



PALCO METALS LIMITED

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42ND

ANNUAL REPORT & ACCOUNTS

2002-2003

PALCO METALS LIMITED

BOARD OF DIRECTORS

Shri Kiran B. Agrawal
Shri Kanaiyalal B. Agrawal
Shri Ashok B. Agrawal

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.

42nd ANNUAL REPORT AND ACCOUNTS 2002-2003

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the Members of the company will be held on 18th September 2003 at 11.00 A.M. at Works of the Company, Opp. Khanwadi Ramol Road, Post Jantanagar, Ramol, Dist. Ahmedabad-382 449. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as at 31st March 2003 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 Kanaiyalal 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.

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 15/09/2003 to 18/09/2003 [Both days inclusive].
3. Member/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.

Place : Ahmedabad
Date : 2nd August, 2003

By order of the Board
Kiran B. Agrawal
Director

DIRECTOR'S REPORT:

Dear Shareholders,

Your Directors have pleasure in presenting the 42nd Annual Report along with the audited Balance Sheet and Profit and Loss account for the year ended on 31st March, 2003 of your Company.

(1) FINANCIAL RESULT:	2002 - 2003	2001 - 2002
Profit before Depreciation	28,85,373	37,13,242
Depreciation	9,05,686	12,10,748
Profit before Tax	19,79,687	25,02,494
Provision for Tax	6,00,000	8,54,658
Provision Deferred Tax	81,720	—
Profit after Tax	12,73,657	16,47,836

During the year Company has increased its turnover and has made a net Profit after tax of Rs. 12,73,657 as compared to the profit of Rs. 16,47,836 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. Keeping in the view the future plans of the company.

(2) **DIVIDEND** : Your Director does not recommend any Dividend for the financial year ended on 31st March, 2003.

(3) **DIRECTOR** : Kanaiyalal B. Agrawal who are due to retire by rotation at the ensuing Annual General Meeting and he being eligible offer himself for reappointment.

(4) **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, 2003.

(A) **CONSERVATION OF ENERGY** : The Directors has 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 have under:

(1) ELECTRICITY	2002 - 2003	2001 - 2002
Consumption of Total Unit	1,12,874	1,26,844
Consumption in Rupees	5,44,906	6,10,534
Average Rate per Unit	4.83	4.81
(2) FURNACE OIL	2002 - 2003	2001 - 2002
Consumption of Total Unit	46,242	83,374
Consumption in Rupees	6,62,000	10,77,347
Average Rate per Unit	14.32	12.92

(B) **TECHNOLOGY ABSORPTION** : The Company is having the process of casting by Gravity and Pressure die casting the process of pressure die casting is latest in aluminium & zinc die casting. The Company is trying to convert the dies more cavity to take production very fast with low fixed overheads per unit. Company has also started manufacturing of Ferro Alloys by Exothermic Process their by reducing electric conservation.

	2002 - 2003	2001 - 2002
(C) FOREIGN EXCHANGE EARNING & OUTGO	Rs.	Rs.
Foreign Exchange Earning (FOB)	18.75 Lacs	NIL
Foreign Exchange Outgo	744 Lacs	758 Lacs

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- (5) **FIXED DEPOSIT:** The Company has not accepted any fixed deposit from the public during the financial year 2002 - 2003.
- (6) **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 has 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 has prepared the annual accounts on a going concern basis.
- (7) **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.
- (8) **AUDITORS REPORT :** The notes of the Accounts referred to in the auditor's Reports are explanatory and therefore do not call any further comments.
- (9) **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 2003.
- (10) **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.
- (11) **AUDIT COMMITTEE :** The provision of section - 292 A relating to constitution of Audit Committee is not applicable to the Company.

Place: Ahmedabad
Date : 2nd August, 2003

For and on behalf of the Boards
Kiran B. Agrawal
Director

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

AUDITORS' REPORT TO THE SHAREHOLDERS

AUDITORS' REPORT TO THE SHAREHOLDERS

To,
The Members of
Palco Metals Limited
Ahmedabad.

1. We have audited the attached Balance Sheet of Palco Metals Limited., as at 31st March, 2003 and also the Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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 it appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) 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;
 - (e) on the basis of the written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) 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'
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2003.
 - (ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

AHMEDABAD

**(U. M. Mashruwala)
PARTNER**

Date : 2nd August, 2003

Annexure to the Auditor's Report

(Referred to in paragraph (3) of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. We have been informed that the Fixed Assets of the Company have been physically verified by the Management at the year end on 31-3-2003 and no material discrepancies between the book records and the physical inventory were noticed.
2. There has been no revaluation of any of the Fixed Assets during the Year.
3. The stocks of finished goods, raw materials, and stores have been physically verified by the management.
4. In our opinion, and according to the information and explanations given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between the books stock and physical stocks, which were not significant have been properly dealt with in the books of account.
6. On the basis of the examination of stock record, we are of the opinion that the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles.
7. The Company has taken loans from Companies, firms, or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. The terms and conditions are not prejudicial to the interest of the Company.
8. The Company has not given any loans or advances to companies, firms, or other parties listed in the registered maintained under Section 301 or companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
9. The Company has granted loans to employees free of interest and they are repaying the principle amount as stipulated.
10. In our opinion and according to the information given to us, there is adequate internal control procedure commensurate with size of the Company and the nature of its business for the purchase of plant and machinery, equipments and other assets and for the sale of finished goods.
11. There is no purchase or sale of goods from firm listed in the register maintained u/s. 301 of the Companies Act, 1956.
12. The Company has a system of determining unserviceable or damaged raw materials and finished products. Adequate provision has been made in the accounts for the loss arising from the items so determined.

13. The Company has not accepted any deposits from public during the year and therefore provisions of S. 58A of the Companies Act, 1956 do not apply.
14. As informed to us by the Company, the scrap is reused in the production and hence there is no record of sales of scrap.
15. The Company does not have an internal audit systems.
16. The provisions of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company.
17. During the year the Company has regularly deposited Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period of more than six months as at 31st March, 2003 from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. The Company has not carried out any service activity, and hence clause (ii) and (iv) of para 4B of the Order are not applicable.

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

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

**Place : Ahmedabad
Date : 2nd August, 2003**