85	0
Interest received	1.02	0
Dividend received	0	0
Net cash flow from investing activities	643.87	-19.4
(C) Cash flow from financing activities		
Borrowings	0	0
Dividend paid,including dividend tax	0	0
Interest paid	-0.07	0
Issue of new shares	0	0
Redemption of share capital	0	0
Net cash flow from financing activities	-0.07	0
Net increase/(decrease) in cash & cash equivalents	-2.79	-4.3
Cash and cash equivalents at the beginning of the year	26.33	30.63
Cash and cash equivalents at the end of the year	23.54	26.33

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

For Palco Metals Limited

U.M. Mashruwala
Partner
M.No:-038254
FRN NO. 105717W
Place :-Ahmedabad
Date:-30-05-2013

(Kaniyalal Agrawal)
Director

(Kiran Agrawal)
Director

PALCO METALS LIMITED

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

**ATTENDANCE
SLIP**

52nd Annual General Meeting

Monday, 30th September, 2013 at 10.00 a.m.

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 52nd Annual General Meeting of the Company, to be held on Monday, 30th September, 2013 and/or at any adjournment thereof.

Signed the _____ day of _____ 2013

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.