

PALCO LIMITED

(FORMERLY KNOWN AS PENNAR ALUMINIUM COMPANY LIMITED)

26th Annual Report
2015-16

Corporate Information :**Board of Directors :**

Mr. Vijay Chandra Puljal (DIN: 00090286)
Andi Rajender (DIN : 00381092)
Maddur Rajeshwar Rao (DIN:00381050)

Registrar and Share Transfer Agents :

XL Softech Systems Ltd
#3, Sagar Society Road No.2
Banjara Hills, Hyderabad – 500 034

Statutory Auditor :

Suryanarayana & Suresh
Chartered Accountants
8-2-601/B, Flat No.C2, Road No.10
Millenium House, Near Zaheer Nagar X
Roads
Banjara Hills, Hyderabad – 500 034
Telangana

Secretarial Auditor :

Mr. S Chidambaram
Company Secretary in Practice
Flat No.4A, Sampathji Apartments
6-3-85510/A, Saddat Manzil, Ameerpet
Hyderabad – 500 016

Registered Office :

Flat No.501
Sri Ramchandra Residency
Opp.: Sree Sitharamanjaneya Swamy
Temple
Madhapur Road, Kothaguda
Kondapur
Hyderabad – 500 084
Telangana, INDIA
CIN : L27203TG1989PLC010409

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of Palco Limited will be held on Friday, the 30th day of September, 2016, at 10.30 A.M at Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084, to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statement of the company for the financial year ended March 31, 2016 the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Chandra Puljal (DIN: 00090286), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. Suryanarayana & Suresh , Chartered Accountants (ICAI Reg. No. 00631S), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the AGM of the Company to be held in the year 2020 at such remuneration plus service tax, out-of-pocket, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

4. To confirm the appointment of Shri.Maddur Rajeshwar Rao (DIN:00381050) as Director who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made there under and subject to the Articles of Association of the Company, Shri.Maddur Rajeshwar Rao, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 16.12.2015 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri.Maddur Rajeshwar Rao as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company for the period of five years not liable to retire by rotation.

5. To confirm the appointment of Shri. Andi Rajender (DIN: 00381092) as Director who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made there under and subject to the Articles of Association of the Company, Shri. Andi Rajender, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 20.02.2016 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri. Andi Rajender as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company for the period of five years not liable to retire by rotation.

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

Notes

1. A member entitled to attend and vote is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member.
2. Proxies to be effective must be received by the Company not less than 48 hours before the meeting.
3. Pursuant to provisions of Section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy, who shall not act as a proxy for any other member.
4. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2016 to 30th September, 2016, both days inclusive.
6. Members / Proxies are requested to bring to the meeting their copies of the Annual Report and the Attendance Slip duly filled in for attending the meeting.
7. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business is annexed hereto.
8. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting so that the information required by them may be made available at the meeting.
9. Shareholders are requested to intimate immediately any change in the address registered with the Company. Members holding shares in dematerialized form are requested to notify any change in address to their respective Depository Participants (DPs).
10. Trading in the equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is INE 057C01018
11. In compliance of the SEBI circular no. MRD/DOP/ Cir-05/2009 dated May 20, 2009, the shareholders/ transferees (including joint holders) holding shares in physical form are requested to furnish a certified copy of their PAN Card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. Members are requested to send all communications relating to shares to the Company's Share Transfer Agents (Physical and Depository) at the following address:
XL Softech Systems Limited,
Plot No. 3, Sagar Society,
Road No. 2, Banjara Hills,
Hyderabad - 500034.
Ph.040-23545913, 23553214
13. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued Circular on April 21, 2011 stating that the service of documents can be made through electronic mode. In view of the circular issued by MCA, the Company proposes to deliver documents like the Notice calling the Annual General Meeting/Audited Annual Accounts/Report of the Auditors/Report of the Directors

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etc, in electronic form to email address provided by the shareholders and made available by the Depositories. The Company shall send hard copies of full annual reports to those shareholders, who request for the same.

14. Shareholders are requested to furnish their e-mail addresses to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email addresses of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
15. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / XL Softech Systems Ltd.
16. Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company to be held on 30.09.2016 are provided in Annexure of this Notice.
17. The remote e-voting period commences vide EVSN No. 160830010 on 27th September, 2016 at 9.00 A.M and ends on 29th September, 2016 at 5.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on cut -off date of 23rd September, 2016 may cast their vote electronically. The CDSL will disable E voting facility after the expiry of remote e-voting period. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
18. The voting rights of the shareholders shall be in proportion to their shares of the paid-up share capital of the Company as on the cut -off date.

19. The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on <27th September, 2016 at 9.00 A.M > and ends on <29th September, 2016 at 5.00 P.M>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <23rd September, 2016> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <PALCO LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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(xx) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

20. As per the above instructions, any shareholder as on cut-off date that is 23rd September, 2016, who require sequence number may please contact the company by sending an email to pennaralu@gmail.com or our Registrar and Transfer Agents XL Softech Systems Limited by sending an email to xlfield@gmail.com on 24th September, 2016 and 25th September, 2016.
21. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
22. Mr. S Chidambaram, Practicing Company Secretary, Hyderabad has been appointed as the scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
23. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
24. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
25. Shareholders are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Shareholders may please update their bank account details with their Depository Participants for receiving the dividend in a hassle free manner. Opting for NECS is cost effective and also saves time.

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

Explanatory Statement

[Pursuant to Section 102(1) of the Companies Act, 2013]

Item # 4 Appointment of Shri.Maddur Rajeshwar Rao (DIN:00381050) as an Additional Director

The Board has appointed Shri.Maddur Rajeshwar Rao as an Additional Non-Executive Independent Director of the Company by Board resolution passed on 16th December 2015 with effect from 16.12.2015 pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri.Maddur Rajeshwar Rao will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Shri.Maddur Rajeshwar Rao for the office of director.

The Company has received from Shri.Maddur Rajeshwar Rao

- (i) Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules,2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri.Maddur Rajeshwar Rao as an Independent Director of the Company for the period of 5 years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

No director, key managerial personnel or their relatives, except Shri. Maddur Rajeswar Rao, to whom the resolution relates, is interested or concerned in the resolution.

Item # 5 Appointment of Shri. Andi Rajender ((DIN:00381092) as an Additional Director

The Board has appointed Shri. Andi Rajender as an Additional Non-Executive Independent Director of the Company by Board resolution held on 20th February 2016 with effect from 20.02.2016 pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri. Andi Rajender will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Shri. Andi Rajender for the office of director.

The Company has received from Shri. Andi Rajender

- (i) Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules,2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and
- (iii) A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

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The resolution seeks the approval of members for the appointment of Shri. Andi Rajender as an Independent Director of the Company for the period of 5 years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

No director, key managerial personnel or their relatives, except Shri. Andi Rajender, to whom the resolution relates, is interested or concerned in the resolution.

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

Information required to be furnished as Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below;

Particulars	Shri. Vijay Chandra Puljal	Shri. Maddur Rajeshwar Rao	Shri. Andi Rajender
Date of Birth	01.03.1951	29.07.1956	11.09.1951
Date of Appointment	22.09.2005	16.12.2015	20.02.2016
Qualification	Ag.Msc	Intermediate	Doctor
Expertise	Industrial Relations and personnel Management	Having service experience of over 25 years	-
List of Companies in which outside directorship held	02	01	02
Chairman/member of the committee of other companies on which he is Director	Nil	Nil	Nil
No. of Shares held by them in the Company	1263041	-	-

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report on the operations of Palco Limited together with the audited financial statements for the year ended March 31, 2016. The financial results of the Company are as follows:

1. Financial Results

(In lakhs)

Particulars	2015-16	2014-15
Net Income & Other Income	NIL	NIL
Operating expenditure	23.06	13.72
Operating Profit	(23.06)	(13.72)
Interest & Depreciation	NIL	NIL
Provision for taxes (Current & Deferred)	NIL	NIL
Profit/Loss after Tax(PAT)	(23.06)	(13.72)

2. REVIEW OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The Company is not in operations since 2005, as the assets of the Company had been taken over by Asset Reconstruction Company (India) Limited (ARCIL) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Since then, the company is not operating and also the company does not have any employees and assets. The company also does not have any executive directors.

