

Rahul Kakani & Associates

Chartered Accountants

Office Address: - 401, M.V. House, Opp. Hatisingh Jain Temple, Shahibaug Road, Shahibaug, Ahmedabad - 380 004. (Mo. No. - 80004 35262), E-mail ID- carahulkakani@gmail.com

Independent Auditor's Report

To the Members of
PALCO RECYCLE INDUSTRIES LIMITED
Ahmedabad.

Report on the Financial Statements

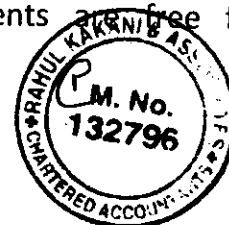
We have audited the accompanying standalone financial statements of **PALCO RECYCLE INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

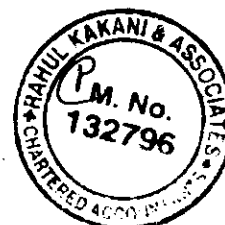
Opinion

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, 2016;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- c) In case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

Report on other Legal and Regulatory Requirements

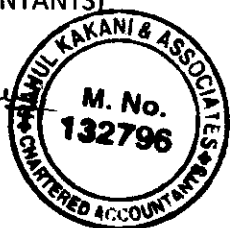
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For RAHUL KAKANI & ASSOCIATES
(CHARTERED ACCOUNTANTS)

R. Kakani



[RAHUL KAKANI]

PARTNER

M.NO.: - 132796

F.R.No. 130198W

Place: -Ahmedabad

Date: - 19/05/2016.

Annexure to the Auditors' Report

Referred to in the Paragraph 8 under the heading 'Report on the Other Legal and Regulatory Requirements' of our report of even date on the financial statements of the Company for the year ended March 31, 2016.

I. In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. No discrepancies of serious nature have been noticed by the management and almost all the items as appearing in the register have been physically verified at the end of the year.
- c. According to the information and explanations given to us, title deeds of immovable properties are held in the name of the company.

II. In respect of its Inventories:

- a. As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

III. In respect of loans granted and taken to / from parties covered in the register maintained u/s 189 of the Companies Act, 2013

The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (i) the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (ii) the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular.
- (i) according to the information and explanations given to us, overdue amount is more than rupees five lakhs, reasonable steps have been taken by the company for recovery of the principal and interest.



IV. In respect of loans, investments and guarantees u/s. Section 185 and 186 of the Companies Act, 2013.

In our opinion and according to the information and explanations given to us, In respect of loans, investments and guarantees, whether provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

V. In respect of deposits from public :

In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore the provisions of clause 4(vi) of CARO are not applicable to the Company.

VI. In respect of maintenance of cost records:

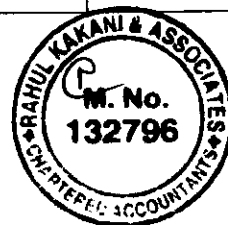
Pursuant to rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013 in respect of certain manufacturing activities, as informed to us, the Company has maintained cost records.

VII. In respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Wealth tax, Sales tax, Service tax, Value added tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Custom Duty and Excise duty. According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Employees State Insurance, Income tax, Sales-tax Wealth Tax, Custom Duty, Excise Duty, Cess which are outstanding as at 31.3.2016 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, the particulars of dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax and other material statutory dues as at 31st March, 2016 which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amounts Involved	Period to which the amount relates	Forum where the dispute is pending
-	-	-	-	-



VIII. In respect of dues to financial institution / banks / debentures:

Based on our audit procedures and on the basis of information and explanation given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution and banks.

IX. In respect of application of money raised by Initial public offer , further public offer (including debt instruments) and term loans.

According to the information and explanations given to us, company has not raised any money from initial public offer, further public offer (including debt instruments).

According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loans were obtained.

X. In respect of fraud:

To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

XI. In respect of Managerial Remuneration.

In our opinion and according to the information and explanations given to us and on the basis of our examination of the records, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

XII. In respect of Nidhi Company

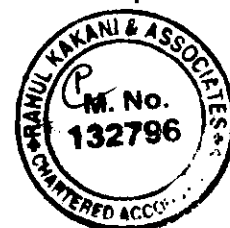
In our opinion and according to the information and explanations given to us, Company is not Nidhi Company . Hence Compliance related to Net owned fund is not applicable to company.

