



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, 2017, 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, 2017;
- 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, 2017 ("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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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.
 - iv) The Company has provided requisite disclosures in the standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to December, 2016, on the basis of information available with the Company. Based on audit procedures, and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. – Refer Note -

For RAHUL KAKANI & ASSOCIATES
(CHARTERED ACCOUNTANTS)

R. Kakani

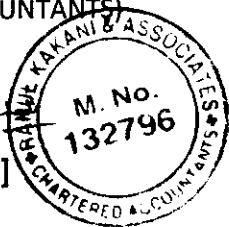
[RAHUL KAKANI]
PARTNER

M.NO.: - 132796

F.R.No. 130198W

Place: -Ahmedabad

Date: - 27/05/2017.



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, 2017.

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.

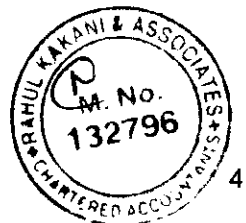
II. In respect of its Inventories:

- 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:

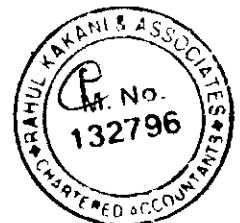
Pursuant to rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013 in respect of certain manufacturing activities, as informed to us, the Company has maintained cost records.

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 31.3.2017 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, 2017 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

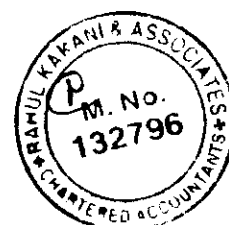
In our opinion and according to the information and explanations given to us, Company is not Nidhi Company . Hence Compliance related to Net owned fund is not applicable to company.

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.

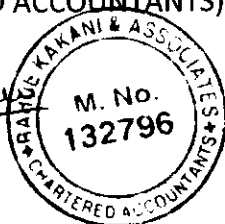
**For RAHUL KAKANI & ASSOCIATES
(CHARTERED ACCOUNTANTS)**

R Kakani

[RAHUL KAKANI]

Partner

M.NO.: - 132796



Place: -Ahmedabad

Date: - 27/05/2017

PALCO RECYCLE INDUSTRIES LIMITED
Balance Sheet as at 31st March 2017

Particulars		Note No.	As at 31st March 2017	As at 31st March 2016
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital		3	107,500,000	107,500,000
(b) Reserves and surplus		4	127,515,517	122,924,875
(c) Money received against share warrants			-	-
2 Share application money pending allotment				
3 Non-current liabilities				
(a) Long-term borrowings		5	43,025,388	134,227,492
(b) Deferred tax liabilities (Asset)			2,069,066	1,763,411
(c) Other Long term liabilities			-	-
(d) Long-term provisions		6	2,628,832	2,824,383
4 Current liabilities				
(a) Short-term borrowings		7	74,884,628	92,483,932
(b) Trade payables			38,137,485	5,521,476
(c) Other current liabilities		8	19,808,376	19,074,814
(d) Short-term provisions		9	822,329	683,823
TOTAL			416,391,620	487,004,206
II. ASSETS				
Non-current assets				
1 (a) Fixed assets				
(i) Tangible assets		10	98,233,526	103,026,411
(ii) Intangible assets			-	-
(iii) Capital work-in-progress			-	1,871,858
(iv) Intangible assets under development			-	-
(b) Non-current investments			-	-
(c) Deferred tax assets (net)			-	-
(d) Long-term loans and advances		11	12,023,172	17,030,727
(e) Other non-current assets			-	-
2 Current assets				
(a) Current investments		12	1,500,000	1,500,000
(b) Inventories		13	27,234,400	40,887,645
(c) Trade receivables		14	133,103,500	120,967,508
(d) Cash and cash equivalents		15	983,985	10,469,052
(e) Short-term loans and advances		16	103,305,926	147,219,843
(f) Other current assets		17	40,007,111	44,031,162
TOTAL			416,391,620	487,004,206