3. Dividend, Fixed Deposits and General Reserves:

The company has not declared any dividend nor invited / accepted deposits from the public and there are No General Reserves with the Company as there were no operations in the company.

4. Extract of the Annual Return as per 92(3), Rule 12 in form MGT 9 – 134(3)(a): Annexed to the Report as "Annexure – A"

5. Number of Meetings of the Board: During the year ended 2015-16, the Board of Directors met Seven Times.

6. Directors Responsibility Statement:

Your Directors state that:

- in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors have prepared the annual accounts on a 'non-going concern' basis;
- e) The directors have prepared the accounts for the financial year ended 31st March, 2016 on a "non going concern" basis.

7. Statement on the declaration given by the independent directors as per 149(6):

Whenever Independent Director is appointed, a Declaration is given by the Independent Director who are been so appointed in the Company

8. Company's Policy on Directors' Appointment & Remuneration, including the criteria for determining Qualifications, Positive Attributes, Independence of the Directors and others as per 178(3) :

Nomination and Remuneration Committee looks after the criteria for determining Qualifications, Positive Attributes, and Independence of the Directors and others as per 178(3)

9. Explanation/ comments by the Board on every Qualifications, Reservations, Adverse Remarks or Disclaimers made by the Statutory Auditors & the Practicing Company Secretary in their Reports:

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Boards reply to the Auditors Qualifications; The Company is unable to continue its business as a going concern because the total assets of the company have been taken over by ARCIL and sold.

Company Secretary in their Report have raised few qualifications and the following are the measures we have taken for such qualifications

- 1. The Company is not in operation and not in a position to appoint Key managerial persons in the company as required under section 203 of the Companies Act, 2013 and rules made there under, Women Director, Internal Auditors. And also the Company is not in the position to pay the Listing Fee.

10. Particulars of the Loans, Guarantees, Security or Investments and the purpose for which the Loan, Guarantee or Security is proposed to be utilized by the recipient as per 186:

The Company has not given any loan, guarantee nor made investment covered under the provisions of section 186 of the Companies Act, 2013.

11. Particulars of Contracts or Arrangements with the Related Parties along with the justification for entering into such transactions as per 188(1) – 134(3)(h)& Rule 8(2):

Since there are no operations there are no contract and arrangement with related parties

12. Material changes & commitments, if any affecting the financial position of the company, occurred between the end of the financial year to which this financial statements relate and the date of the Report:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

13. Conservation of energy, technology absorption, Research & Development and foreign exchange earnings and outgo:

The Company had no operations, during the year and therefore power and fuel consumptions are NIL.

14. Development and implementation of a Risk Management Policy, including the identification therein of the elements of risk, which in the opinion of the Board may threaten the existence of the Company:

The Company do not have any operations and there are no assets in the Company. However, appropriate measures have been taken to minimize the risk to the Company.

15. Details of the policy developed and implemented on the CSR and the initiatives taken, Composition of CSR Committee:

During the Financial Year 2015-16 Company was not required to spend on CSR Activities, as there are no operations. Therefore company do not fall under any of the category as specified under section 135(1) of the Companies Act, 2013 read with Rules made there under

16. Performance & Financial Position of the Subsidiaries/ JVs/ Associate Companies:

There are no Subsidiary Companies nor is the Company subsidiary to any company

17. Change in the nature of business, if any:

There is no business in the Company.

18. Appointment and cessation of Directors:

Mr. Vijay Chandra Puljal who retires by rotation and being eligible offer himself for re-appointment. Your Board recommends his appointment.

The Company has Appointed Mr. Andi Srinivas Rao as Additional Director on 12.12.2015. But unfortunate demises of him on 09.02.2016 due to death has happened.

The Company has also appointed Mr. Maddur Rajeswar Rao as Additioan Independent Director on 16.12.2015 and Mr. Andi Rajender as Additioan Independent Director on 20.02.2016.

During the Year Mrs. Surekha Manepalli resigned as Director on 12.12.2015 and Mr. SV Ramachandra Rao resigned on 16.12.2015 as Directors of the Company.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the Annual General Meeting.

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

19. Names of the Companies which have ceased to be Subsidiaries/ JVs/ Associates: Nil

20. Details of the Deposits as per the Chapter V: The Company has not accepted any deposits under the provisions of the Companies Act, 2013.

21. Details of the Deposits not in compliance of requirements of Chapter V of the Act: NIL

22. Details of the Significant & Material orders passed by the Regulators/ Courts/ Tribunals impacting the going concern status of Company's operations in future: There are no such significant and material orders passed by the regulators/ Courts/tribunals impacting the companies operations. However, the Company is not operating and is non going concern company.

23. Details in respect of the adequacy of Internal Financial Controls with reference to the Financial Statements – Rule 8(5)(viii): The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

24. Disclosure regarding receipt of commission by a director from the holding or subsidiary of a company, in which such person is a managing or whole-time director: None of the Directors have received any commission from any Holding or Subsidiary (The company does not have holding or subsidiary Company)

25. Manner of formal annual evaluation of own performance of the board, committees and individual directors: The Company has made the annual evaluation on the performance of the Board, Committees and Individual Directors.

26. Corporate Governance:

The Company is committed to maintain the highest standard of corporate governance and adhere to the corporate governance requirements set out by Securities Exchange Board of India. The Report on corporate governance as stipulated under the Listing Agreement forms an integral part of this report.

The requisite certificate from the Practising Company Secretary of the Company confirming compliance with the conditions of corporate governance is enclosed as Annexure.

27. Nomination and Remuneration Policy: The Company has Nomination and Remuneration Committee. The Company is not paying any remuneration to the Directors. No sitting fee is paid to directors for attending the Meetings.

28. Vigil Mechanism/Whistle Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

29. Audit Committee:

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

30. Stakeholders Relationship Committee:

A. Committee of the Board, designated as stakeholders relationship committee to specifically look into the redressal of Shareholder/investor complaints and to strengthen investors relations. The compositions of the Committee are included in the corporate Governance Report forming part of this report.

31. Cost Auditors:

The company is unable to continue its business as a going concern because the total assets of the company have been taken over by ARCIL. The Company is not doing any business, since there is no cost audit to the Company.

32. Statutory Auditors:

At the Annual General Meeting (AGM) held on September, 30, 2015, M/s. Suryanarayana & Suresh, Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the company to hold office till conclusion of the AGM to be held in the calendar year 2020. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every AGM. Accordingly, as the appointment of M/s. Suryanarayana & Suresh., Chartered Accountants, Hyderabad as Statutory Auditors of the company is placed for ratification by the shareholders.

33. Internal auditors

Being the Company is not in operations for past few years and has no business activity the company has not appointed Internal Auditor for financial year 2016-17.

34. Secretarial Auditor:

The Board has appointed Ms. S.Chidambaram, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31st March, 2016 is annexed herewith as Annexure. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PALCO LIMITED

35. Board of Directors and Key Managerial Personnel:

None of the directors of the company are disqualified under the provisions of the Act or under the Listing Agreement with the Stock Exchanges

36. Particulars of Employees and related disclosures

There are no employees whose details are required to be given under Section 197 of the Companies Act, 2013.

37. Management Discussion and Analysis:

The Company had no operations during the year, as the assets of the Company had been taken over by Asset Reconstruction Company (India) Limited (ARCIL) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and hence the Board could not discuss and analyze the following:

1. Industry Structure and Development
2. Opportunities and Threats
3. Future Outlook
4. Risks and concerns
5. Internal Control Systems and their adequacy
6. Material Developments in Human Resources / Industrial Relations Front, Including number of people employed
7. Discussion on financial performance with respect to operational performance

Appreciation:

Your Directors express their gratitude to the shareholders and debenture holders.

