

PALCO LIMITED

**27th Annual Report
2016-17**

PALCO LIMITED

Corporate Information :

Board of Directors:

Mr. Venkata Reddy Kovvuri (DIN: 07778118)
Smt. Bhuvaneshwari Kovvuri
(DIN : 07778087)
Mr. Maddur Rajeshwar Rao (DIN:00381050)

Statutory Auditor:

M.N. RAO & ASSOCIATES
Chartered Accountants

Flat No. 303, Plot No.135,
Prabha Mansion, Kalyan Nagar Phase I,
Hyderabad – 500038
Telangana

Registered Office:

FLAT No.202, Shilpa Homes Apartments,
Behind RSK School, Bapunagar, Chintal,
Hyderabad - 500054. Telangana.
Tel: 040 - 23175566
CIN: L27203TG1989PLC010409

Registrar and Share Transfer Agents:

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

Secretarial Auditor:

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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of Palco Limited will be held on Friday, the 29th day of September, 2017, at 11.30 A.M at Flat No. 202, Shilpa Homes Apartments, Door No. 49-437/A/3, 4th Lane, Behind R.S.K School, Bapunagar, Chinthal, Hyderabad- 500054. 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, 2017 the reports of the Board of Directors and Auditors thereon.

SPECIAL BUSINESS

2. APPOINTMENT OF STATUTORY AUDITORS TO FILL CASUAL VACANCY

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(8) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), M/s. M.N Rao & Associates, Chartered Accountants (Firm Registration No. 005386S), be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Suryanarayana & Suresh, Chartered Accountants, ICAI Registration No. 006631S), Statutory Auditors.

Resolved further that M/s. M.N Rao & Associates, Chartered Accountants (Firm Registration No. 005386S), be and are hereby appointed as Statutory Auditors of the Company from this Annual General Meeting and that they shall hold the office of the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the ensuing Annual General Meeting and that they shall conduct the Statutory Audit for the period ended 31st March, 2018 on such remuneration as may be fixed by the Board of Directors in consultation with them."

3. To confirm the appointment of Smt. Bhuvanewari Kovvuri (DIN: 07778087) 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, Smt. Bhuvanewari Kovvuri, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 30th March, 2017 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 Smt. Bhuvanewari Kovvuri 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.

4. To confirm the appointment of Shri. Venkata Reddy Kovvuri (DIN: 07778118) 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. Venkata Reddy Kovvuri, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 30th March, 2017 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. Venkata Reddy Kovvuri 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.

For Palco Limited

Sd/-
Venkata Reddy Kovvuri
(DIN: 07778118)
Director

Place: Hyderabad
Date: 01.09.2017

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 25th September, 2017 to 29th September, 2017, 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 29.09.2017 are provided in Annexure of this Notice.
17. The remote e-voting period commences vide EVSN No. 170901031 on 26th September, 2017 at 9.00 A.M and ends on 28th September, 2017 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 22nd September, 2017 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 <26th September, 2017 at 9.00 A.M > and ends on <28th September, 2017 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 <22nd September, 2017> 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.
- (xx) Note for Non – Individual Shareholders and Custodians.

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- 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 22nd September, 2017, 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 23rd September, 2017 and 24th September, 2017.
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.

For Palco Limited

Sd/-
Venkata Reddy Kovvuri
(DIN: 07778118)
Director

Place: Hyderabad
Date: 01.09.2017

Explanatory Statement

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

Item # 2: Appointment of Auditor to fill the casual Vacancy.

M/s. Suryanarayana & Suresh., Chartered Accountants, Hyderabad have tendered their resignation from the position of Statutory Auditors due to unavoidable circumstances, resulting into a casual vacancy in the office of Statutory Auditors of the company as envisaged by section 139(8) of the Companies Act, 2013 ("Act"). Casual vacancy caused by the resignation of auditors can only be filled up by the Company in general meeting. Board proposes that **M/s. M.N Rao & Associates.**, Chartered Accountants, Hyderabad, be appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of **M/s. Suryanarayana & Suresh.**, Chartered Accountants. **M/s. M.N Rao & Associates.**, Chartered Accountants, Hyderabad, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 3 Appointment of Smt. Bhuvaneshwari Kovvuri (DIN: 07778087) as an Additional Director

The Board has appointed **Smt. Bhuvaneshwari Kovvuri** as an Additional Non-Executive Independent Director of the Company by Board resolution passed on 30th March, 2017 with effect from 30th March, 2017 pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, **Smt. Bhuvaneshwari Kovvuri** 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 **Smt. Bhuvaneshwari Kovvuri** for the office of director.

