

PALCO LIMITED

(FORMERLY KNOWN AS PENNAR ALUMINIUM COMPANY LIMITED)

24th Annual Report
2013-14

PALCO LIMITED

BOARD OF DIRECTORS :

Shri Vijay Chandra Puljal
Shri S V Ramchandra Rao
Shri A Krishna Rao

AUDITORS :

Rambabu & Co.,
Chartered Accountants
31, Pancom Chambers
6-3-1090/1/A
Rajbhavan Road
Somajiguda
Hyderabad – 500 082

REGISTERED OFFICE :

PALCO LIMITED
CIN :- L27203TG1989PLC010409
Flat No.501, Sri Ramchandra Residency
Opp : Sree Seetaramanjaneya Swami Temple
Madhapur Road
Kothaguda, Kondapur
Hyderabad – 500 084
Ph No.040-23119545
E- Mail ID : pennaralu@gmail.com
www.palcolimited.com

REGISTRAR AND SHARE TRANSFER AGENTS :

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

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Shareholders of the Company will be held on Tuesday the 30th Day of September, 2014 at **Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084 AT 11.00 AM** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited statement of Profit and Loss Account for the financial year ended on 31 March 2014 and balance sheet as at that date and the reports of the board of directors and auditors thereon.
2. To appoint a Director in the place of Mr. Vijay Chandra Puljal (DIN 00090286) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s Rambabu & Co., as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the twenty ninth Annual General Meeting of the Company and to fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s) the following resolution, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Rambabu & Company, Chartered Accountants, Hyderabad, who retire at the conclusion of this Annual General Meeting (AGM), be and are hereby appointed as statutory auditors of the company for a period of 5 years, i.e., till the conclusion of the AGM of the company to be held in the year 2019 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the board of directors of the company and the auditors.”

SPECIAL BUSINESS:

4. To approve amendment in existing Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, a new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in total exclusion, substitution and superseding of the existing Articles of Association of the Company

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To re-appoint Mr. A. Krishna Rao (DIN 00090662) as an Independent Director for a term of five years and in this regard 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 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. A. Krishna Rao (DIN 00090662), Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for five

PALCO LIMITED

consecutive years upto 29th September, 2019.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

6. To re-appoint Mr. S. V. Ramachandra Rao (DIN 01869061) as an Independent Director for a term of five years and in this regard 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 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S. V. Ramachandra Rao (DIN 01869061), Director of the Company, be and is hereby re-appointed as an Independent Director of the Company to hold office for five consecutive years upto 29th September, 2019.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

**By Order of the Board
For PALCO LIMITED**

**Vijay Chandra Puljal
(DIN 00090286)
Director**

**Place: Hyderabad
Date: 13.08 2014**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective must be deposited at the company's registered office at Flat No.501,Sri Ramchandra Residency, Madhapur, Kothaguda, Kondapur, Hyderabad- 500084 not less than 48 hours before the time of holding the aforesaid meeting.
3. Members/Proxies should bring the attendance slips filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain closed from, the 27th September, 2014 to 30th September, 2014 (both days inclusive).
5. Members are requested to notify the company at the registered office of any change in addresses quoting their folio number/s.
6. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
7. 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 henceforth deliver documents like the

PALCO LIMITED

Notice calling the Annual General Meeting/Audited Annual Accounts/Report of the Auditors/Report of the Directors etc, in electronic form to email address provided by the shareholders.

8. Shareholders are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs 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.
9. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.
10. Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
11. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The Notice of the 24th AGM and instructions for e-voting along with the Attendance Slips and Proxy Form, is being sent by electronic mode to all members whose email address are registered with the Company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode. Members may note that the Notice of the 24th AGM and the Annual Report 2014 will be available on the Company's website www.palcolimited.com.
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.
15. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and Clause 35B of the listing agreement, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by XL Softech Systems Ltd, in respect of all resolutions set forth in this Notice. Mr. S. Chidambaram, (Membership No.FCS 3935) has been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.
16. The procedure and instructions for e-voting are as follows:
 - I. **In case of members receiving e-mail:**
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"(iv)
 - (iv) 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.