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

**Form No. MGT-9
Extract of Annual Return**

as on the financial year ended on 31st March, 2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and
Administration) Rules, 2014]

I. Registration and other details:

i.	CIN	L27203TG1989PLC010409
ii.	Registration Date	01/09/1989
iii.	Name of the Company	PALCO LIMITED
iv.	Category / Sub-Category of the Company	Public Limited Company/Company Limited by Shares
v.	Address of the Registered office and contact details	Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad, Telangana- 500084
vi.	Whether listed company (Yes/No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Limited 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034.

II. Principal business activities of the company:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NA	NA	NA

III. Particulars of holding, subsidiary and associate companies:

Sl. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
-NIL-					

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	676671	-	676671	1.15	1263041	-	1263041	2.15	86.66
b)Central Govt.	-	-	-	-	-	-	-	-	-

PALCO LIMITED

c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) bodies corp.	-	-	-	-	-	-	-	-	-
e) any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	676671		676671	1.15	1263041	-	1263041	2.15	86.66
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of promoters (A)= (A)(1)+(A)(2)	676671		676671	1.15	1263041	-	1263041	2.15	1.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	111400	111400	0.19	-	111400	111400	0.19	NIL
b) Banks / FI	7150	34300	41450	0.07	6950	34300	41250	0.07	(0.48)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	500000	-	500000	0.85	500000	-	500000	0.85	0.00
g) FIs	-	94000	94000	0.16	-	94000	94000	0.16	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	507150	239700	746850	1.27	506950	239700	746650	1.27	(0.03)
2. Non-Institutions									
a) Bodies Corp.									
-i) Indian	3002500	288700	3291200	5.60	2166165	288700	2454865	4.18	(34.07)
ii) Overseas	-	-	-	-	-	-	-	-	-

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b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	28445515	5080176	33520691	57.07	28171196	5068276	33239472	56.60	(0.84)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	190979 59	427800	195257 59	33.25	1963570 2	427800	2006350 2	34.16	2.68
c) Others -Nri,s -Bodies -Clearing members	506229	458600	964829	1.64	507970	455500	963470	1.64	(0.14)
Sub-total (B)(2):-	51052203	6255276	57307479	97.58	50481033	6240276	56721309	96.58	(1.03)
Total Public Shareholding (B)=(B)(1)+(B)(2)	51559353	6494976	58054329	98.85	50987983	6479976	57467959	97.85	(1.02)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	52236024	6494976	58731000	100	52251024	6479976	58731000	100	-

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Vijay Chandra Puljal	676671	1.15	-	1263041	2.15	-	1.00

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(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. Of shares	% of total shares of the company	No. Of shares	% of total shares of the company
A)	Vijay Chandra Puljal				
1	At the beginning of the year	676671	1.15	676671	1.15
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/sweat equity etc):	Buy 586370 on 31.12.2015	1.00	1263041	2.15
3	At the End of the year	1263041	2.15	1263041	2.15

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A)	HITESH RAMJI JAVERI				
1	At the beginning of the year	600,000	1.02	600,000	1.02
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	600,000	1.02	600,000	1.02
B)	LIFE INSURANCE CORPORATION OF INDIA				
1	At the beginning of the year	500,000	0.85	500,000	0.85
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	500,000	0.85	500,000	0.85

PALCO LIMITED

C)	ARIHANT CAPITAL MKT. LTD				
1	At the beginning of the year	432,569	0.73	432,569	0.73
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	432,569	0.73	432,569	0.73
D)	JAINAM SHARE CONSULTANTS PVT.				
1	At the beginning of the year	193,246	0.32	193,246	0.32
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	193,246	0.32	193,246	0.32
E)	EAST INDIA SECURITIES LTD.				
1	At the beginning of the year	148,358	0.25	148,358	0.25
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	148,358	0.25	148,358	0.25
F)	SHRI PARASRAM HOLDINGS PVT.LTD				
1	At the beginning of the year	133,335	0.22	133,335	0.22
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				

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3	At the End of the year	133,335	0.22	133,335	0.22
G)	BONANZA PORTFOLIO LTD				
1	At the beginning of the year	107,522	0.18	107,522	0.18
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	107,522	0.18	107,522	0.18
H)	ATLANTA SHARE SHOPEE LIMITED				
1	At the beginning of the year	100,000	0.17	100,000	0.17
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	100,000	0.17	100,000	0.17
I)	B. LODHA SECURITIES LIMITED				
1	At the beginning of the year	75,174	0.12	75,174	0.12
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	75,174	0.12	75,174	0.12
J)	LSE SECURITIES LTD.				
1	At the beginning of the year	56,713	0.10	56,713	0.10
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	56,713	0.10	56,713	0.10

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A)	Vijay Chandra Puljal				
1	At the beginning of the year	676671	1.15	676671	1.15
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc)	Buy 586370 on 31.12.2015	1.00	1263041	2.15
3	At the End of the year	1263041	2.15	1263041	2.15

VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
<input type="checkbox"/> Addition	NIL	NIL	NIL	NIL
<input type="checkbox"/> Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

PALCO LIMITED

VII. Remuneration of directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL	NIL

B. Remuneration to other directors: NIL

Sl. no.	Particulars of Remuneration	Name of Director				Total Amount
1.	Independent Directors <input type="checkbox"/> Fee for attending board / committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors <input type="checkbox"/> Fee for attending board / committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> Others, please specify	Nil	Nil	Nil	Nil	Nil

PALCO LIMITED

	Total (2)	Nil	Nil	Nil	Nil	<i>Nil</i>
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	<i>Nil</i>
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NIL

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment			-NIL -		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			-NIL-		
Compounding					

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

PALCO LIMITED

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

PALCO LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PALCO LIMITED. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

PALCO LIMITED

As per the information available and explanation provided by the Company management. The Company is not in operations and do not have any employee in the Company hence no other acts specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above except the following:

1. The Company don't have Managing Director, whole time Director or manager and Chief Financial Officer and Company secretary as Key managerial Personal as required under section 203 of Companies Act, 2013.
2. The Company do not have Internal Auditors for the from December 2015.
3. The Company do not have Women Director from 12.12.2015 and there after the Company has not appointed women Director.
4. The Company has not paid Listing Fee to the Stock Exchange.

Place: Hyderabad
Date: 13.08.2016

Sd/-
S. Chidambaram
Practicing Company Secretary:
FCS No. 3935
C P No: 2286

PALCO LIMITED

To

The Members of
PALCO Limited
Hyderabad.

My Secretarial Audit Report of even date is to be read along with this letter.

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: 13.08.2016

Sd/-
S. Chidambaram
Practicing Company Secretary:
FCS No. 3935
C P No: 2286

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Directors present below a detailed Compliance Report on Corporate Governance.

1. Company's Philosophy

Your Company is committed to good Corporate Governance and the Company's philosophy is aimed at conducting business ethically and efficiently in a transparent manner and establishing enduring relationship with all its stakeholders and optimize growth.

2. Board of Directors

- The Board of Directors ("Board") of the Company has an optimum combination of Non-Executive and Independent Directors.
- The Company's Board comprises of 3 Directors of which 1 is Non-Independent Non-Executive Directors, and 2 Independent Non-Executive Directors. The company had one Woman Director till 12th December 2015. The Company has a Non-Executive Chairman, who is a Promoter.
- None of the Directors on the Board is Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016, have been made by the Directors.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2016, are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships/Memberships of Board Committees include only Audit Committee and Stakeholders' Relationship Committee.

Number of other Boards/Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman

Name of the Director	Category	Number of Directorships in other public companies		Number of committee positions held in other public companies	
		Director	Chairman	Member	Chairman
Shri VijayChandra Puljal	Non-Executive Director	1	0	0	0
Shri.S.V.Ramachandra Rao*	Independent Non-Executive Director	2	0	0	0
Smt.Surekha Manepalli*	Independent Non-Executive Director	0	0	0	0
Shri.Maddur Rajeshwar Rao#	Independent Non-Executive Director	0	0	0	0
Shri. Andi Srinivas Rao@	Independent Non-Executive Director	0	0	0	0
Shri. Andi Rajender#	Independent Non-Executive Director	0	0	0	0

PALCO LIMITED

- During the period under review the board met Seven times. The dates on which the Meetings were held are as follows: 30.05.2015, 12.08.2015, 14.11.2015, 12.12.2015, 16.12.2015, 09.02.2016 and 20.02.2016.

Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM)

Name of the Director	Number of Board meeting held during his Directorship	Number of Board meeting attended	Whether attended last AGM held on 30th September, 2015
Shri VijayChandra Puljal	7	7	Yes
Shri.S.V.Ramachandra Rao*	4	3	Yes
Smt.Surekha Manepalli*	3	1	No
Shri.Maddur Rajeshwar Rao#	2	2	No
Shri. Andi Srinivas Rao@	2	1	No
Shri. Andi Rajender#	0	0	No

The Board takes on record the following:

- * Resignation of Mrs. Surekha Manepalli on 12.12.2015 and Mr. S.V Ramachandra Rao on 16.12.2015 as Independent Directors.
- @ The demises of Mr. Andi Srinivas Rao due to death on 09.02.2016 who was appointed as Additional Director on 12.12.2015.
- # appointment of Mr. Maddur Rajeshwar Rao on 16.12.2016 and Mr. Andi Rajender on 20.02.2016 as Additional Independent Director.

Meetings of Independent Directors

The Independent Directors met on 09.02.2016. All the Independent Directors were present at the Meeting.

Details of number of shares held by the Non-Executive/Independent Directors as on 31st March, 2016 and disclosure of relationships between directors inter-se:

Name of the Director	Designation	No. of Shares held
Shri VijayChandra Puljal	Non-executive Director	12,63,041
Shri.Maddur Rajeshwar Rao	Independent Director	Nil
Shri. Andi Rajender	Independent Director	Nil

Familiarisation programmes for Independent Directors

When a new independent director is appointed, he/ she is provided with necessary documents, reports and policies on various business aspects and practices, important development in the industry and business model of the Company and regular updates on the company's internal environment and external environment in which it operates, briefing by the Non-Executive Director periodically relating to the planning, strategy, operation, functions and projects of the Company. Quarterly information on operations made to the Board and Committees include information on business performance, operations, market share, financial parameters, senior management changes, compliances, etc. Updates on relevant statutory changes are circulated to the Directors.

PALCO LIMITED

During the year 2015-16, the company had, inter alia, the following board committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee

3. Audit Committee

Pursuant to Section 177 and other applicable provisions of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the audit committee is constituted and two the members of the committee are independent directors and One Member is Non-Executive Non-Independent Director.

The committee has reviewed the Internal audit reports, quarterly, half-yearly and annual financial results before their submission and adoption by the board, internal control systems, Related Party Transactions and all other matters covered in Part C of Schedule II of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013 read with rules made thereunder as and when applicable. In conducting such reviews, the committee found no material discrepancy.

The audit committee ('the committee') comprised two independent directors and One Non-Executive Non-Independent as on March 31, 2016:

- Mr. Vijay Chandra Puljal
- Mr. Maddur Rajeshwar Rao
- Mr. Andi Rajender

The Statutory Auditors and the Internal Auditors of the Company are invited to attend the Audit Committee Meeting.

Audit committee attendance

During the period under review the Audit Committee met four times on the following dates: 30.05.2015, 12.08.2015, 14.11.2015 and 09.02.2016. The attendance of each Member of the Committee is given below:-

Sl. No.	Name of the Director	No. of Committee Meetings held during the membership	No. of Committee Meetings attended
1	Vijay Chandra Puljal	4	4
2	Maddur Rajeshwar Rao	1	1
3	Andi Rajender	0	0
4	S.V.Ramachandra Rao	3	3
5	Surekha Manepalli	3	1

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The Committee was reconstituted at the Board meeting held on 30.05.2015 where Mrs. Surekha Manepalli was appointed as a member and Mr. A Krishna Rao ceased to be member of the committee.

Again the Committee was reconstituted on 16.12.2015 where Mr. Maddur Rajeshwar Rao and Mr. Andi Srinivas was appointed as a members and Mrs. Surekha Manepalli and Mr. S.V.Ramachandra Rao ceased to be member of the Committee.

PALCO LIMITED

The Committee was reconstituted again on 20.02.2016 where Mr. Andi Rajender was appointed as a members and Mr. Andi Srinivas ceased to be member of the Committee

Mr. Andi Rajender was elected as the Chairman of the Committee in the Board Meeting held on 20.02.2016.

4. Nomination and Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee is constituted and Two the members of the committee are independent directors and One Non-Executive Non-Independent.

Brief description of terms of reference

- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- carry on the evaluation of every director's performance;
- formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; While formulating the policy consider the provisions of the Companies Act, 2013 and the rules made there under and the listing agreement.
- Formulation of criteria for evaluation of the Board, Directors and Committees.
- devising a policy on Board diversity; succession plan; and

Any other matter as per the provisions of the Companies Act, 2013 and rules made there under and Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as the Board may decide from time to time.

The Nomination and Remuneration Committee ('the committee') comprised Two the members of the committee are independent directors and One Non-Executive Non-Independent as on March 31, 2016:

- Vijay Chandra Puljal
- Maddur Rajeshwar Rao
- Andi Rajender

Nomination and Remuneration Committee meeting and attendance during the year

During the Period under review the Nomination and Remuneration Committee met three times on 12.12.2015, 16.12.2015 and 20.02.2016.

Sl. No.	Name of the Director	No. of Committee Meetings held during the membership	No. of Committee Meetings attended
1	Vijay Chandra Puljal	3	3
2	Maddur Rajeshwar Rao	1	1
3	Andi Rajender	0	0
4	S.V.Ramachandra Rao	2	2
5	Surekha Manepalli	1	0

PALCO LIMITED

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

The Committee was reconstituted at the Board meeting held on 30.05.2015 where Mrs. Surekha Manepalli was appointed as a member and Mr. A Krishna Rao ceased to be member of the committee. Again the Committee was reconstituted on 16.12.2015 where Mr. Maddur Rajeshwar Rao and Mr. Andi Srinivas was appointed as a members and Mrs. Surekha Manepalli and Mr. S.V.Ramachandra Rao ceased to be member of the Committee.

The Committee was reconstituted again on 20.02.2016 where Mr. Andi Rajender was appointed as a members and Mr. Andi Srinivas ceased to be member of the Committee

Mr. Andi Rajender was elected as the Chairman of the Committee in the Board Meeting held on 20.02.2016.

Performance Evaluation of Board, Committees, Individual Directors and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder and provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committees. The evaluation took into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance the Company and its stakeholders. It was observed that the Board played a vital role in formulation and monitoring of policies.

The evaluation in respect of the committees took into consideration inputs received from the Directors, covering various aspects of the Committees functioning such as, the amount of responsibility delegated by the Board to each of the committees is appropriate, the committees take effective and proactive measures to perform its functions, the reporting by each of the Committees to the Board is sufficient. It was observed that the Board had constituted sufficient committees wherever required with well defined terms of reference whose composition was in compliance with the legal requirement and their performance reviewed periodically. It was found that the Committees gave effective suggestion and recommendation to the Board.

The evaluation of individual director was made taking into consideration inputs received from the Directors, covering various aspects such as the directors understand their duties, responsibilities, qualifications, disqualifications and liabilities as a director, the directors are familiar with the Company's vision, policies, values and code of conduct, they have adequate knowledge of the Company's key operations, financial condition, key developments and abreast with the latest developments and factors affecting the business of the Company and the sector as a whole. It was observed that the directors understood the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board, attended all Board/Committee Meetings well prepared and participated in the meetings constructively by providing inputs and suggestions to the Management/Board in areas of their domain expertise.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at a separate meeting held on 09.02.2016. The evaluation also assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties. A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. It was observed that the Chairman and the Non-Independent Directors discharged their responsibilities in an effective manner.