Significant Accounting Policies

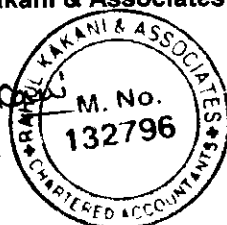
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The Accounting Policies & Notes are an integral part of the financial Statements

For Rahul kakani & Associates

For Palco Recycle Industries Ltd

Rahul Kakani
Partner
M. No. 132796



Kanaiyalal Agrawal
Director
DIN : 00594240

Kiran Agrawal
Director
DIN : 00395934

Place : Ahmedabad

Date : 27/05/2017

PALCO RECYCLE INDUSTRIES LIMITED
Profit and loss statement for the period ended 31st March 2017

Particulars	Refer Note No.	For the year Ended on 31st March 2017	For the year Ended on 31st March 2016
I. Revenue from operations	18	783,032,162	720,431,594
Less : Excise Duty		87,746,487	75,467,472
		695,285,675	644,964,122
II. Other income	19	16,337,921	25,202,200
III. Total Revenue (I + II)		711,623,596	670,166,322
IV. Expenses:			
Cost of Raw Material consumed	20	616,696,937	601,490,703
Purchases of Stock-in-Trade	21	10,021,030	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(1,410,787)	9,509,164
Employee benefits expense	23	4,879,863	4,497,667
Finance costs	24	28,855,313	30,567,410
Depreciation		6,300,270	6,975,850
Other expenses	25	39,518,936	15,078,280
Total expenses		704,861,562	668,119,074
Profit before exceptional and extraordinary items and tax (III-IV)		6,762,034	2,047,248
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		6,762,034	2,047,248
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		6,762,034	2,047,248
X Tax expense:			
(1) Current tax		1,850,000	350,000
(2) Deferred tax		305,655	363,810
Profit (Loss) for the period from continuing operations (VII- XI VIII)		4,606,379	1,333,438
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
Profit/(loss) from Discontinuing operations (after tax) (XII- XIV XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		4,606,379	1,333,438
XVI Earnings per equity share:			
(1) Basic		0.43	0.14
(2) Diluted			

Significant Accounting Policies

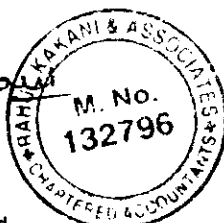
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The Accounting Policies & Notes are an integral part of the financial Statements

For Rahul kakani & Associates

For Palco Recycle Industries Ltd

Rahul Kakani
Partner
M. No. 132796
Place : Ahmedabad
Date : 27/05/2017



Kanaiyalal Agrawal
Kanaiyalal Agrawal
Director
DIN : 00594240

Kiran Agrawal
Kiran Agrawal
Director
DIN : 00395934

PALCO RECYCLE INDUSTRIES LIMITED

Notes Forming parts of Balancesheet for the period ended on 31st March 2017

Note 3

Share capital

(in Rs.)

Particulars	2016-17		2015-16	
	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	2016-17		2015-16	
	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

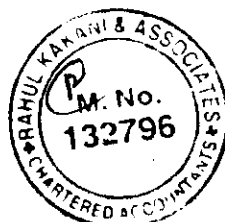
Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	2016-17		2015-16	
	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	2016-17	2015-16
Surplus		
Opening balance of Surplus	55,424,876	54,231,279
(+) Net Profit/(Net Loss) For the current year	4,606,379	1,333,438
Total Surplus / Reserve	60,031,255	55,564,717
(+) Transfer to Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	15,738	139,842
Share Premium	67,500,000	67,500,000
Closing Balance	127,515,517	122,924,875



Note 5

Long Term Borrowings

Particulars	2016-17	2015-16
Secured		
(a) Term loans		
Term loan from banks (Term loan of Plant & machineries is Secured by mortgagage factory & building and alongwith irrevocable unconditional guarantee of directors. RS-33,33,336 treated as Current Liabilities)	3,806,942	6,959,592
Corporate Loan from Bank (Rs- 70,00,008 treated as current laibilities)	9,505,725	16,564,813
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)	25,799,293	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)	250,454	491,743
	39,362,414	68,486,434
Unsecured		
(a) Loans and advances from related parties Loans are repayable on demand	3,662,974	65,741,058
(b) Other loans and advances Loans are repayable on demand	-	-
	3,662,974	65,741,058
Total	43,025,388	134,227,492