PALCO LIMITED

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:
- (viii)

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.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly 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 <Company Name> 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

PALCO LIMITED

- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II. In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. 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 <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic format, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form can submit their PAN details to the Company/R&T Agents.
18. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.

**By Order of the Board
For PALCO LIMITED**

**Vijay Chandra Puljal
(DIN 00090286)
Director**

**Place: Hyderabad
Date: 13.08 2014**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item 3

In view of the recent notification of Companies Act, 2013 and rules there under in place of Companies Act, 1956, it is necessary to adopt new set of Articles of Association giving effect to the provisions and rules framed therein. Various clauses in the existing Articles of Association necessitate amendment and/or alteration in order to reflect inter-se, various provisions and rules framed therein.

PALCO LIMITED

None of the persons specified in Section 102 of the Companies Act, 2013, namely the Promoters, Directors, Key Managerial Personnel, Relatives of Promoters, Directors and Key Managerial Personnel or the entities comprising the interest of Promoters, Directors or Key Managerial Personnel, are concerned or interested in the above resolutions financially or otherwise.

Item 4

The company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. A. Krishna Rao (DIN 00090662) who is a Postgraduate in personnel management and having Expertise in the field of Industrial Relations and Personnel Management, as Independent Directors at various times, in compliance with the requirements of the clause. Pursuant to the provisions of section 149 of the Act, which came in to effect from April 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The nominations committee has recommended the appointment of these directors as Independent Directors for a period of 5 years from 30th September 2014. Mr A. Krishna Rao have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV to the Act, the appointment of these directors as Independent Directors is now being placed before the shareholders for their approval.

Pursuant to section 160 of the Act, notices have been received from one shareholders signifying their intention to propose the appointment of Mr A. Krishna Rao along with a deposit of 1,00,000 (Rupees one lakh) each as required under the aforesaid section.

The names of companies and the committees in which the directors are a director/member, the letter of appointment and terms and conditions of the appointment are available for inspection at the registered office of the company during normal business hours.

Your Directors recommend the resolution for your approval. No Director, Key Managerial Person (KMP) and relative of any Director or KMP except Mr. A. Krishna Rao, Non-Executive Directors may be deemed to be concerned or interested in the resolution.

Item 5

The company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. SV Ramachandra Rao (DIN 01869061) who is a Graduate from Andhra University and Annamalai University in social work, law, including specialized degrees in labour and administrative laws, personnel management and industrial relations and having vast experience in the field of labour and administrative laws, personnel management and industrial relations, as Independent Directors at various times, in compliance with the requirements of the clause. Pursuant to the provisions of section 149 of the Act, which came in to effect from April 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The nominations committee has recommended the appointment of these directors as Independent Directors for a period of 5 years from 30th September 2014. Mr. SV Ramachandra Rao have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and

PALCO LIMITED

the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV to the Act, the appointment of these directors as Independent Directors is now being placed before the shareholders for their approval.

Pursuant to section 160 of the Act, notices have been received from one shareholders signifying their intention to propose the appointment of Mr. SV Ramachandra Rao along with a deposit of 1,00,000 (Rupees one lakh) each as required under the aforesaid section.

The names of companies and the committees in which the directors are a director/member, the letter of appointment and terms and conditions of the appointment are available for inspection at the registered office of the company during normal business hours.

Your Directors recommend the resolution for your approval. No Director, Key Managerial Person (KMP) and relative of any Director or KMP except Mr. S. V. Ramachandra Rao, Non-Executive Directors may be deemed to be concerned or interested in the resolution.

**By Order of the Board
For PALCO LIMITED**

**Vijay Chandra Puljal
(DIN 00090286)
Director**

**Place: Hyderabad
Date: 13.08 2014**

Under the Companies Act, 2013

(1 of 2013)

(Company Limited by Shares)

ARTICLES OF ASSOCIATION

OF

PALCO LIMITED

The regulations contained in Table F of the First Schedule to the Companies Act 2013, so far as they are applicable to a public company shall apply except that of Regulation 27, Regulation 48, Regulation 60, Regulation 76, Regulation 79, Regulation 89 to the company, save in so far as they are expressly or impliedly are modified by the following articles.