The Company has received from **Smt. Bhuvaneshwari Kovvuri**

- (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 **Smt. Bhuvaneshwari Kovvuri** 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 **Smt. Bhuvaneshwari Kovvuri and Shri Venkata Reddy Kovvuri**, to whom the resolution relates, is interested or concerned in the resolution.

Item # 4 Appointment of Shri. Venkata Reddy Kovvuri (DIN: 07778118) as an Additional Director

The Board has appointed **Shri. Venkata Reddy Kovvuri (DIN: 07778118)** as an Additional Non-Executive Independent Director of the Company by Board resolution held on 30th March, 2017 with effect from 30th March, 2017 pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, **Shri. Venkata Reddy Kovvuri**

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(DIN: 07778118) 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. Venkata Reddy Kovvuri (DIN: 07778118) for the office of director.

The Company has received from Shri. Venkata Reddy Kovvuri (DIN: 07778118)

- (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. Venkata Reddy Kovvuri (DIN: 07778118) 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. Venkata Reddy Kovvuri and **Smt. Bhuvaneshwari Kovvuri**, to whom the resolution relates, is interested or concerned in the resolution.

For Palco Limited

Sd/-
Venkata Reddy Kovvuri
(DIN: 07778118)
Director

Place: Hyderabad
Date: 01.09.2017

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	Smt. Bhuvaneshwari Kovvuri	Shri. Venkata Reddy Kovvuri
Date of Birth	19/03/1976	14/06/1962
Date of Appointment	30th March 2017	30th March 2017
Qualification	(B.A.)	B.Com and CA Inter
Expertise	House maker	20 years Experience in the field of Accounting and finance
List of Companies in which outside directorship held	0	0
Chairman/member of the committee of other companies on which he is Director	0	0
No. of Shares held by them in the Company	0	0

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report on the operations of Palco Limited together with the audited financial statements for the year ended March 31, 2017. The financial results of the Company are as follows:

1. Financial Results

(In lakhs)

Particulars	2016-17	2015-16
Net Income & Other Income	Nil	NIL
Operating expenditure	45.23	23.06
Operating Profit	(45.23)	(23.06)
Interest & Depreciation	Nil	NIL
Provision for taxes (Current & Deferred)	Nil	NIL
Profit/Loss after Tax (PAT)	(45.23)	(23.06)

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 2016-17, the Board of Directors met Six Times.

6. Directors Responsibility Statement:

Your Directors state that:

- in the preparation of the annual accounts for the year ended 31st March, 2017, 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 judgments 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, 2017 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;
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate but the Company is non-operating effectively.

e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate but the Company is not-operating effectively

7. 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)

8. 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.

Secretarial Auditor 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 and due to which the Company could not constitute the Proper Board of Directors as required.
2. Due to Financial Problem and also the Company is not in operation the Company could not appoint the Internal Auditors
3. The Company has appointment the Women Director on 30th march, 2017
4. The Company has not called the EGM for appointing the Auditor fill the casual vacancy as required under section 139(8) of the Companies Act, 2013, as calling the EGM is a expensive affair and the Company do not have the funds to call the Extra Ordinary General Meeting.
5. And also the Company is not in the position to pay the Listing Fee.

9. 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.

10. 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

11. 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.

12. 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.

13. 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 does 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.

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

During the Financial Year 2016-17 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

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

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

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

17. Change in the nature of business, if any: There is no business in the Company and further the Company is not carrying out any business activity.

18. Directors and Key Managerial Personnel

a) Appointment of Directors.