XIII. In Respect of Related parties Transactions

In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards and Companies Act, 2013.

XIV. In Respect of Preferential Allotment/Private Placement of shares.

According to the information and explanations given to us , the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, compliance under section 42 of the Companies Act, 2013 need not complied with.



XV. In Respect of Non Cash transactions with Directors

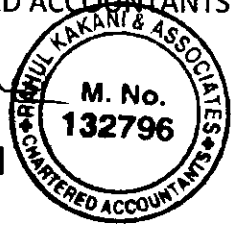
According to the information and explanations given to us the company has not entered into any non-cash transactions with directors or persons connected with him and so compliance under section 42 of the Companies Act, 2013 need not complied with.

XVI. In Respect of Registration of Nidhi Company .

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **RAHUL KAKANI & ASSOCIATES**
(CHARTERED ACCOUNTANTS)

R. Kaka



[RAHUL KAKANI]
Partner
M.NO.: - 132796

Place: -Ahmedabad
Date: - 19/05/2016

PALCO RECYCLE INDUSTRIES LIMITED
Balance Sheet as at 31st March 2016

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	107,500,000	107,500,000
(b) Reserves and surplus	4	122,924,876	121,731,279
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	134,227,492	94,187,637
(b) Deferred tax liabilities (Asset)		1,763,411	1,399,601
(c) Other Long term liabilities		-	-
(d) Long-term provisions	6	2,824,383	2,378,516
4 Current liabilities			
(a) Short-term borrowings	7	92,483,932	126,604,877
(b) Trade payables		5,521,476	55,206,872
(c) Other current liabilities	8	19,074,814	14,713,673
(d) Short-term provisions	9	683,823	831,730
TOTAL		487,004,206	524,554,185
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	10	103,026,411	107,270,393
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		1,871,858	1,169,404
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	17,030,727	14,872,076
(e) Other non-current assets		-	229,900
2 Current assets			
(a) Current investments	12	1,500,000	1,500,000
(b) Inventories	13	40,887,645	62,321,316
(c) Trade receivables	14	120,967,508	117,225,565
(d) Cash and cash equivalents	15	10,469,052	10,438,091
(e) Short-term loans and advances	16	147,219,843	120,300,713
(f) Other current assets	17	44,031,162	89,226,727
TOTAL		487,004,206	524,554,185

Significant Accounting Policies

2

The Accounting Policies & Notes are an integral part of the financial Statements

For Rahul Kakani & Associates

For Palco Recycle Industries Ltd

R. Kakani
Rahul Kakani
Partner
M. No. 132796



Kanaiyalal Agrawal

Kanaiyalal Agrawal
Director
DIN : 00594240

Kiran Agrawal
Kiran Agrawal
Director
DIN : 00395934

Place : Ahmedabad
Date : 19/05/2016

PALCO RECYCLE INDUSTRIES LIMITED
Profit and loss statement for the period ended 31st March 2016

Particulars	Refer Note No.	For the year Ended on 31st March 2016	For the year Ended on 31st March 2015
I. Revenue from operations	18	720,431,594	801,443,437
Less : Excise Duty		75,467,472	84,079,022
		644,964,122	717,364,415
II. Other income	19	25,202,200	16,277,106
III. Total Revenue (I + II)		670,166,322	733,641,521
IV. Expenses:			
Cost of Raw Material consumed	20	601,490,703	647,782,529
Purchases of Stock-in-Trade	21	-	16,762,408
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	9,509,164	(10,033,514)
Employee benefits expense	23	4,497,667	5,289,423
Finance costs	24	30,567,410	34,115,175
Depreciation		6,975,850	7,185,040
Other expenses	25	15,078,280	29,571,481
Total expenses		668,119,074	730,672,542
V. Profit before exceptional and extraordinary items and tax (III-IV)		2,047,248	2,968,979
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		2,047,248	2,968,979
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		2,047,248	2,968,979
X Tax expense:			
(1) Current tax		350,000	550000
(2) Deferred tax		363,810	1291156
XI Profit (Loss) for the period from continuing operations (VII- VIII)		1,333,438	1,127,823
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII- XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		1,333,438	1,127,823
XVI Earnings per equity share:			
(1) Basic		0.12	0.12
(2) Diluted			