Interpretation

I. (1) In these regulations—

In the interpretation of these Articles, unless repugnant to the subject or context:

“The Company” or “this Company” means PALCO LIMITED.

“Act” or “Companies Act” shall mean the Companies Act, 1956 or the Companies Act, 2013 to the extent applicable as amended from time to time and every modification or re-enactment thereof and references to Sections of the Act shall be deemed to mean and include reference to a section enacted in modification or replacement thereof.

PALCO LIMITED

“In writing” and “Written” include printing, lithography, typing and other modes of representing or reproducing words in a visible form.

“Office” means the Registered Office for the time being of the Company.

“Persons” include Corporations as well as individuals.

“The Registrar” means the Registrar of Companies, Telangana.

“Seal” means the Common Seal for the time being of the Company.

Words imparting the singular number include, where the context admits or requires, the plural number and vice-versa.

Save as aforesaid, any words or expressions defined in the Companies Act, 2013, shall if not inconsistent with the subject or context, bear the same meaning in these Articles.

- (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

II. Board of Directors

1. The directors of the company may appoint an alternate director to act for a director, (hereinafter called the original director) during his absence, for a period of not less than three months, from India. An alternate director shall vacate office, if any, when the Original director returns to India. If the term of office of the original director is determined before he returns to India, any provision in the act or in these articles for the automatic reappointment of retiring director in default or of another appointment shall apply to the original director and not to the alternate director. Provided that no person shall be appointed as an Alternate Director for an Independent Director unless, he is qualified to be appointed as Independent Director under the provisions of this Act.

The Seal

2. (i) The Board shall provide for the safe custody of the seal.
(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of any one Director and such other person as the Board may appoint for the purpose; and that director and other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Accounts

3. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law.

Inspection and Copies

4. Copies of the Memorandum and Articles of Association of Company and other documents referred to in Section 17 of the Companies Act, 2013 shall be sent by the Company to every Member at his request within seven days on payment of Rs. 50/- (Rupees Fifty Only) per copy.
5. Subject to the provisions of the Companies Act, 2013 and rules made there under, the Company shall charge a fee of Rs. 50/- for inspection of register of charges , by persons other than member or creditor .
6. Subject to the provisions of the Companies Act, 2013 and rules made there under, the Company shall charge a fee of Rs. 50/- for inspection registers and returns mentioned in Section 88 and 92 of the Companies Act, by persons other than member, debenture holder, other security holder or beneficial owner and also charge a fee of Rs. 10/- per page for giving copies of the registers or returns by member, debenture holder, other security holder or beneficial owner or to any other person.
7. Subject to the provisions of the Companies Act, 2013 and rules made there under, any member shall be entitled to be furnished, within seven working days after he has made a request in that behalf to the company, with a copy of any minutes of any general meeting, on payment of Rs. 10/- per page.
8. Subject to the provisions of the Companies Act, 2013 and rules made there under, the company shall provide extracts from such register maintained under Section 189 read with rules made there under to a member of the company on his request, within seven days from the date on which such request is made upon the payment of Rs. 10/- per page.
9. Subject to the provisions of the Companies Act, 2013 and rules made there under, the extracts from the register maintained under sub-section (9) of section 186 may be furnished to any member of the company on payment of Rs. 10/- per page.
10. Subject to the provisions of the Companies Act, 2013 and rules made there under, the company shall provide the copies under these Article 4 to 10 either in physical form or electronic mode.