During the Financial Year the Company has appointed Mr. Venkata Reddy Kovvuri and Mrs. Bhuvanewari Kovvuri as Additional Director on 30.03.2017.

b) Cessation of Director

During the Year under Mr. Vijay Chandra Puljal and Mr. Andi Rajender, resigned as Director w.e.f 31.03.2017.

c) Directors Retiring by rotation

d) Changes in Directorship

During the period under review, there was no change in the designation/ terms of directorship of any of the Directors of the Company.

e) Change in the Key Managerial Personnel.

There are no Key managerial Personnel in the Company during the financial Year 21016-17.

f) Declaration given by Independent Directors

As per the requirement of Section 149 (7) of the Companies Act, 2013, Mr. Venkata Reddy Kovvuri as Chairman and Mrs. Bhuvanewari Kovvuri and Mr. Maddur Rajeshwar Rao, the Independent Directors of the Company have submitted their respective declarations that they fulfil criteria of Independence under Section 149 of the Companies Act, 2013 read with Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

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

21. 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.

22. 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.

23. 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)

24. 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.

25. Report on corporate governance and management discussion and analysis report

Pursuant to the Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Compliance with the corporate governance provisions as specified in regulations 17 to 27 and 46 (2) and Para C, D and E of Schedule V are not applicable to the Company since its paid-up share capital though exceed Rupees 10 Crore but its net-worth does not exceed Rupees 25 Crore as on the last day of previous financial year i.e. 31st March 2016.

Accordingly, for the year under review, the reports stating compliance with the Code of Corporate Governance and the Management Discussion and Analysis have not been annexed to this Report.

26. 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.

27. 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.

28. Audit Committee:

The present Audit Committee comprises of Mr. Venkata Reddy Kovvuri as Chairman and Mrs. Bhuvaneshwari Kovvuri and Mr. Maddur Rajeshwar Rao are the members of the Audit Committee. The composition of the Committee is as per the requirements of the provisions of Section 177 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) regulations. The Audit Committee continues to provide valuable advice and guidance in the areas of costing, finance and internal controls.

During the year under review, the Committee met Four (4) times on 28th May 2016; 13th August 2016; 14th November 2016 and 10th January, 2017.

29. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Venkata Reddy Kovvuri as Chairman and Mrs. Bhuvaneshwari Kovvuri and Mr. Maddur Rajeshwar Rao are the members of the NRC. The composition of the Committee is as per the requirements of the provisions of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) regulations.

During the year under review, the Committee met Three (3) on 28th May, 2016, 30th March, 2017 and 31st March, 2017.

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.

The Stakeholders Relationship Committee comprises of Mr. Venkata Reddy Kovvuri as Chairman and Mrs. Bhuvaneshwari Kovvuri and Mr. Maddur Rajeshwar Rao are the members of the SRC. The composition of the Committee is as per the requirements of the provisions of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) regulations.

During the year under review, the Committee met Four (4) on 28th May 2016; 13th August 2016; 14th November 2016 and 10th January, 2017.

31. Statutory Auditors:

M/s Suryanarayana & Suresh., Chartered Accountants, have been the statutory auditors of the Company and also they have informed the Board that they could not continue to act as Statutory Auditors for the company and have tendered their resignation to the Company. Due to the Casual Vacancy occurred due to the resignation of the existing Auditors of the Company the Board recommend and proposed that M/s M.N Rao & Associates, Chartered Accountants, be appointed as statutory auditors of the Company for the financial year 2006-17 to 2017-28 for a. The notice convening the 27th AGM contains the said resolution.

The Board places on record its appreciation of the services rendered by M/s Suryanarayana & Suresh.,

32. Cost Auditors:

The Company is not operating, since there is no requirement for the appointment of the cost audit to the Company.

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 2017-18.

34. Secretarial Auditor:

The Board has appointed Ms. S.Chidambaram, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed herewith as Annexure - B. The Secretarial Audit Report contains qualification, reservation or adverse remark.

35. 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.

36. Appreciation:

Your Directors express their gratitude to the shareholders.