Significant Accounting Policies

2

The Accounting Policies & Notes are an integral part of the financial Statements

For Rahul kakani & Associates

For Palco Recycle Industries Ltd

R. kakani



Rahul Kakani
Partner
M. No. 132796
Place : Ahmedabad
Date : 19/05/2016

Kanaiyalal Agrawal
Kanaiyalal Agrawal
Director
DIN : 00594240

Kiran Agrawal
Kiran Agrawal
Director
DIN : 00395934

1	BASIS OF PREPARATION The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncement issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.
2	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
A	Use of Estimates The preparations of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affects the reported amounts of revenues, expenses, Assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainly about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amount to the assets or liabilities to the future period.
B	Tangible fixed assets Fixed assets are stated at cost less accumulated depreciation and accumulated Impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working conditions for the intended use. Any trade discounts and rebates are deducted in arriving purchase price. Gains or losses arising from derecognized of fixed assets are measured as the difference between the net disposable proceeds and the carrying amount of the assets and are recognized in the profit and loss account when the assets is derecognized.
C	Depreciation on tangible fixed assets Depreciation on fixed assets is calculated on a written down value ("WDV") basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the schedule II to the Companies Act, 2013, whichever is higher. The details of estimated life for each category of asset are as under
Sr. No.	Asset Estimated useful Life (in years)
1	Factory Buildings 30
2	Other Buildings/Flat 60
3	Plant & Machineries (Rolling Mills) 30
4	Furniture & Fixtures 10
5	Vehicles / Heavy Vehicle 10 / 08
6	Electric Installation 10
7	Computer / Server 03 / 06
8	Office Equipment 05
9	Other Equipment 15
10	Laboratory Equipment 10
D	Borrowing Costs Borrowing Costs includes Interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of item to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expense period they occur.

E	<p>Impairment of tangible and intangible assets. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of Asset's cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows those are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.</p>
F	<p>Inventories Raw materials, components, stores and spares are valued at lower cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.</p> <p>Work-in-progress and finished goods are valued at lower of cost and net realizable value. Net realizable value is derived at market rate. Cost includes direct materials and labour and a proportion of manufacturing overheads but excluding excise duty and sales tax paid thereon.</p> <p>Inventory of raw material, Work in Process and Finished goods have been valued and certified by the management</p>
G	<p>Revenue recognition Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:</p> <p>Sale of goods Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of The goods have been passed to the buyer, usually on delivery of the goods. The company collects sales Taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of Liability arising during the year.</p> <p>Income from services Revenues from job contracts are recognized as and where services are rendered. The company collects service tax on behalf of the government and therefore, it is not an economic benefit flowing to the company; hence, it is excluded from revenue.</p> <p>Interest Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.</p> <p>Dividends Dividend income if any is recognized when the company's right to receive dividend is established by the reporting date.</p>

H	<p>Foreign currency translation</p> <p>Foreign currency transactions and balances</p> <p>Initial recognition Foreign currency transactions are recorded in the reporting currency, by applying to the foreign Currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.</p>
I	<p>Retirement and other employee benefits</p> <p>Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund. The company operates defined benefit plans for its employees, viz, gratuity . The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation.</p>
J	<p>Income taxes</p> <p>Tax expense comprises current and deferred tax. Current income-tax is measured at the amount Expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. DT the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.</p> <p>Deferred income taxes reflect the impact of timing differences between taxable income and Accounting income originating during the current year and reversal of timing differences for the Earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or Substantively enacted at the reporting date. Deferred income tax relating to items recognized Directly in equity is recognized in equity and not in the statement of profit and loss.</p> <p>Deferred tax liabilities are recognized for all taxable timing difference deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.</p>
K	<p>Segment reporting</p> <p>As the company's business activity, in the opinion of the management, falls within a single primary segment subject to the same risks and returns, the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" notified under the Companies (Accounting Standards) Rules, 2006 are not applicable.</p>