Note 6

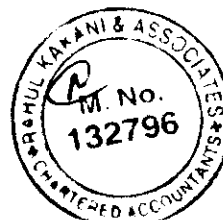
Long Term Provisions

Particulars	2016-17	2015-16
(a) Provision for employee benefits		
Gratuity (unfunded)	389,868	428,817
Leave Encashment (unfunded)	38,964	58,566
(b) Others		
Provision for Taxation	2,200,000	2,337,000
Total	2,628,832	2,824,383

Note 7

Short Term Borrowings

Particulars	2016-17	2015-16
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 mortgagage factory & building and alongwith irrevocable unconditional guarantee of directors.))	74,884,628	92,483,932
Unsecured		
(a) Loans and advances from related parties Loans are repayable on demand	-	-
(b) Other loans and advances Loans are repayable on demand	-	-
Total	74,884,628	92,483,932



Note 8**Other Current Liabilities**

Particulars	2016-17	2015-16
Current Maturities of Long term Debt	16,642,812	16,642,812
(a) Interest accrued and due on borrowings	-	-
(b) Advance against sale of Asset	1,950,000	1,450,000
(c) Other payables		
Statutory Liabilities	1,043,002	809,440
(d) Advance received from customers	172,562	172,562
Total	19,808,376	19,074,814

Note 9**Short Term Provisions**

Particulars	2016-17	2015-16
(a) Provision for employee benefits		
Salary & Reimbursements	334,149	222,926
Contribution to PF	29,764	34,798
Contribution to ESI	10,716	10,821
Bonus to employees	446,734	378,178
(b) Others		
Sitting fees Payable	-	-
Unpaid Audit Fees	-	-
Other Unpaid Expenses	966	37,100
Total	822,529	683,823

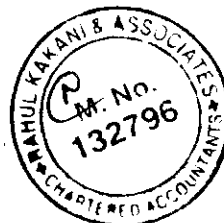
Note 11**Long Term Loans and Advances**

Particulars	2016-17	2015-16
a. Security Deposits		
Unsecured, considered good	8,365,256	8,379,256
b. Loans and advances to related parties		
Unsecured, considered good	-	-
c. Other loans and advances		
Unsecured, considered good	3,657,916	8,651,471
	12,023,172	17,030,727

Related Party Transaction as informed by the management

Particulars	2016-17	2015-16
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