Place: Hyderabad
Date: 01.09.2017

For Palco Limited
Sd/-
Venkata Reddy Kovvuri
(DIN: 07778118)
Director

Annexure A

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2017

[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 – 500 084

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	1263041	-	1263041	2.15	1263041	-	1263041	2.15	-
b)Central Govt.	-	-	-	-	-	-	-	-	-
c) State	-	-	-	-	-	-	-	-	-

PALCO LIMITED

Govt(s)										
d) bodies corp.	-	-	-	-	-	-	-	-	-	-
e) any other	-	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	1263041	-	1263041	2.15	1263041	-	1263041	2.15	-	-
(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)	1263041	-	1263041	2.15	1263041	-	1263041	2.15	-	-
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	-	111400	111400	0.19	-	111400	111400	0.19	-	-
b) Banks / FI	6950	34300	41250	0.07	6950	34300	41250	0.07	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	500000	-	500000	0.85	-	-	-	-	-	(100)
g) FIs	-	94000	94000	0.16	-	94000	94000	0.16	0.00	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	506950	239700	746650	1.27	6950	239700	246650	0.42	(66.97)	-
2. Non-Institutions										
a) Bodies Corp.										
-i) Indian	2166165	288700	2454865	4.18	1845304	288700	2134004	3.63	(13.07)	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										

PALCO LIMITED

i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	28171196	5068276	33239472	56.60	36755821	5307878	42063699	71.62	26.55
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	19635702	427800	20063502	34.16	11905590	156100	12061690	20.54	(39.88)
c) Others -Nri,s -Bodies -Clearing members	507970	455500	963470	1.64	508416	453500	961916	1.64	-
Sub-total (B)(2):-	50481033	6240276	56721309	96.58	51015131	6206178	57221309	96.58	0.88
Total Public Shareholding (B)=(B)(1)+ (B)(2)	50987983	6479976	57467959	97.85	51022081	6445878	57467959	97.85	-
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 C P	1263041	2.15	-	1263041	2.15	-	-

(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

PALCO LIMITED

A) Vijay C P					
1	At the beginning of the year	1263041	2.15	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):			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):			600,000	1.02
3	At the End of the year	600,000	1.02	600,000	1.02
B) Murli Dhar Dhyawala					
1	At the beginning of the year	5,05,000	0.86	5,05,000	0.86
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):			5,05,000	0.86
3	At the End of the year	5,05,000	0.86	5,05,000	0.86
C) Rajendra baburao Shinde					
1	At the beginning of the year	0	0	0	0
2	Date wise Increase / Decrease in Promoters Share holding during	Bought 4,23,384 Equity Shares	0.72	4,23,384	0.72

PALCO LIMITED

	the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	4,23,384	0.72	4,23,384	0.72
D)	Ashish Kumar Gupta				
1	At the beginning of the year	3,20,000	0.54	3,20,000	0.54
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):	Sold 2,495 Equity Shares	0.00	3,17,505	0.54
3	At the End of the year	3,17,505	0.54	3,17,505	0.54
E)	Neha Ashish Kumar Patel				
1	At the beginning of the year	2,83,848	0.48	2,83,848	0.48
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):			2,83,848	0.48
3	At the End of the year	2,83,848	0.48	2,83,848	0.48
F)	Vishal Kulshrestha				
1	At the beginning of the year	2,74,139	0.47	2,74,139	0.47
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):			2,74,139	0.47
3	At the End of the year	2,74,139	0.47	2,74,139	0.47
G)	Megha Niranjan patel				
1	At the beginning of the year	2,52,000	0.43	2,52,000	0.43
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the			2,52,000	0.43

PALCO LIMITED

	reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year	2,52,000	0.43	2,52,000	0.43
H)	Jatin Manubhai Sheth				
1	At the beginning of the year	2,41,326	0.41	2,41,326	0.41
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):			2,41,326	0.41
3	At the End of the year	2,41,326	0.41	2,41,326	0.41
I)	Jagannath Vikram kangane				
1	At the beginning of the year	2,10,799	0.36	2,10,799	0.36
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):			2,10,799	0.36
3	At the End of the year	2,10,799	0.36	2,10,799	0.36
J)	Dipak K Dosani				
1	At the beginning of the year	82,425	0.14	82,425	0.14
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):	Bought 97,600 Equity Shares	0.17	1,80,025	0.31
3	At the End of the year	1,80,025	0.31	1,80,025	0.31

PALCO LIMITED

(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 C P				
1	At the beginning of the year	1263041	2.15	1263041	2.15
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)			1263041	2.15
3	At the End of the year	1263041	2.15	1263041	2.15