L	<p>Earnings per Share</p> <p>Basic earnings per share are calculated by dividing the net profit or loss for the period attributable To equity shareholders (after deducting preference dividends and attributable taxes) by the Weighted average number of equity shares outstanding during the period. Partly paid equity shares Are treated as a fraction of an equity share to the extent that they are entitled to participate in Dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, Bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that has changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p>
M	<p>Provisions</p> <p>A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates where the company expects some or all of a provision to be reimbursed, for example under an Insurance contract, the reimbursement is recognized as a separate asset but only when the Reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.</p>
N	<p>Contingent liabilities</p> <p>A contingent liability is a possible obligation that arises from past events whose existence will be Confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond The control of the company or a present obligation that is not recognized because it is not Probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.</p>
O	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of 12 months or more and also includes margins against borrowing, guarantees.</p>

PALCO RECYCLE INDUSTRIES LIMITED

Notes Forming parts of Balancesheet for the period ended on 31st March 2016

Note 3

Share capital

(in Rs.)

Particulars	2015-16		2014-15	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of Rs.10 each	20,000,000	200,000,000	20,000,000	200,000,000
Issued				
Equity Shares of Rs. 10 each	10,750,000	107,500,000	10,750,000	107,500,000
Subscribed & Paid up				
Equity Shares of Rs. 10 each	10,750,000	107,500,000	10,750,000	107,500,000
Subscribed but not fully Paid up	-	-	-	-
Total	10,750,000	107,500,000	10,750,000	107,500,000

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2015-16		2014-15	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10,750,000	107,500,000	8,750,000	87,500,000
Shares Issued during the year	-	-	2,000,000	20,000,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,750,000	107,500,000	10,750,000	107,500,000

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

Name of Shareholder	2015-16		2014-15	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Palco Recycle Exchange Ltd.	2000000	18.60%	2000000	18.60%
Palco Metals Ltd.	4947500	46.02%	4947500	46.02%
ABC Auction Trade Pvt. Ltd.	850000	7.91%	850000	7.91%
ABC Recycle Trade-Infra Pvt Ltd.	823750	7.66%	823750	7.66%
ABC Resource Traders Pvt. Ltd.	850000	7.91%	850000	7.91%
Palco E-waste Recyclers Pvt. Ltd.	850000	7.91%	850000	7.91%

Note 4

Reserves and surplus

Particulars	2015-16	2014-15
Surplus		
Opening balance of Surplus	54,231,279	53,100,506
(+) Net Profit/(Net Loss) For the current year	1,333,438	1,127,823
Total Surplus / Reserve	55,564,717	54,228,329
(+) Transfer to Reserves	-	2,950
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	139,841	-
Share Premium	67,500,000	67,500,000
Closing Balance	122,924,876	121,731,279

Note 5**Long Term Borrowings**

Particulars	2015-16	2014-15
Secured		
(a) Term loans		
Term loan from banks (Term loan of Plant & machineries is Secured by mortagage factory & building and alongwith irrevocable unconditional guarantee of directors. RS-33,33,336 treated as Current Liabilities)	6,959,592	10,333,868
Corporate Loan from Bank (Rs- 70,00,008 treated as current laibilities)	16,564,813	24,340,220
Asset backed Loan (Secured by EM of Land & Building located at Ramol survey no 636/A/P, AHmedabad Rs- 60,00,000 treated as current liabilities)	44,470,286	-
Term loan of Maruti Swift & Punto is secured by hypothecation of car (Rs - 1,39,836 & Rs- 169,632 treated as current liabilities)	491,743	308,020
	68,486,434	34,982,108
Unsecured		
(a) Loans and advances from related parties Loans are repayable on demand	65,741,058	59,205,529
(b) Other loans and advances Loans are repayable on demand	-	-
	65,741,058	59,205,529
Total	1,34,227,492	94,187,637

Note 6**Long Term Provisions**

Particulars	2015-16	2014-15
(a) Provision for employee benefits		
Gratuity (unfunded)	428,817	332,745
Leave Encashment (unfunded)	58,566	58,771
(b) Others		
Provision for Taxation	2,337,000	1,987,000
Total	2,824,383	2,378,516

Note 7**Short Term Borrowings**

Particulars	2015-16	2014-15
Secured		
(a) Working Capital loans		
Cash Credit from banks (Secured By hypothecation of entire stock of Raw material, WIP, Finished goods, consumables stores and spares book debts mortagage factory & building and alongwith irrevocable unconditional guarantee of directors.))	92,483,932	126,604,877
Unsecured		
(a) Loans and advances from related parties Loans are repayable on demand	-	-
(b) Other loans and advances Loans are repayable on demand	-	-
Total	92,483,932	126,604,877