PALCO LIMITED

The Board evaluated the performance of Independent Directors considering various parameters such as their familiarity with the Company's vision, policies, values, code of conduct, their attendance at Board and Committee Meetings, whether they participate in the meetings constructively by providing inputs and provide suggestions to the Management/Board in areas of domain expertise , whether they seek clarifications by raising appropriate issues on the presentations made by the Management/reports placed before the Board, Practice Confidentiality , whether the director is a team player and considers the views of the other members, Engages with the senior management personnel as and when required, Understands the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board. The directors took advantage of opportunity to upgrade skills by regularly attending familiarization programmes. It was observed that the Directors discharged their responsibilities in an effective manner.

Details of remuneration to all the directors

The Company has not paid any remuneration to Non-Executive Directors including Independent Director. The Company has not even paying any sitting fee to the Non-executive Directors and the Company does not have any Executive Directors.

Pecuniary transactions with Non-Executive Directors

There were no pecuniary transactions with any of the Non- executive Directors.

5. Stakeholders Relationship Committee

In compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 20 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 the Board has Stakeholders Relationship Committee.

The Stakeholders Relationship Committee ('the committee') functions under the Chairmanship of Mr. Vijay Chandra Puljal, a Non-Executive Director consisting the following members as on March 31, 2016:

1. Vijay Chandra Puljal
2. Maddur Rajeshwar Rao
3. Andi Rajender

During the Period under review the Stakeholders Relationship Committee met One times on the following dates: 09.02.2016.

Sl. No.	Name of the Director	No. of Committee Meetings held during the membership	No. of Committee Meetings attended
1	Vijay Chandra Puljal	1	1
2	Maddur Rajeshwar Rao	1	1
3	Andi Rajender	0	0

The Committee was reconstituted at the Board meeting held on 30.05.2015 where Mrs. Surekha Manepalli was appointed as a member and Mr. A Krishna Rao ceased to be member of the committee. Again the Committee was reconstituted on 16.12.2015 where Mr. Maddur Rajeshwar Rao and Mr. Andi Srinivas was appointed as a members and Mrs. Surekha Manepalli and Mr. S.V.Ramachandra Rao ceased to be member of the Committee.

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The Committee was reconstituted again on 20.02.2016 where Mr. Andi Rajender was appointed as members and Mr. Andi Srinivas ceased to be member of the Committee

Mr. Andi Srinivas was elected as the Chairman of the Committee in the Board Meeting held on 20.02.2016.

The details of complaints resolved during the fiscal year ended March 31, 2016 are as follows : NIL

6. General Body Meetings

a.) Details of the location and time of the last three Annual General Meetings (AGMs) of the Company

Year	Annual General Meeting	Venue	Time & Date
2014-15	25th AGM	Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084	11.00 A.M., 30th September, 2015
2013-14	24th AGM	Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084	11.00 A.M., 30th September, 2014
2012-13	23rd AGM	Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084	11.00 A.M., 30th September, 2013

b.) Special resolutions

All resolutions moved at the last Annual General Meeting were passed by e-voting and poll by the members attending the meeting. The following are the special resolutions passed at the previous General Meetings held in the last three years:

AGM/EGM held on	Whether special resolution passed	Summary of the resolution
30.09.2015	NO	-
30.09.2014	Yes	To Approve amendment in Existing Articles of Association of the Company.
30.09.2013	No	-

Extra-Ordinary General Meetings

No Extra-Ordinary General Meeting was held during the year.

c.) Whether any special resolution passed last year through postal ballot – details of voting pattern

No Postal Ballot was conducted during 2015-16.

Information on Directors re-appointment as required under Regulation 36 of to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 is given as a note appended to the explanatory statement of the AGM notice.

PALCO LIMITED

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

7. Means of Communication

- a.) The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchange immediately after they are approved by the Board. Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Financial Express' in English and Nava Telangana' in Telugu.
- b.) The results are also posted on the Company's Website www.palcolimited.in
- c.) The company has not given any official news releases during the financial year 2015-16.
- d.) No Presentations were made to analysts during the financial year 2015-16.

e.) Scores

The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2015-16 there were one complaint which was resolved by the Company.

f.) BSE Corporate Compliance & Listing Centre (the 'Listing Centre').

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on the Listing Centre.

8. General Shareholder Information

a.) Details of 26th Annual General Meeting:

Date and Time: 30th September, 2016 at 10.30A.M
Venue Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084

b.) Financial Year: 1 April to 31 March

Financial Calendar (tentative and subject to change)	
Financial reporting for the first quarter ending June 30, 2016	By August 14, 2016
Financial reporting for the second quarter ending September 30, 2016	By November 14, 2016
Financial reporting for the third quarter ending December 31, 2016	By February 14, 2017
Financial results for the year ending March 31, 2017	By May 30, 2017
Annual General Meeting for the year ending March 31, 2017	August/September, 2017

Date of Book Closure: 26th September, 2016 to 30th September, 2016(Both days inclusive)

c.) Dividend Payment Date: NA

d.) Listing on Stock Exchanges:

PALCO LIMITED

The Company's Equity Shares of the face value of Rs.10/- each are listed on the following Stock Exchange in India:

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

Electronic connectivity:

National Securities Depository Limited, Trade World, Kamala Mills Compound, Senapati, BapatMarg, Lower Parel, Mumbai - 400013.

Central Depository Services (India) Limited, 17th floor, P J Towers, Dalal Street, Fort, Mumbai - 400001

LISTING FEE:

The Company has not paid the Annual Listing Fee for the year 2016-17. But the Company has paid the Annual Custodian fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

e.) STOCK CODE

- i. Scrip Code on BSE : 513405
- ii. Trading Symbol on BSE: PENNARALUM
- iii. Demat ISIN in NSDL & CDSL for Equity Shares : INE057C01018
- iv. CIN : L27203TG1989PLC010409

f.) Market Price Data: High, Low during each month in last financial year

Monthly high and low quotations and volume of shares traded on BSE Limited, Mumbai, (BSE) for the financial year 2015-16:

Month	BSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)
April ,2015	0.34	0.23	2,00,651
May	0.37	0.31	1,15,604
June	0.44	0.33	2,29,144
July	0.38	0.27	1,79,908
August	0.36	0.31	1,97,718
September	0.33	0.28	81,035
October	0.30	0.23	2,54,453
November	0.32	0.25	1,96,566
December	0.40	0.33	4,77,655
January ,2016	0.45	0.33	2,51,602
February	0.53	0.40	2,61,958
March	0.40	0.29	2,15,042

www.bseindia.com

PALCO LIMITED

g.) The securities are not suspended from trading.

h.) Registrar and Transfer Agents

(Physical and Depository)

M/s. XL Softech Systems Limited

Plot No. 3, Sagar Society, Banjara Hills,

Road No. 2, Hyderabad – 500 034

Tel: +91-40- 23545913/ 14/ 15. Fax: +91-40- 23553214

Email: xlfield@gmail.com

Contact Person: Mr. Vijay Chandra Puljal

i.) Share Transfer System

Shares lodged for physical transfer are processed and approved by the share transfer Committee. For this purpose, the Committee meets as required. In compliance of the SEBI circular, the shareholders/ transferee (including joint holders) holding shares in physical form are requested to furnish a copy of their PAN Card to the Company/ RTA for register of transfer of shares.

Reconciliation of Share Capital.

The audit by Mr. S. Chidambaram, Company Secretary in Practice to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued/paid up capital and listed capital confirmed that the total issued/paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. This reconciliation was done on a quarterly basis and reported to the board of directors and also to the Stock Exchanges.