V. 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				
<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				
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

VI. 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 • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

PALCO LIMITED

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	NIL	NIL	NIL	NIL
	the Income-tax Act, 1961				
	(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

VII. 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					

For Palco Limited

Sd/-
Venkata Reddy Kovvuri
(DIN: 07778118)
Director

Place: Hyderabad
Date: 01.09.2017

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, 2017 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, 2017 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, 2015
 - (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;

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

PALCO LIMITED

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India i.e. Secretarial Standard – for Board Meeting and Secretarial Standards - 2 for General Meetings.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **[Except those as prescribed under Regulation 15(2) read with Regulations 15(3)]***

Further as per the explanation given by the Company there are no specific acts applicable to be Company to be reported in my Report.

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.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

*As per Regulation 15 (2) to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply in respect of a listed entity whose paid up equity share capital does not exceed Rs. 10 crores and net worth does not exceed Rs. 25 crores as on March 31, 2017 to the extent that they are addition to the requirements specified under the Companies Act, 2013.

I further report that

The Board of Directors of the Company is not properly constituted as the Company has only 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 Financial Year under Audit
3. The Company do not have Women Director till 30th March, 2017.
4. The Company has Appointed Auditor in casual Vacancy but has not obtained the approval of the Shareholders within 90 days of the Appointment as required under section 139 of the Companies Act, 2013
5. The Company has not paid Listing Fee to the Stock Exchange.

Place: Hyderabad
Date: 01.09.2017

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: 01.09.2017

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

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, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "financial statements").

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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its Loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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, refer to our separate Report in "Annexure B" to this report;
 - (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statement as to holdings as well as dealing in Specified Bank Notes during the period 8 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For M N RAO & ASSOCIATES
Chartered Accountants
Firm Registration Number: 005386S

Sd/-
(M V RATNAM)
Partner
Membership No.008314

Place: Hyderabad
Date: 29-05-2017

PALCO LIMITED

Annexure A to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "PALCO LIMITED (for the year ended March 31, 2017)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

- i. The Company doesn't have Fixed Assets; hence the Disclosure Requirements under this Clause are not applicable.
- ii. The Company doesn't have Inventory; hence the Disclosure Requirements under this Clause are not applicable.
- 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the company.
- 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 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, 2017 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 except the Income Tax for the AY 2005-06 is Rs. 72,58,933/-.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company 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 company doesn't pay managerial Remuneration; hence the Disclosure Requirements under this Clause are not applicable.

PALCO LIMITED

- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- 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. According to 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 as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For M N RAO & ASSOCIATES
Chartered Accountants
Firm Registration Number: 005386S

Sd/-
(M V RATNAM)
Partner
Membership No.008314

Place: Hyderabad
Date: 29-05-2017

PALCO LIMITED

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PALCO LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of **PALCO LIMITED**

We have audited the internal financial controls over financial reporting of **PALCO LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

PALCO LIMITED

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M N RAO & ASSOCIATES
Chartered Accountants
Firm Registration Number: 005386S

Sd/-
(M V RATNAM)
Partner
Membership No.008314

Place: Hyderabad
Date: 29-05-2017

PALCO LIMITED

BALANCE SHEET AS AT 31st MARCH, 2017

(Amount Rs.)

Particulars	Note.No	As at 31.03.2017 Rs.	AS AT 31.03.2016 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	(937,963,131)	(933,440,486)
<u>(2) Current Liabilities :</u>			
(a) Long Term Borrowings	3	5,698,583	4,417,671
(b) Trade Payables	4	25,000	25,000
(c) Other Current Liabilities	5	1,047,126	1,573,585
(c) Short-term provisions	6	343,943,622	343,943,622
Total Equity & Liabilities		-	3,768,192
II. ASSETS			
<u>(2) Current Assets</u>			
(a) Trade receivables	7	-	3,768,192
Total Assets		0	3,768,192
Significant Accounting Policies Notes on Financial Statements	1 to 14		

As per our Report of even date
For M N RAO & ASSOCIATES
Chartered Accountants
Firm Reg.No.005386S

Sd/-
M V RATNAM
Partner
Membership.No.008314

Place:Hyderabad
Date: 29.05.2017

For and on behalf of the Board of Directors

Sd/-
VENKATA REDDY KOVVURI
DIRECTOR (DIN :07778118)

Sd/-
BHUVANESWARI KOVVURI
DIRECTOR (DIN:07778087)

PALCO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH, 2017

(Amount Rs.)