Note 8**Other Current Liabilities**

Particulars	2015-16	2014-15
Current Maturities of Long term Debt	16,642,812	12,662,940
(a) Interest accrued and due on borrowings	-	-
(b) Advance against sale of Asset	1,450,000	1,350,000
(c) Other payables		
Statutory Liabilities	809,440	700,733
(d) Advance received from customers	172,562	-
Total	19,074,814	14,713,673

Note 9**Short Term Provisions**

Particulars	2015-16	2014-15
(a) Provision for employee benefits		
Salary & Reimbursements	222,926	300,755
Contribution to PF	34,798	49,398
Contribution to ESI	10,821	16,458
Bonus to employees	378,178	457,619
(b) Others		
Sitting fees Payable	-	-
Unpaid Audit Fees	-	-
Other Unpaid Expenses	37,100	7,500
Total	633,823	831,730

PALCO RECYCLE INDUSTRIES LIMITED

As on 31/03/2016

Note 10 : Fixed Asset

Sr. No	Particulars	Rate	Gross Block			Depreciation			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	Adjustment	WDV as on 31.03.2016	WDV as on 31.03.2015
I Tangible Assets													
1	Land	0.00%	43,172,412	-	-	43,172,412	-	-	-	-	-	43,172,412	43,172,412
2	Factory Building	10.00%	18,714,758	1,252,494	-	19,967,252	1,317,587	-	6,533,835	-	-	13,433,417	13,498,510
3	Office Building	5.00%	1,300,937	-	-	1,300,937	13,795	-	1,026,726	-	-	274,211	288,006
4	Flat	10.00%	2,072,000	-	-	2,072,000	51,500	-	1,048,335	-	-	1,023,665	1,075,165
5	Plant & Machineries	13.91%	90,580,513	700,487	-	91,281,000	4,465,573	-	49,229,514	-	-	42,051,486	45,816,572
6	Electric Installation	20.00%	8,712,969	-	-	8,712,969	443,229	-	7,418,727	-	-	1,294,242	1,737,471
7	Laboratory Equipments	10.00%	188,953	40,576	-	229,529	10,537	-	170,921	-	-	58,608	28,569
8	Office Equipments	13.91%	661,916	5,500	-	667,416	56,047	-	411,569	-	-	255,847	306,394
9	Computer	40.00%	209,433	33,900	7,500	235,833	77,642	-	138,037	-	-	97,796	149,038
10	Furniture & Fixture	18.10%	1,432,980	-	-	1,432,980	131,228	-	1,049,790	-	-	383,190	514,418
11	Other Equipments	5.00%	128,828	-	-	128,828	10,871	-	115,983	-	-	12,845	23,716
12	Vehicles	25.89%	1,309,309	711,225	39,605	1,980,929	397,839	34,792	1,012,235	-	-	968,694	660,121
	Total - I		168,485,008	2,744,182	47,105	171,182,085	6,975,850	34,792	68,155,674	-	-	103,026,411	107,270,392
II Capital Work-in-progress													
	Total - II		1,169,404	2,494,587	1,792,133	1,871,858	-	-	-	-	-	1,871,858	1,169,404
	Total (I + II) (Current Year)		169,654,412	5,238,769	1,839,238	173,053,943	6,975,850	34,792	68,155,674	-	-	104,898,269	108,439,796
	(Previous Year)		184,493,648	1,690,406	16,529,642	169,654,412	7,185,040	10,707,064	61,263,131	48,515	-	108,439,796	108,391,281

Note 11**Long Term Loans and Advances**

Particulars	2015-16	2014-15
a. Security Deposits		
Unsecured, considered good	8,379,256	8,147,968
b. Loans and advances to related parties		
Unsecured, considered good	-	-
c. Other loans and advances		
Unsecured, considered good	8,651,471	6,724,108
	17,030,727	14,872,076

Related Party Transaction as informed by the management

Particulars	2015-16	2014-15
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-

*Either severally or jointly

Note 12**Current Investments**

Particulars	2015-16	2014-15
Mutual Fund		
SBI Dual Advantage Series IV Growth (Market value 31st March 2015 Rs. 1617180/- NAV Rs. 10.7812.)	1,500,000.00	1,500,000.00
	1,500,000	1,500,000