Certificate from Practicing Company Secretary

The Company obtained a half-yearly audit certificate with regard to compliance of share transfer formalities as required under Clause-47 (c) of the Listing Agreement entered with the Stock Exchange and under Regulation 40(9) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

j.) Distribution of shareholding

The distribution of shareholding as on 31 March, 2016 is detailed below:

Shareholdings of nominal value of(Rs.)	Shareholders		Share Amount	
	No.s	%	In (Rs.)	%
Upto 5,000	27131	66.27	61474090	10.47
5,001 - 10,000	6254	15.28	58033970	9.88
10,001 - 20,000	3262	7.97	56155990	9.56
20,001 - 30,000	1210	2.96	32728120	5.57
30,001 - 40,000	543	1.33	20264530	3.45
40,001 - 50,000	903	2.21	44253880	7.54
50,001 - 1,00,000	926	2.26	72385540	12.32
1,00,001 & above	713	1.74	242013880	41.21
Total	40942	100.00	587310000	100.00

PALCO LIMITED

k.) Dematerialization of shares and liquidity

The Company's securities are being held in dematerialized form in both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). 5,22,51,024 equity shares aggregating to 99.97 % of the total Equity Capital is held in dematerialized form as on 31st March, 2016.

l.) Outstanding Global Depository Receipts(GDR's) or American Depository Receipts(ADR's) or Warrants or any other convertible instruments, conversion date and likely impact on equity:

The Company had not issued any GDRs/ADRs/Warrants or any convertible instruments during the year 2015-16 and there were no outstanding convertible instruments which will impact the equity.

m.) Commodity price risk or foreign exchange risk and hedging activities- Not Applicable

n.) Plant locations :Not applicable

o.) Address for correspondence

Registered Office

CIN: L27203TG1989PLC010409

Flat No. 501, Sri ramchandra Residency, Madhapur Road,
Kothaguda, Kondapur, Hyderabad - 500084.

Tel. Nos: +91-40-23117043/7045, 23114072

Fax No. +91-40-23117041

email: pennaralu@gmail.com

Website: www.palcolimited.com

Investors' correspondence may be addressed to:

Vijay Chandra Puljal

Non-Executive Director

PALCO LIMITED,

Flat No. 501, Sri ramchandra Residency, Madhapur Road,
Kothaguda, Kondapur, Hyderabad - 500084.

Tel. Nos: +91-40-23117043/7045, 23114072

Fax No. +91-40-23117041

email: pennaralu@gmail.com

Queries relating to the financial statements of the Company may be sent to:

Vijay Chandra Puljal

Non-Executive Director

PALCO LIMITED,

Flat No. 501, Sri ramchandra Residency, Madhapur Road,
Kothaguda, Kondapur, Hyderabad - 500084.

Tel. Nos: +91-40-23117043/7045, 23114072

Fax No. +91-40-23117041

mail: pennaralu@gmail.com

Details of dividend declaration dates and due dates of transfer to IEPF: NIL

9. Other Disclosures

- a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;-

PALCO LIMITED

There are no Related party Transaction done during the Financial Year 2015-16

b. Details of non-compliance etc

There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years.

c. Whistle Blower Policy:

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. Web link where policy for determining 'material' subsidiaries is disclosed: Not Applicable

f. Web link where policy on dealing with related party transactions: The Company do not have any Related party Transaction.

g. Disclosure of Commodity price risks and commodity hedging Activities: Not Applicable

h. Disclosure of Accounting Treatment:

The Company has followed the applicable accounting standards in the preparation of its financial statements.

i. Risk Management

The Board regularly discusses the significant business risks identified by the Management and the mitigation process being taken. The Company has a adequate risk management framework to identify, monitor and minimize risks as also identify business opportunities. At present the company has not identified any element of risk which may threaten the existence of the company.

j. Code of Conduct

The Company has adopted the Code of Conduct which is applicable to the members of the Board and senior management of the Company. The Code of Conduct is available on the Company's website www.palcolimited.in.

k. Policy on Prevention of Insider Trading

The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of

the Company during the notified "Trading Window" period.

- i. Proceeds from public issues, rights issues, preferential issues etc.

During the financial year ended March 31, 2016, there were no proceeds from public issues, rights issues, preferential issues etc.

- 11) The requirements of Corporate Governance Report of sub-paras (2)-(10) are complied with.
- 12) The details of compliance of all discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are as under

a.) The Board

The Company has appointed Mr. Vijay Chandra Puljal, Non Executive Director as the Chairman.

b.) Shareholder Rights

As the Company's financial results are published in major Newspapers (including regional language newspaper) having wide circulation and the same are posted on the Company's web-site www.palcolimited.com, it is not considered necessary at this stage to send the same to the shareholders.

c.) Modified opinion(s) in audit report

During the period under review, there is one audit qualification in Company's financial statements. That the company is not continuing as going concern. On which the company is of the opinion that the company do not have any assets or employees and no funds and also the Board do not have any intentions to continue the Company further.

d.) Separate posts of Chairman and CEO

The Company has appointed Mr. Vijay Chandra Puljal, Non Executive Director as the Chairman and there is no CEO or any Executive Director in the Company

e.) Reporting of Internal Auditor

The Internal Auditor submits his report directly to the Audit Committee. However, the company has not appointed Internal Auditors for the Financial Year 2016-17.

f.) Disclosures with respect to demat suspense account/ unclaimed suspense account-Not Applicable

(13) Disclosures

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

PALCO LIMITED

Website Disclosures

The information regarding Details of business of the Company, Terms and conditions of appointment of Independent Directors, Composition of various Committees of Board of Directors, Code of Conduct for Board of Directors and Senior Management Personnel, Details of establishment of vigil mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party Transactions, Details of familiarization programmes imparted to Independent Directors, Policy for determination of materiality of events, Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances, Email address for grievance redressal and other relevant details, Financial results, Shareholding pattern, etc., has been disseminated on the website of the Company at www.palcolimited.com.

Place : Hyderabad
Date : 13.08.2016

Sd/-
Vijay Chandra Puljal
Non- Executive Director
DIN: 00090286

PALCO LIMITED

Director Certification pursuant to Clause 49(IX) of the Listing Agreement

To,
The Board of Directors
M/s. PALCO Limited

1. We have reviewed financial statements and the cash flow statement of M/s. PALCO Limited for the year ended 31st March, 2016 and to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

By Order of the Board
For Palco Limited

Sd/-
Vijay Chandra Puljal
Director
(DIN: 00090286)

Place: Hyderabad
Date: 13.08.2016

PALCO LIMITED

To the members of PALCO LIMITED, HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by Palco Limited ('the Company') for the year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchange for the period 01st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 01st December, 2015 to 31st March, 2016.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In My opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement except no Company Secretary appointed by the Company and the company do not have Women Director.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S. Chidambaram
Practicing Company Secretary
CP. No. 8068

Place: Hyderabad
Date: 13.08.2016

Independent Auditor's Report

To the Members of
PALCO LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PALCO LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash flow statement 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 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 the 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 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 and the Order under Section 143(11) of the Act.

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. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2016, and its Loss and 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"), as amended, 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" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet and the Statement of Profit and Loss dealt and Cash flow Statement with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid 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 written representations received from the directors as on March 31,2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls:

The system of internal financial controls over financial reporting with regard to Company were not made available to us to enable us to determine if the Company has established adequate internal financial control systems over financial reporting at the aforesaid Company and whether such internal financial controls were operating effectively as at March 31,2016.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of Company and the disclaimer does not affect our opinion on the financial statements of the said Company.

- g. 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 and in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no pending litigations which would impact the financial position of the Company.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- h. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For SURYANARAYANA & SURESH.,
Chartered Accountants
FRN: 006631S

V. Nagendra Rao
Partner
M.No.227679

Place: Hyderabad
Date: 28-05-2016

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

i) In respect of fixed assets of the company:

All the assets of the company are sold by the company and the company will not be able to continue as a going concern.

ii) The Company does not maintain inventory and therefore we have not reported on the related matters of this clause and sub-clauses (a), (b) and (c).

iii) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

c) In our opinion and according to the information and explanations given to us, there are no amounts required to be transferred to the investor education and protection fund by the Company.

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of

PALCO LIMITED

the Order are not applicable to the Company and hence not commented upon.

- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the 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 our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For SURYANARAYANA & SURESH.,
Chartered Accountants
FRN: 006631S

V. Nagendra Rao
Partner
M.No.227679

Place: Hyderabad
Date: 28-05-2016

PALCO LIMITED

BALANCE SHEET AS AT 31st MARCH, 2016

(Amount Rs.)