SI No.	Particulars	Note No	For the year ended 31-03-2017	For the year ended 31-03-2016
I	Revenue from Operations		-	-
II	<u>Expenses:</u>			
	Other Expenses	8	1,554,453	2,305,694
	Write off - Receivables		2,968,192	
III	<u>Profit before Tax</u>		(4,522,645)	(2,305,694)
IV	<u>Tax expense:</u>			
	(a) Current tax		-	-
V	<u>Profit for the year</u>		(4,522,645)	(2,305,694)
VI	<u>Earnings per Equity Share:</u>	9		
	(1) Basic		-	-
	(2) Diluted		-	-
	Significant Accounting Policies			
	Notes on Financial Statements	1 to 14		

As per our Report of even date
For M N RAO & ASSOCIATES
Chartered Accountants
Firm Reg.No.005386S

Sd/-
M V RATNAM
Partner
Membership.No.008314

Place:Hyderabad
Date: 29.05.2017

For and on behalf of the Board of Directors

Sd/-
VENKATA REDDY KOVVURI
DIRECTOR (DIN :07778118)

Sd/-
BHUVANESWARI KOVVURI
DIRECTOR (DIN:07778087)

Cash Flow Statement for the year ended 31-03-2017

(Amount Rs.)

Particulars	For the year ended 31-03-2017 Rs.	For the year ended 31-03-2016 Rs.
a) Cashflow from operating activities		
Loss as per Statement of Profit and Loss	(4,522,645)	(2,305,694)
Add/ (Less) : Adjustment for write off of Receivables	2,968,192	-
Operating Profit before Working Capital Change	(1,554,453)	(2,305,694)
Add : Adjustment for changes in working capital :		
a) Trade Payables	-	-
b) Trade Receivables	800,000	300,000
c) Other Current Liabilities	(526,459)	1,173,585
	273,541	1,473,585
Cash Generated from Operations	(1,280,912)	(832,109)
b) Cashflow from investing activities		
a) Long Term Borrowings	1,280,912	832,109
	1,280,912	832,109
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 M N RAO & ASSOCIATES
Chartered Accountants
Firm Reg.No.005386S

Sd/-
M V RATNAM
Partner
Membership.No.008314

Place:Hyderabad
Date: 29.05.2017

For and on behalf of the Board of Directors

Sd/-
VENKATA REDDY KOVVURI
DIRECTOR (DIN :07778118)

Sd/-
BHUVANESWARI KOVVURI
DIRECTOR (DIN:07778087)

Notes to the Financial Statements for the Year Ended 31st March 2017

I. Corporate Information:

PALCO 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

The company does not have any fixed assets as at end of the year.

4. Impairment

The company does not have any fixed assets as at end of the year.

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. 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.

PALCO LIMITED

(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.

7. Inventory Valuation

The company does not have any Inventory during the year.

8. 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.

9. 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.

10. 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.

11. 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, 2017

1. Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	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	31-03-2017	31-03-2016
Equity shares with voting rights		
Year ended 31 March, 2016		
Number of shares	58,731,000	58,731,000
Amount (Rs.)	587,248,800	587,248,800
Year ended 31 March, 2015		
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, 2017

2. Reserves and surplus

Particulars	31-03-2017	31-03-2016
	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	(973596181)	(971290487)
Add: Profit / (Loss) for the year		
Closing balance	(4522645)	(2305694)
	(978118826)	(973596181)
Total	(937963131)	(933440486)

3. Long Term Borrowings :

Particulars	As at 31 March, 2017	As at 31 March, 2016
Long Term Borrowings	5698583	4417671
Total	5698583	4417671

3.1 The Company has taken unsecured interest free loan.

4. Trade Payables

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Trade Payables:		
(i) Sundry Creditors	-	-
(ii) Audit Fee Payable	25,000	25,000
Total	25,000	25,000