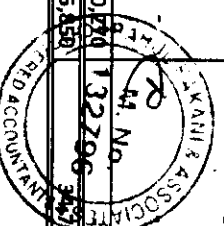


PALCO RECYCLE INDUSTRIES LIMITED

Note 10 : Fixed Asset

As on 31/03/2017

Sr. No	Particulars	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 31.03.2017	WDV as on 31.03.2016
I Tangible Assets												
1	Land	43,172,412	-	-	43,172,412	-	-	-	-	-	43172412	43,172,412
2	Factory Building	19,967,252	-	-	19,967,252	6,533,835	1,256,024	-	7,789,859	-	12177393	13,433,417
3	Office Building	1,300,937	-	-	1,300,937	1,026,726	2,195	-	1,028,921	272,016	0	274,211
4	Flat	2,072,000	-	-	2,072,000	1,048,335	49,033	-	1,097,368	-	974632	1,023,665
5	Plant & Machineries	91,281,000	1,942,392	-	93,223,392	49,229,514	4,174,436	-	53,403,950	186,467	39632975	42,051,486
6	Electric Installation	8,712,969	155,778	-	8,868,747	7,418,727	367,173	-	7,785,900	-	1082847	1,294,242
7	Laboratory Equipments	229,529	-	-	229,529	170,921	12,081	-	183,002	-	46527	58,608
8	Office Equipments	667,416	30,350	-	697,766	411,569	26,578	-	438,147	135,740	123879	255,847
9	Computer	235,833	43,600	-	279,433	138,037	43,753	-	181,790	-	97643	97,796
10	Furniture & Fixture	1,432,980	-	-	1,432,980	1,049,790	82,105	-	1,131,895	70,512	230573	383,190
11	Other Equipments	128,828	-	-	128,828	115,983	3,286	-	119,269	-	9559	12,845
12	Vehicles	1,980,929	-	-	1,980,929	1,012,235	283,606	-	1,295,841	-	685088	968,694
	Total - I	171,182,085	2,172,120	-	173,354,205	68,155,674	6,300,270	-	74,455,944	-	98,233,526	103,026,411
II Capital Work-in-progress												
	Total - II	1,871,858	73,473	1,945,331	-	-	-	-	-	-	-	1,871,858
	Total (I + II) (Current Year)	173,053,943	2,245,593	1,945,331	173,354,205	68,155,674	6,300,270	1,32,796	74,455,944	664,735	98,233,526	104,898,269
	(Previous Year)	169,554,412	5,238,769	1,839,238	173,053,943	64,785,155	6,975,850	34,792	68,155,674	-	104,898,269	104,898,269



Note 12**Current Investments**

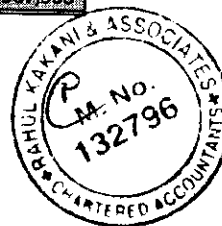
Particulars	2016-17	2015-16
Mutual Fund		
SBI Dual Advantage Series IV Growth (Market value 31st March 2017 Rs. 0000000/- NAV Rs. 10.7812.)	1,500,000.00	1,500,000.00
	1,500,000	1,500,000

Note 13**Inventories**

Particulars	2016-17		2015-16	
a. Raw Materials and components	13,098,114		27,948,634	
Goods-in transit		13,098,114		27,948,634
b. Work-in-progress (Goods lying with Job Work)	-		-	
Goods-in transit				
c. Finished goods	4,905,418		2,324,517	
Goods-in transit		4,905,418		2,324,517
d. Stock-in-trade	7,313,550		3,880,000	
Goods-in transit		7,313,550		3,880,000
e. Stores and spares	1,917,318		2,130,830	
Goods-in transit		1,917,318		2,130,830
g. Trading Stock of Building Demolition Scrap	-		4,603,664	
				4,603,664
Total		27,234,400		40,887,645

Note 14**Trade Receivables**

Particulars	2016-17	2015-16
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Secured, considered good	-	-
Unsecured, considered good	115,406,192	103,455,128
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	115,406,192	103,455,128
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	17,697,308	17,512,380
	17,697,308	17,512,380
Total	133,103,500	120,967,508



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

Particulars	2016-17	2015-16
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	2016-17	2015-16
Balances with banks	44,545	9,654,303
Fixed Deposit and accrued interest thereon	784,251	339,251
Cash on hand	155,189	475,498
	983,985	10,469,052

Note 16

Short-term loans and advances

Particulars	2016-17	2015-16
a. Loans and advances to related parties		
Unsecured, considered good	29,337,758	24,768,607
b. Others (specify nature)		
Unsecured, considered good	73,968,168	122,451,236
	103,305,926	147,219,843

Related Party Transaction as informed by the management

Particulars	2016-17	2015-16
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	2016-17	2015-16
Advance to Creditors (Goods)	11,676,721	9,547,124
Advance to Creditors (Exps)	-	90,308
Advance to Employees	-	47,561
Advance with Revenue Authorities	19,820,560	26,329,426
prepaid Expenses	509,830	16,743
Compensation for surrender of lease	8,000,000	8,000,000
	40,007,111	44,031,162



PALCO RECYCLE INDUSTRIES LIMITED

Note 18

Revenue from operations

Particulars	2016-17	2015-16
Sale of products	783,032,162	720,431,594
Total	783,032,162	720,431,594