PALCO LIMITED

Names, addresses, descriptions and occupations of subscribers	Witnesses(along with names, addresses, descriptions and occupations)
Sd/- Nrupender Rao S/o Late J V Narsing Rao 13 Uma Nagar, Hyderabad. Industrialist	WITNESS FOR ALL THE SEVEN SUBSCRIBERS Sd/- M. Narayan Rao S/o. Late Ananda Rao 1-8-702/91, Padma Nagar, Nallakunta, Hyderabad – 500 044 Service
Sd/- Vijay C. Puljal S/o. P.V.Hanumanth Rao IV-D, Geethanjali Complex, Eden Bagh, Ramkote, Hyderabad Business	
Sd/- J. Naresh Kumar S/o. Late JV Narsing Rao 1-2-412/8, Domalguda, Hyderabad – 29 Business	
Sd/- A Krishna Rao S/o. Late A Ramanaiah A 204, Datta Sai Appartments, Rajbhavan Road, Hyderabad Management Consultant	
Sd/- A Srinivas Rao S/o. Late A Jai Kishen Rao IV-A, Geethanjali Complex,Eden Bagh, Hyderabad – 500 001 Business	
Sd/- Vijai Narayan Misra S/o. Late Ram Kumar Misra 5-5-983, Sarju Bhavan, Gosha Mahal, Hyderabad – 500 012 Company Executive	
Sd/- M. Ramachandra Raju S/o. Sitarama Raju R/o. 6-3-1219/1/7, Satyanagar,Begumpet, Hyderabad – 500 016 Business	

Date: 21.08.89
Place: Hyderabad

Directors Report

To
The Members,

Your Directors have pleasure in presenting the 24th Annual Report together with the audited Accounts of the Company for the financial year ended 31st March, 2014 and the Auditors Report thereon.

Financial Results

The Company had no operations during the year, as the assets of the Company had been taken over by Asset Reconstruction Company (India) Limited (ARCIL) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Dividend:

The company has not declared any dividend as there were no operations in the company and the company do not have any surplus to distribute.

Directors:

The Directors of the Company remain the same as in the last year.

Pursuant to the Provision of Section 152 of the Companies Act, 2013, Mr. Vijay Chandra Puljal (DIN No. 00090286) retires by rotation at the ensuing AGM and offer himself for re-appointment and Mr. A. Krishna Rao (DIN NO. 00090662) and Mr. S.V Ramachandra Rao (DIN No. 01869061) are proposed to be appointed as Independent Directors for a period of 5 years under the Companies Act, 2013 not liable to retire by rotation.

Corporate governance:

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance report as well as Auditors Certificate on Compliance of Corporate Governance are annexed and form part of the Annual Report.

Management Discussion and Analysis

A separate section titled "Management's Discussion and Analysis Report" confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed hereto and forms part of this Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed and there were no material departures.
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

PALCO LIMITED

- (iv) That the directors have prepared the accounts for the financial year ended 31st March, 2014 on a 'non going concern' basis.

Auditors

The Statutory Auditors of the Company, M/s. Rambabu & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received letter from them to the effect that their appointment if made would be within the prescribed limits under Section 139 of the Companies Act, 2013

Boards Reply to the Auditors Qualifications

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

Fixed Deposits

The Company has not invited / accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Particulars of Employees:

There are no employees whose details are required to be given under Section 217(2A) of the Companies Act, 1956.

Additional Information

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 and forming part of report for the year ended March 31, 2014.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A. Conservation of Energy

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

B. Technology Absorption Research and Development (R&D): Nil

C. Foreign Exchange Earnings and Outgo : NIL

Acknowledgement

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

**By Order of the Board
For PALCO LIMITED**

**Place: Hyderabad
Date: 13.08 2014**

**Vijay Chandra Puljal
Chairman**

Compliance report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement, with the stock exchanges, your Company hereby provides, to the shareholders, the report on Corporate Governance.

1. Board of Directors

a) Composition of the Board: The Company's Board of Directors comprises Three Directors, of which one is Non-Executive Non-Independent Directors and 2 are Non-executive Independent Directors. The Company has Non-Executive Chairman.

b) Number of Board meetings held during the financial year and the dates of the Board meetings:

During 2013-14, the Board met 4 times on 24.05.2013, 13.08.2013, 13.11.2013 and 10.02.2014.

c) Attendance of each Director at Board meetings and the last Annual General Meeting

Sl. No	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on September 30, 2013
1	Shri. Vijay Chandra Puljal	Non-Executive Director	4	4	Yes
2	Shri. A Krishna Rao	Independent Non-Executive Director	4	0	No
3	Shri. S V Ramachandra Rao	Independent Non-Executive Director	4	4	Yes