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2017

5. Other Current Liabilities :

Particulars	As at 31 March, 2017	As at 31 March, 2016
BSE Listing Fee	998,820	769,820
NSDL - Annual Fee	-	210,637
CDSL - Annual Fee	-	105,080
Other Liabilities	48,306	488,048
Total	1,047,126	1,573,585

6. Short-term provisions :

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for doubtful debts	343,943,622	343,943,622
Total	343,943,622	343,943,622

7. Trade Receivables

Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	-	3,768,192
Total	-	3,768,192

8. Other Expenses

Particulars	As at 31 March, 2017	As at 31 March, 2016
Auditors Remuneration	25,000	25,000
Rates & Taxes and Other Expenses	797,610	1,392,426
AGM expenses	731,843	888,268
Total	1,554,453	2,305,694

PALCO LIMITED**Notes forming part of the financial statement for the year ended March 31, 2017****9. Earnings Per Share**

Particulars	As at 31 March, 2017	As at 31 March, 2016
Earnings per share		
<u>Basic</u>		
<u>Total operations</u>		
Net profit / (loss) for the year attributable to the equity shareholders	(4522645)	(2,305,694)
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	(4,522,645)	(2,305,694)
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	-	-

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2017

10. Contingent Liabilities

S.No.	Particulars	As at 31 March, 2017	As at 31 March, 2016
1.	Income Tax for the AY 2005-06 - Appeals pending	7,258,933	7,258,933

11. Related Party Disclosures

Aggregate Related Party Transactions :

S.No.	Particulars	Key Managerial Personnel	
		2016-17	2015-16
1.	Advances Received	1,280,912	832,109
2.	Balances Payable	5,698,583	4,417,671

12. 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 M N RAO & ASSOCIATES
Chartered Accountants
Firm Reg.No.005386S

Sd/-
M V RATNAM
Partner
Membership.No.008314

Place:Hyderabad
Date: 29.05.2017

For and on behalf of the Board of Directors

Sd/-
VENKATA REDDY KOVVURI
DIRECTOR (DIN :07778118)

Sd/-
BHUVANESWARI KOVVURI
DIRECTOR (DIN:07778087)

PALCO LIMITED

PALCO LIMITED

CIN: L27203TG1989PLC010409

Regd.office: Flat No. 202, Shilpa Homes Apartments, Door No. 49-437/A/3, 4th Lane, Behind R.S.K School, Bapunagar, Chinthal, Hyderabad – 500054

Tel: 040-23175566

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 27th Annual General Meeting of the company at Friday, 29th September 2017 at 11:30 a.m. at Flat No. 202, Shilpa Homes Apartments, Door No. 49-437/A/3, 4th Lane, Behind R.S.K School, Bapunagar, Chinthal, Hyderabad – 500054, any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

1. To receive, consider and adopt the Audited statement of Profit and Loss Account for the financial year ended on 31 March 2017 and balance sheet as at that date and the reports of the board of directors and auditors thereon.

Special Business:

2. To Appoint the Auditor to fill the Casual vacancy
3. To appoint Smt. Bhuvaneswari Kovvuri (DIN: 07778087) as an independent director for a period of five years
4. To appoint Shri. Venkata Reddy Kovvuri (DIN: 07778118) as an independent director for a period of five years

Signed this..... day of2017

Signature of shareholder

Signature of proxyholder(s).....

Rs. 1/-
Revenue
Stamp

PALCO LIMITED

PALCO LIMITED

CIN: L27203TG1989PLC010409

Regd.office: Flat No. 202, Shilpa Homes Apartments, Door No. 49-437/A/3, 4th Lane, Behind R.S.K School, Bapunagar, Chinthal, Hyderabad – 500054.

Tel: 040-23175566

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

ATTENDANCE SLIP

(To be presented at the entrance)

27th 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 29th day of September, 2017 at 11:30 a.m, at Flat No. 202, Shilpa Homes Apartments, Door No. 49-437/A/3, 4th Lane, Behind R.S.K School, Bapunagar, Chinthal, Hyderabad – 500054, 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:.....