Note 13**Inventories**

Particulars	2015-16		2014-15	
a. Raw Materials and components	27,948,634		40,265,452	
Goods-in transit		27,948,634		40,265,452
b. Work-in-progress (Goods lying with Job Work)	-		-	
Goods-in transit	-		-	
c. Finished goods	2,324,517		8,805,214	
Goods-in transit		2,324,517		8,805,214
d. Stock-in-trade	3,880,000		5,179,140	
Goods-in transit		3,880,000		5,179,140
e. Stores and spares	2,130,830		1,738,522	
Goods-in transit		2,130,830		1,738,522
g. Trading Stock of Building Demolition Scrap	4,603,664		6,332,988	
	-		-	
		4,603,664		6,332,988
Total		40,857,645		62,321,316

Note 14**Trade Receivables**

Particulars	2015-16	2014-15
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Secured, considered good	-	-
Unsecured, considered good	103,455,128	81,862,641
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	103,455,128	81,862,641
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	17,512,380	35,362,924
	17,512,380	35,362,924
Total	120,967,508	117,225,565

Trade Receivable stated above as informed by the management include debts due by:

Particulars	2015-16	2014-15
Directors & their Relatives	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-

*Either severally or jointly

Note 15**Cash and cash equivalents**

Particulars	2015-16	2014-15
Balances with banks	9,654,303	5,077,856
Fixed Deposit and accrued interest thereon	339,251	4,922,123
Cash on hand	475,498	438,112
	10,469,052	10,438,091

Note 16**Short-term loans and advances**

Particulars	2015-16	2014-15
a. Loans and advances to related parties		
Unsecured, considered good	24,768,607	-
b. Others (specify nature)		
Unsecured, considered good	122,451,236	120,300,713
	147,219,843	120,300,713

Related Party Transaction as informed by the management

Particulars	2015-16	2014-15
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-

*Either severally or jointly

Note 17**Other Current Assets**

Particulars	2015-16	2014-15
Advance to Creditors (Goods)	9,547,124	57,017,862
Advance to Creditors (Exps)	90,308	1,452,228
Advance to Employees	47,561	205,561
Advance with Revenue Authorities	26,329,426	30,475,177
prepaid Expenses	16,743	75,899
Compensation for surrender of lease	8,000,000	-
	44,031,162	89,226,727

PALCO RECYCLE INDUSTRIES LIMITED

Note 18

Revenue from operations

Particulars	2015-16	2014-15
Sale of products	720,431,594	801,443,437
Total	720,431,594	801,443,437

Note 19

Other income

Particulars	2015-16	2014-15
Interest Income	16,271,373	13,235,411
Other non-operating income	8,922,640	(152,118)
Profit from Sale of Assets	8,187	3,193,813
Total	25,202,200	16,277,106

Note 20

Cost of materials consumed

Particulars	2015-16	2014-15
Opening Stock of Raw Materials	42,003,974	41,111,697
Purchase of Raw Materials and Stores	570,755,418	612,993,787
DIRECT/MANUFACTURING EXPENSE		
Job work/ Labour Charges	107,400	-
Power & Fuel	14,062,141	29,368,544
Production & Factory Exp.	3,779,257	6,002,995
Freight & Octroi Exp.	861,977	309,480
sub total	631,570,167	689,786,503
Less:		
Closing Stock of Raw Materials	30,079,464	42,003,974
Total	601,490,703	647,782,529

Note 21

Purchases of Stock-in-Trade

Particulars	2015-16	2014-15
Purchase of Trading Scrap	-	16,762,408
Total		16,762,408

Note 22**Changes in inventories of finished goods work-in-progress and Stock-in-Trade**

Particulars	2015-16	2014-15
Opening Stock :		
Finished Goods	8,805,217	907,906
Traded Items	5,179,140	405,100
	13,984,357	1,313,006
Closing Stock :		
Finished Goods	2,324,517	8,805,217
Traded Items	3,880,000	5,179,140
Stock Adjustment trans. of fixed asset	(1,729,324)	(2,637,837)
	4,475,193	11,346,520
Total	9,509,164	(10,033,514)