Particulars	Note.No	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
I. EQUITY AND LIABILITIES			
<u>(1) Shareholder's Funds :</u>			
(a) Share Capital	1	587,248,800	587,248,800
(b) Reserves and Surplus	2	(933,440,486)	(931,134,792)
<u>(2) Current Liabilities :</u>			
(a) Long Term Borrowings	3	4,417,671	3,585,562
(b) Trade Payables	4	343,968,622	343,968,622
(c) Other Current Liabilities	5	1,573,585	400,000
Total Equity & Liabilities		3,768,192	4,068,192
II.ASSETS			
<u>(2) Current Assets</u>			
(a) Trade receivables	6	3,768,192	4,068,192
Total Assets		3,768,192	4,068,192
Significant Accounting Policies Notes on Financial Statements	1 to 13		

As per our Report of even date
For SURYANARAYANA & SURESH
Chartered Accountants
Firm Reg.No.006631S

V NAGENDRA RAO
Partner
Membership.No.227679

Place:Hyderabad
Date: 28.05.2016

For and on behalf of the Board of Directors

Sd/-
VIJAY CHANDRA PULJAL
DIRECTOR (DIN :00090286)

Sd/-
ANDI RAJENDER
DIRECTOR (DIN:00381092)

PALCO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH, 2016

(Amount Rs.)

SI No.	Particulars	Note No	For the year ended 31-03-2016	For the year ended 31-03-2015
I	Revenue from Operations		-	-
II	<u>Expenses:</u>			
	Other Expenses	7	2,305,694	1,372,316
III	<u>Profit before Tax</u>		(2,305,694)	(1,372,316)
IV	<u>Tax expense:</u>			
	(a) Current tax		-	-
V	<u>Profit for the year</u>		(2,305,694)	(1,372,316)
VI	<u>Earnings per Equity Share:</u>	8		
	(1) Basic		-	-
	(2) Diluted		-	-
	Significant Accounting Policies Notes on Financial Statements	1 to 13		

As per our Report of even date
For SURYANARAYANA & SURESH
Chartered Accountants
Firm Reg.No.006631S

For and on behalf of the Board of Directors

V NAGENDRA RAO
Partner
Membership.No.227679

Sd/-
VIJAY CHANDRA PULJAL
DIRECTOR (DIN :00090286)

Place:Hyderabad
Date: 28.05.2016

Sd/-
ANDI RAJENDER
DIRECTOR (DIN:00381092)

Cash Flow Statement for the year ended 31-03-2016

(Amount Rs.)

Particulars	For the year ended 31-03-2016 Rs.	For the year ended 31-03-2015 Rs.
a) Cashflow from operating activities		
Loss as per Statement of Profit and Loss	(2,305,694)	(1,372,316)
Less : Adjustment for	-	-
Operating Profit before Working Capital Charge	(2,305,694)	(1,372,316)
Add : Adjustment for changes in working capital :		
a) a) Trade Payables	-	25,000
b) Trade Receivables	300,000	400,000
c) Other Current Liabilities	1,173,585	400,000
	1,473,585	825,000
Cash Generated from Operations	(832,109)	(547,316)
b) Cashflow from investing activities		
a) Long Term Borrowings	832,109	547,316
	832,109	547,316
c) Cash Flow from financing activities	-	-
Cash generated from financing activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalents	-	-
Cash and Cash Equivalents at the beginning	-	-
Cash and Cash Equivalents at the end	-	-
	-	-

As per our Report of even date
For SURYANARAYANA & SURESH
Chartered Accountants
Firm Reg.No.006631S

For and on behalf of the Board of Directors

V NAGENDRA RAO
Partner
Membership.No.227679

Sd/-
VIJAY CHANDRA PULJAL
DIRECTOR (DIN :00090286)

Place:Hyderabad
Date: 28.05.2016

Sd/-
ANDI RAJENDER
DIRECTOR (DIN:00381092)

Notes to the Financial Statements for the Year Ended 31st March 2016

I. Corporate Information:

PALCO Limited (Formerly known as Pennar Aluminium Company Limited) is not carrying any activities/operations as the company sold all its fixed assets to ARCIL at the time of takeover by the ARCIL. The company is having registered office situated at Flat No.501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad – 500 084.

II. Significant Accounting Policies

1. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3. Tangible fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided using Straight Line Method, based on useful life of the Assets under Schedule II of the Companies Act, 2013.

4. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

5. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the of borrowings 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 time 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 expensed in the period they occur.

6. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

7. 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:

(i) Revenue from sale of goods

Sales are recognized net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

(ii) 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.

(iii) Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

8. Inventory Valuation

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

9. Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

10. Retirement and other employee benefits

- (i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.
- (ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to statement of profit and loss.
- (v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

11. Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized 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.

12. Provisions

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.

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2016

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of Shares	Amount in Rs	Number of Shares	Amount in Rs
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	90,000,000	900,000,000	90,000,000	900,000,000
Redeemable Preference shares of Rs.100 each	3,000,000	300,000,000	3,000,000	300,000,000
(b) Issued				
Equity shares of Rs.10/- each with voting rights	58,731,000	587,310,000	58,731,000	587,310,000
(c) Subscribed and fully paid up				
Equity shares of Rs.10/- each with voting rights	58,718,760	587,187,600	58,718,760	587,187,600
(d) Subscribed but not fully paid up				
Equity shares of Rs.10/- each with voting rights Rs.5/- not paid up	12,240	61,200	12,240	61,200
Total	58,731,000	587,248,800	58,731,000	587,248,800

1.1 Terms and Rights attached to Equity Shares

The Company has only one class of Equity shares having value of Rs.10/- per share. Each holder of Equity shares is entitled to one vote per share.

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

Particulars	31-03-2016	31-03-2015
Equity shares with voting rights		
Year ended 31 March, 2015		
Number of shares	58,731,000	58,731,000
Amount (Rs.)	587,248,800	587,248,800
Year ended 31 March, 2016		
Number of shares	58,731,000	58,731,000
Amount (Rs.)	587,248,800	587,248,800

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2016

2. Reserves and surplus

Particulars	31-03-2016	31-03-2015
	Amount Rs.	Amount Rs.
(a) Capital Subsidy	1,464,445	1,464,445
(b) Security Premium	38,691,250	38,691,250
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(971290487)	(969918171)
Add: Profit / (Loss) for the year	(2305694)	(1372316)
Closing balance	(973596181)	(971290487)
Total	(933440486)	(931134792)

3. Long Term Borrowings :

Particulars	As at 31 March, 2016	As at 31 March, 2015
Long Term Borrowings from Directors	4417671	3585562
Total	4417671	3585562

3.1 The Company has taken unsecured interest free loan for an amount of Rs.44,17,671 (including loan taken Rs.8,32,109 during the year) from Mr. Vijay Chandra Puljal, Director of the company.

3. Trade Payables

Particulars	As at 31 March, 2016	As at 31 March, 2016
(a) Trade Payables:		
(I) Sundry Creditors (Refer Note 7.1)	343,943,622	343,943,622
(ii) Audit Fee Payable	25,000	25,000
Total	343,968,622	343,968,622

PALCO LIMITED

5. Other Current Liabilities :

Particulars	As at 31 March, 2016	As at 31 March, 2016
BSE Listing Fee	769,820	-
NSDL - Annual Fee	210,637	-
CDSL - Annual Fee	105,080	-
Other Liabilities	488,048	400,000
Total	1,573,585	400,000

6. Trade Receivables

Particulars	As at 31 March, 2015	As at 31 March, 2014
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	3,768,192	4,068,192
Total	3,768,192	4,068,192

Trade receivables are outstanding more than three years, the recovery of which may be doubtful. However the management is confident of recovering the same and opined that no provision is required.