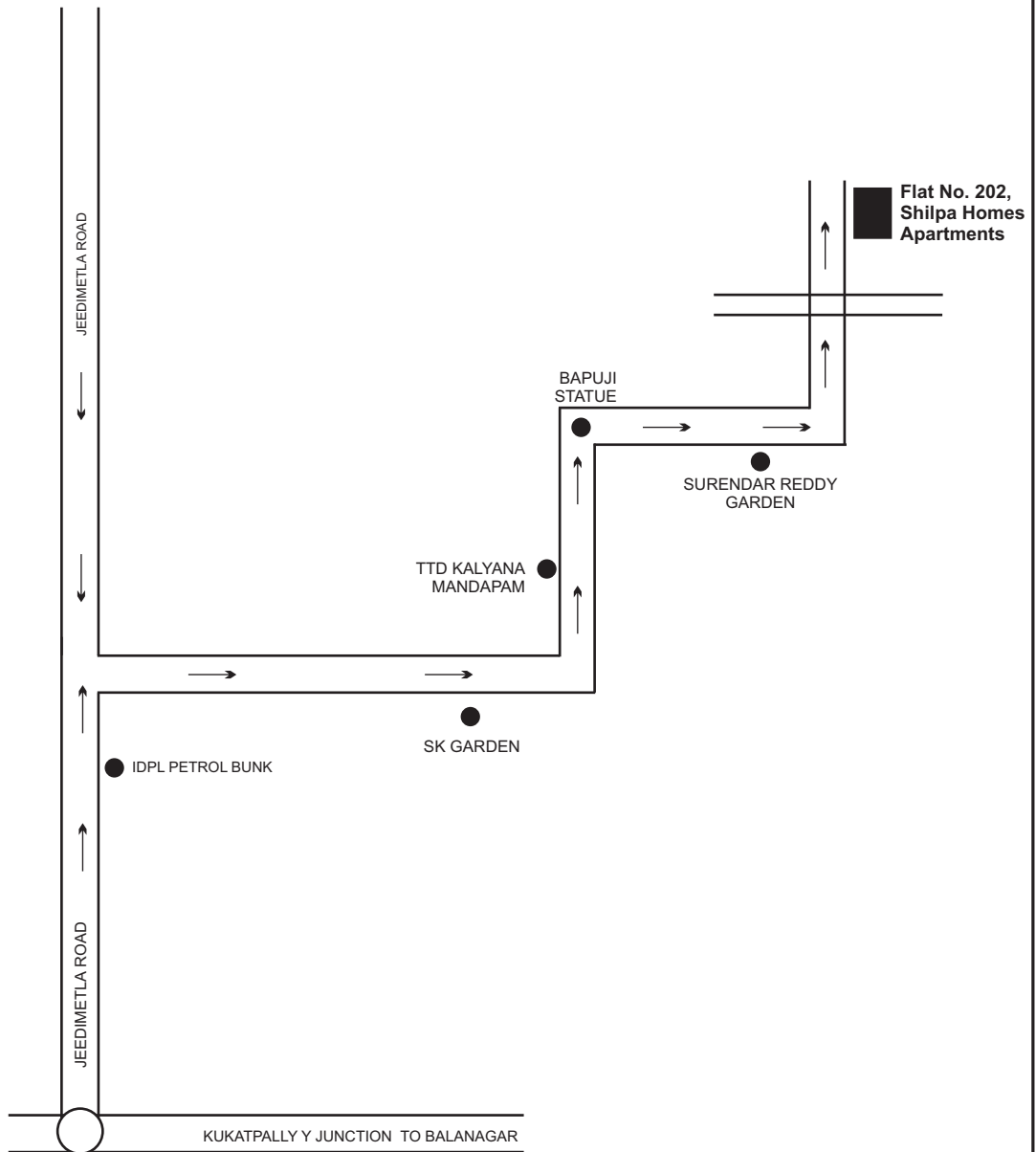
Signature of proxy:.....

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

Route Map to AGM Venue



BOOK - POST
PRINTED MATTER

If undelivered, please return to :

PALCO LIMITED

FLAT No.202, Shilpa Homes Apartments,
Behind RSK School, Bapunagar, Chintal,
Hyderabad - 500054. Telangana.

Tel: 040 - 23175566