Note 23**Employee Benefits Expense**

Particulars	2015-16	2014-15
(a) Salaries and incentives	3,824,608	4,695,631
(b) Contributions to -		
(i) Provident fund & ESIC Scheme	351,452	399,090
(ii) Gratuity and Leave Salary	297,491	165,879
(c) Staff welfare expenses	24,116	28,823
(d) Sitting fees to Director	-	-
Total	4,497,667	5,289,423

Note 24**Finance costs**

Particulars	2015-16	2014-15
Interest expense	27,259,835	31,184,451
Bank Charges	168,610	524,287
Bank Processing Fees	3,138,965	2,406,437
Applicable net gain/loss on foreign currency transactions and translation		
Total	30,567,410	34,115,175

Note 25**Other expenses**

Particulars	2016-16	2015-15
Audit Fees	40,000	40,000
Advertisement & Publicity	15,538	19,233
Government Charges & Fee	-	2,250
Donation	5,000	5,500
Indirect Tax Expense	1,508,055	7,206,134
Repair & Maintenance Exp.	815,014	199,295
Legal & Professional Fee Expense	1,023,750	1,072,869
Membership and Subscription, Seminar/Conference	42,284	64,950
Office Expense	268,917	204,487
Packaging & Forwarding & Sales Exp.	9,799,574	18,495,273
Postage ,Telegram & Telephone	206,707	236,397
Printing & Stationery	33,870	90,654
Custom Penalty	-	25,000
Insurance Expenses	251,209	513,198
Rates and taxes, excluding, taxes on income.	70,246	70,356
ROC Expense	25,200	296,850
Travelling & Conveyance Expense	726,142	764,918
Website Development & Software Expense	-	8,467
Interest on Late payment of TDS	1,300	132
Registration Exp.(Sabarmati Gas)	229,900	229,900
Miscellaneous expenses,	15,574	25,618
Total	15,076,280	19,524,481

Note 26

In the opinion of the Board, 'Sundry Debtors', 'Loans and Advances' and 'Other current Assets' are approximately of the value stated if realised in the ordinary course of business. Confirmation Letters have not been obtained in respect of debtors, creditors, loans taken and loans/advances given. Accordingly such balances are subject to confirmation, reconciliation and consequent adjustments, if any.

Note 27

In the opinion of the Board, provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

Note 28

Claims, Late payment charges etc have been accounted for in the books as and when confirmed with the respective parties.

Note 29

Depreciation and amortization expense

PARTICULAR	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Depreciation of tangible assets	6975849.811	7185040
Amortization of intangible assets	0	0

Note 30

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

PARTICULAR	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Total operations for the year		
Profit/(loss) after tax	1,333,438	1,127,823
Less : Dividends on convertible preference shares & tax thereon	0	0
Net profit/(loss) for calculation of basic EPS	1,333,438	1,127,823
Weighted average number of equity shares in calculating basic EPS	10,750,000	10,750,000
Earning per share - Basic and Diluted	0.12	0.10

Note 31

Value of imports calculated on CIF basis

PARTICULARS	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Direct Import of Raw materials		8262521
High seas Purchases of Raw Material		67915746
Direct Import of Traded Goods (paid in Foreign Currency Terms)	-	-
High seas Purchases of Imported Traded Goods	-	-
Components and spare parts	-	-
Capital goods	-	-
Total	-	76,178,267.00

Note 32**Expenditure in foreign currency (accrual basis)**

PARTICULARS	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Travelling and conveyance		65,355.00

Note 33**Earnings in foreign currency (accrual basis)**

Year of remittance (ending on)	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Exports at F.O.B. Value	-	-

Note 34**Auditor Remuneration**

Particulars	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
For Statutory Audit	30000	30000
For Tax Audit	10000	10000
For Income Tax Matters	0	0

Note 35**Disclosure of related parties related party transactions :**

Holding Companies	Nil
Fellow Subsidiaries	Nil
Associate Companies	Nil
Joint Ventures	Nil
Key Management Personnel	Kirankumar Agarwal Kanaiyalal Agarwal Nareshchandra Jain Kailashchandra Agrawal Sumit Gupta
Enterprise over which Key management Personnel exercise significant influence	Palco Metals Ltd. Krishna Share broking and securities Ltd. Manidhari Realtors Private Limited Palco Recycle Exchange Ltd. ABC Auction Trade Pvt Ltd Vinod Realities Pvt Ltd ABC Metals & Trading Consultancies Pvt Ltd Saptak Tradelink Pvt Ltd Krishna Capital & Securities Ltd.
Relative of the Key Management Personnel	Narendra B Agarwal Sunita Agrawal
(Related party relationship is as identified by the management of the company)	