7. Other Expenses

Particulars	As at 31 March, 2016	As at 31 March, 2015
Auditors Remuneration	25,000	25,000
Rates & Taxes and Other Expenses	1,392,426	424,382
AGM expenses	888,268	922,934
Total	2,305,694	1,372,316

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2016

8. Earnings Per Share

Particulars	As at 31 March, 2016	As at 31 March, 2015
Earnings per share		
<u>Basic</u>		
<u>Total operations</u>		
Net profit / (loss) for the year attributable to the equity shareholders	(2,305,694)	(1,372,316)
Weighted average number of equity shares	58724880	58724880
Par value per share	10.00	10.00
Earnings per share - Basic	-	-
<u>Diluted</u>		
The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.		
<u>Total operations</u>		
Net profit / (loss) for the year attributable to the equity shareholders	(2,305,694)	(1,372,316)
Weighted average number of equity shares for Basic EPS	58724880	58724880
Weighted average number of equity shares - for diluted EPS	58724880	58724880
Par value per share	10.00	10.00
Earnings per share - Diluted	-	-

9. Contingent Liabilities

S.No.	Particulars	As at 31 March, 2016	As at 31 March, 2015
i)	Claims pending against the Company	230,200,000	230,200,000

The contingent liability of Rs.2,302 Lakhs is the claim by NALCO (Sundry Creditor of the Company), before the Arbitrator, on account of interest, damages and opportunity loss against the Company on the bill amount of Rs. 3439.43 lakhs. Also, a claim for Rs. 2200 Lakhs made by the Company, against NALCO, is pending before the Arbitrator.

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2016

10. Related Party Disclosures

S.No.	Particulars	Name
1)	Key Management Personnel	Mr. Vijay Chandra Puljal

11. Aggregate Related Party Transactions :

S.No.	Particulars	Key Managerial Personnel	
		2015-16	2014-15
1.	Advances Received	832,109	972,316
2.	Balances Payable	4,417,671	3,585,562

11. Deferred Tax

In the absence of convincing evidence regarding availability of sufficient taxable income in near future against which the deferred tax asset can be adjusted, the Company has not recognised the deferred tax asset arising due to tax effect of timing differences at present.

- Previous year's figures have been regrouped and / or rearranged wherever necessary and figures have been rounded off to the nearest rupee.
- Notes 1 to 13 form part of financial statements and have been authenticated.

As per our Report of even date
For SURYANARAYANA & SURESH
Chartered Accountants
Firm Reg.No.006631S

V NAGENDRA RAO
Partner
Membership.No.227679

Place:Hyderabad
Date: 28.05.2016

For and on behalf of the Board of Directors

Sd/-
VIJAY CHANDRA PULJAL
DIRECTOR (DIN :00090286)

Sd/-
ANDI RAJENDER
DIRECTOR (DIN:00381092)

PALCO LIMITED

PALCO LIMITED

CIN: L27203TG1989PLC010409

Regd.office: Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084

Tel:(9140) 23119545 Fax: (9140) 23117041

Website: www.palcolimited.com, Email: pennaralu@gmail.com

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and the Rule 19(3) of the Companies (Management and Administration) Rule, 2014)

Name and Address of the Shareholder(s).....

E-mail id: Folio No./Dpid & Client id :

I/We being the member(s) ofShares of PALCO LIMITED, hereby appoint

1.Name : Email id:.....

Address :

Signature :

Or failing him

2.Name : Email id:.....

Address :

Signature :

Or failing him

3.Name : Email id:.....

Address :

Signature :

Or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the company at Friday, 30th September 2016 at 10:30 p.m. at Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084, any adjournment thereof in respect of such resolutions as are indicated below:

PALCO LIMITED

Resolution No	Description	For*	Against*
1.	To receive, consider and adopt the Audited statement of Profit and Loss Account for the financial year ended on 31 March 2016 and balance sheet as at that date and the reports of the board of directors and auditors thereon.		
2.	To appoint a Director in the place of Mr.Vijay Chandra Puljal (DIN 00090286) who retires by rotation and being eligible offers himself for re-appointment.		
3.	To ratify the appoint M/s. Suryanarayana & Suresh, Chartered Accountants, ICAI Registration No. 006631S), as auditors of the company.		
4.	To appoint Mr. Maddur Rajeshwar Rao (DIN:00381050)as an independent director for a period of five years.		
5.	To appoint Mr. Andi Rajender (DIN: 00381092) as an independent director for a period of five years.		

Signed this..... day of2016

Signature of shareholder Signature of proxy holder(s).....



***Note:**

1. Please put a '√' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.
2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
3. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

PALCO LIMITED

PALCO LIMITED

CIN: L27203TG1989PLC010409

Regd.office: Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad - 500084

Tel:(9140) 23119545 Fax: (9140) 23117041

Website:www.palcolimited.com, Email: pennaralu@gmail.com

ATTENDANCE SLIP

(To be presented at the entrance)

26th ANNUAL GENERAL MEETING

I hereby state that I am a registered/proxy for the registered shareholder of the company. I hereby record my presence at the Annual General Meeting of the company held on Friday, the 30th day of September, 2016 at 10:30 a.m, at Flat No. 501, Sri Ramchandra Residency, Madhapur Road, Kothaguda, Kondapur, Hyderabad – 500084, India, or/any adjournment thereof.

Name of the Attending

Shareholder:.....

(in block letters)

Name of the

proxy:.....

(to be filled in if proxy attends)

Signature of

shareholder:.....

Signature of

proxy:.....

Number of shares

Held:.....

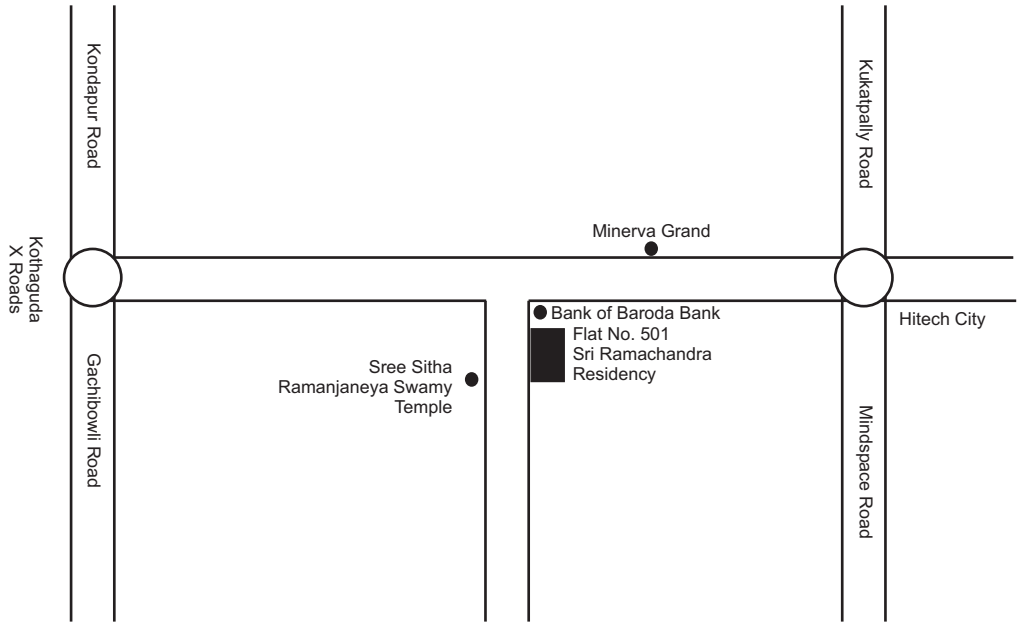
Note:

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.

Members are informed that no duplicate attendance slips will be issued at the venue of the Meeting.

Intentionally left blank

Route Map to AGM Venue



BOOK - POST
PRINTED MATTER

If undelivered, please return to :

PALCO LIMITED

(FORMERLEY KNOWN AS PENNAR ALUMINIUM COMPANY LIMITED)

FLAT No.501, Sri Ramchandra Residency,
Opp : Sree Seetaramanjaneya Swami Temple
Madhapur Road, Kothaguda, Kondapur,
Hyderabad – 500 084, Ph No. 040- 23119545