Note 19

Other income

Particulars	2016-17	2015-16
Interest Income	15,498,238	16,271,373
Other non-operating income	839,683	8,922,640
Profit from Sale of Assets	-	8,187
Total	16,337,921	25,202,200

Note 20

Cost of materials consumed

Particulars	2016-17	2015-16
Opening Stock of Raw Materials	30,079,464	42,003,974
Purchase of Raw Materials and Stores	570,331,468	570,755,418
DIRECT/MANUFACTURING EXPENSE		
Job work/ Labour Charges	459,862	107,400
Power & Fuel	22,792,054	14,062,141
Production & Factory Exp.	7,770,525	3,779,257
Freight & Octroi Exp.	278,996	861,977
sub total	631,712,369	631,570,167
Less:		
Closing Stock of Raw Materials	15,015,432	30,079,464
Total	616,696,937	601,490,703



Note 21**Purchases of Stock-in-Trade**

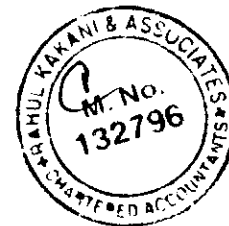
Particulars	2016-17	2015-16
Purchase of Trading Scrap	10,021,030	-
Total	10,021,030	

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

Particulars	2016-17	2015-16
Opening Stock :		
Finished Goods	2,324,517	8,805,217
Traded Items	3,880,000	5,179,140
Building Stock Generated	4,603,664	
	10,808,181	13,984,357
Closing Stock :		
Finished Goods	4,905,418	2,324,517
Traded Items	7,313,550	3,880,000
Stock Adjustment trans. of fixed asset	-	(1,729,324)
	12,218,968	4,475,193
Total	(1,410,787)	9,509,164

Note 23**Employee Benefits Expense**

Particulars	2016-17	2015-16
(a) Salaries and incentives	3,935,805	3,824,608
(b) Contributions to -		
(i) Provident fund & ESIC Scheme	294,688	351,452
(ii) Gratuity and Leave Salary	208,114	297,491
(c) Staff welfare expenses	261,256	24,116
(d) Director's remuneration	180,000	-
Total	4,879,863	4,497,667



Note 24**Finance costs**

Particulars	2016-17	2015-16
Interest expense	27,819,139	27,259,835
Bank Charges	698,774	168,610
Bank Processing Fees	337,400	3,138,965
Applicable net gain/loss on foreign currency transactions and translation		
Total	28,855,313	30,567,410

Note 25**Other expenses**

Particulars	2016-17	2015-16
Audit Fees	40,000	40,000
Advertisement & Publicity	10,000	15,538
Government Charges & Fee	100,000	-
Donation	-	5,000
Indirect Tax Expense	3,419,873	1,508,055
Repair & Maintenance Exp.	684,444	815,014
Legal & Professional Fee Expense	417,702	1,023,750
Membership and Subscription, Seminar/Conference	55,713	42,284
Office Expense	211,050	268,917
Packaging & Forwarding & Sales Exp.	20,050,331	9,799,574
Postage, Telegram & Telephone	199,732	206,707
Printing & Stationery	44,810	33,870
Bad Debts Written off	12,231,384	-
Insurance Expenses	286,886	251,209
Rates and taxes, excluding, taxes on income.	59,181	70,246
Impairment of Fixed Asset	664,734	-
ROC Expense	12,000	25,200
Income Tax Exp.	69,331	-
Travelling & Conveyance Expense	953,135	726,142
Website Development & Software Expense	8,630	-
Interest on Late payment of TDS	-	1,300
Registration Exp.(Sabarmati Gas)	-	229,900
Miscellaneous expenses,		15,574
Total	39,518,936	15,078,280



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-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
Depreciation of tangible assets	6300270	6975850
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-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
Total operations for the year		
Profit/(loss) after tax	4,606,379	1,333,438
Less : Dividends on convertible preference shares & tax thereon	0	0
Net profit/(loss) for calculation of basic EPS	4,606,379	1,333,438
Weighted average number of equity shares in calculating basic EPS	10,750,000	10,750,000
Earning per share - Basic and Diluted	0.43	0.12