PARTICULAR	Gratuity			Leave Encashment
	31-Mar-16	31-Mar-15	31-Mar-16	
	AMT IN RS.	AMT IN RS.	AMT IN RS.	AMT IN RS.
Current service cost	92,815	49,188	58,799	28,624
Interest cost on benefit obligation	25,132	24,499	2,177	3,524
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognized in the year	25,970	50,581	(6,054)	51,866
Net benefit expenses	143,917	124,268	54,922	84,014
Actual return on plan assets	-	-	-	-

Disclosures related to retirement benefits
Note 36

Transaction	Enterprise over which key Management Personnel exercise Significant Influence		Key Management Personnel & Relatives	Total Amount in Rupees
INCOMES				
Sales Of Goods	-	-	-	-
Service Rendered	-	-	-	-
Interest Income	-	-	-	-
Dividend Income	-	-	-	-
EXPENSES				
Purchases	117,268,784	-	-	117,268,784
Rent	-	-	-	-
Interest Expenses	7,095,032	-	-	7,095,032
Directors Remuneration :				
Salaries & Allowances	-	192,000	-	192,000
Provision for Gratuity	-	-	-	-
Dividend paid	-	-	-	-
OUTSTANDINGS				
As at Beginning	-	-	-	-
Sundry Debtors	-	-	-	-
Sundry Creditors	-	-	-	-
Unsecured Loan	59,205,529	-	-	59,205,529
Loans & Advances	-	-	-	-
Provisions	-	-	-	-
As at Closing	-	-	-	-
Sundry Debtors	-	-	-	-
Sundry Creditors	-	-	-	-
Unsecured Loan	65,741,058	-	-	65,741,058
Loans & Advances	-	-	-	-
Provisions	-	-	-	-

PARTICULAR	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.
Present value of defined benefit obligation	-	-	-	-
Fair value of plan assets	-	-	-	-
Plan asset/(liability)	-	-	-	-

PARTICULAR	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.
Opening defined benefit obligation	332,745	243,157	58,771	40,255
Current service cost	92,815	49,188	58,799	28,624
Interest cost	25,132	24,499	2,177	3,524
Benefits paid	(87,006)	(17,520)	(55,127)	(65,498)
Actuarial (gains)/losses on obligation	25,970	33,421	(6,054)	51,866
Prior year charges	39,161	-	-	-
Closing defined benefit obligation	428,817	332,745	58,566	58,771

PARTICULAR	31-Mar-16	31-Mar-15
	AMT IN Rs.	AMT IN Rs.
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gains/(losses)	-	-
Closing fair value of plan assets	-	-

PARTICULAR	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Discount rate	7.95%	7.70%	7.95%	7.70%
Expected rate of return on assets	N.A	N.A	N.A	N.A
Employee turnover	-	-	-	-
Healthcare cost increase rate	-	-	-	-

Note 37

Operational Cycle

The current assets and liabilities have been reflected in the Balance Sheet as per the operating cycle confirmed by the management.

Note 38

The company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year-end together with interest paid/payable under this account have not been given.

Note 39

Sundry Creditors include dues to Small Scale Industrial Undertakings as informed by the management Rs. Nil (P.Y. Rs. Nil).
The Small Scale Industrial Undertakings to whom amount outstanding as informed by the management for more than 30 days where such dues exceed Rs. 1 lac are Nil (P.Y. Nil).

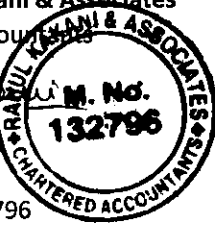
Note 40

Previous Year Figures

Previous year figures have been regrouped and re -arranged as per the requirement of revised schedule - III of the Companies Act, 2013

For Rahul Kakani & Associates
Chartered Accountants

R. Kakani
(Rahul Kakani)
Partner
Mem No. 132796



PALCO RECYCLE INDUSTRIES LIMITED

Kanaiyalal Agrawal
Kanaiyalal Agrawal
Director

Kiran Agrawal
Kiran Agrawal
Director

Place : Ahmedabad
Date : 19/05/2016