Note 31**Value of imports calculated on CIF basis**

PARTICULARS	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
Direct Import of Raw materials	390524490	8262521
High seas Purchases of Raw Material	0	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	390,524,490	76,178,267

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

PARTICULARS	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
Travelling and conveyance	0	65,355.00

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

Year of remittance (ending on)	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
Exports at F.O.B. Value	-	-

Note 34**Auditor Remuneration**

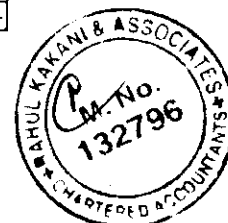
Particulars	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.
For Statutory Audit	30000	30000
For Tax Audit	10000	10000
For Income Tax Matters	0	0



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)	

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	12,30,53,311	-	108,352,558
Rent	-	-	-
Interest Expenses	4,069,971	-	4,069,971
Directors Remuneration :	-	180,000	-
Salaries & Allowances	-	210,000	210,000
Provision for Gratuity	-	-	-
Dividend paid	-	-	-
OUTSTANDINGS			
As at Beginning			
Sundry Debtors	-	-	-
Sundry Creditors	-	-	-
Unsecured Loan	65,741,058	-	65,741,058
Loans & Advances	-	-	-
Provisions	-	-	-
As at Closing			
Sundry Debtors	-	-	-
Sundry Creditors	-	-	-
Unsecured Loan	3,662,974	-	3,662,974
Loans & Advances	-	-	-
Provisions	-	-	-



Note 36

Disclosures related to retirement benefits

PARTICULAR	Gratuity		Leave Encashment	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.
Current service cost	92,153	92,815	95,526	58,799
Interest cost on benefit obligation	33,559	25,132	2,237	2,177
Expected return on plan assets		-		-
Net actuarial(gain)/loss recognized in the year	34,905	25,970	(58,799)	(6,054)
Net benefit expenses	160,617	143,917	38,964	54,922
Actual return on plan assets	-	-	-	-

PARTICULAR	Gratuity		Leave Encashment	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	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-17	31-Mar-16	31-Mar-17	31-Mar-16
	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.	AMT IN Rs.
Opening defined benefit obligation	428,817	332,745	58,566	58,771
Current service cost	92,153	92,815	95,526	58,799
Interest cost	33,559	25,132	2,237	2,177
Benefits paid	(199,566)	(87,006)	(58,566)	(55,127)
Actuarial (gains)/losses on obligation	34,905	25,970	(58,799)	(6,054)
Prior year charges	-	39,161	-	-
Closing defined benefit obligation	389,868	428,817	38,964	58,566

PARTICULAR	31-Mar-17	31-Mar-16
	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-17	31-Mar-16	31-Mar-17	31-Mar-16
Discount rate	7.20%	7.95%	7.20%	7.95%
Expected rate of return on assets	N.A	N.A	N.A	N.A
Employee turnover	-	-	-	-
Healthcare cost increase rate	-	-	-	-



Note 37

Particular	SBN	Other Denomination Notes	Total
08th Nov 2016 to 30 December 2016	0	300337	300337
Add: Withdrawal from Bank accounts	0	200000	200000
Add: Receipts for permitted transactions	0	0	0
Less : Paid for permitted transactions	0	185288	185288
Less: Deposited in bank accounts	0	269000	269000
Closing balance as at 30 December 2016	0	46049	46049

Note 38**Operational Cycle**

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

Note 39

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.


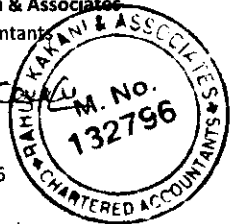


Note 40

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 41**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  (Rahul Kakani) Partner Mem No. 132796 	PALCO RECYCLE INDUSTRIES LIMITED  Kanaiyalal Agrawal Director	 Kiran Agrawal Director
Place : Ahmedabad Date : 27/05/2017		