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

Sl. No	Name of the Director	Number of other Companies in which director		Number of Committee memberships held in other Companies	
		Chairman	Director	Chairman	Member
1	Shri. Vijay Chandra Puljal	-	5	-	1
2	Shri. A Krishna Rao	-	-	-	-
3	Shri. S V Ramachandra Rao	-	6	-	1

PALCO LIMITED

2. Audit Committee

a) Brief description of the terms of reference

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the Listing Agreements with stock exchanges. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures.

b) Composition, name of members and chairperson

The Committee comprises

1. Mr. Vijay Chandra Puljal - Chairman (Non-Executive Director)
2. Mr. S V Ramachandra Rao - Member (Independent Non-Executive Director)
3. Mr. A Krishna Rao - Member (Independent Non-Executive Director)

c) Meetings and attendance during the year

During the year under review, the Committee met four times on 24.05.2013, 13.08.2013, 13.11.2013 and 10.02.2014.

The details of attendance are given below:

Sl. No	Name of the member	Number of meetings held	Number of meetings attended
1	Shri. Vijay Chandra Puljal	4	4
2	Shri. A Krishna Rao	4	0
3	Shri. S V Ramachandra Rao	4	4

The Statutory Auditors were invited to attend the Audit Committee Meeting.

3. Remuneration Committee

The Company does not have any Remuneration Committee. The Company is not paying any remuneration to the Directors. No sitting fee is paid to directors for attending the Meetings.

- a) Details of number of shares held by the Non-Executive/Independent Directors as on March 31, 2014

Name of the Director	Designation	No. of shares held
Shri. Vijay Chandra Puljal	Non-Executive Director	2,17,796
Shri. A Krishna Rao	Independent Non-Executive Director	-
Shri. S V Ramachandra Rao	Independent Non-Executive Director	-

PALCO LIMITED

4. Shareholders'/Investors' Grievances Committee

A Committee of the Board, designated as 'Shareholder's/Investor's Grievances Committee' was constituted on 14.02.2012 to specifically look into the redressal of shareholder/investor complaints and to strengthen investor relations.

- b) Number of complaints received from shareholders: During the period under review, the Company has received and resolved and there were no pending complaints as at the yearend: Nil
- c) Number of pending share transfers and complaints: Nil
- e) **Details of meetings and attendance by the members:**

During the year, the Committee has met on 03.01.2014 for discussion on shareholders grievance as there were two shareholders grievances registered during the period.

5. General body meetings

- a) Details of the location and time of the General meetings

Date	Year	Type	Venue	Time
30.09.2013	2012-13	Annual General Meeting	Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084	11.00 AM
31.08.2012	2011-12	Annual General Meeting	Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084	9.00AM
30.09.2011	2010-11	Annual General Meeting	1-10-75/1/1-6, Flat No.201, Sapthagiri Towers, Begumpet	9.00AM

- b) Special resolutions
The Company has not passed any Special Resolutions at the previous Annual General Meeting.
- c) Postal ballot: No Postal Ballot was conducted during 2013-14
- d) Procedure for postal ballot - Not applicable.
- e) Information on Directors re-appointment as required under Clause 49 VI (G) of the Listing Agreement with stock exchanges is given as a note appended to the explanatory statement of the AGM notice.

1. Disclosures:

The Company has no operations during the year, as the assets of the Company had been taken over by Asset Reconstruction Company (India) Limited (ARCIL) under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Assets been realised to make payment to Bankers and Creditors.

Compliance with Non-Mandatory requirements:

We comply with the following non-mandatory requirements:

- (i) **Shareholder Rights** – The Company publishes its results on its website i.e, **www.palcolimited.com** which is accessible to the public at large. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having a wide national circulation and also in a Telugu newspaper having a wide circulation in Andhra Pradesh. Hence, half-yearly results are not sent to the shareholders individually.
- (ii) **Audit qualifications** – During the period under review, there is audit qualification that Company's financial statements are on a non going basis.

This is because the total assets of the company has been taken over by ARCIL and been sold, due to which the company is unable to continue its operations.

- (iii) **Training of Board members** – The Company is yet to evolve a plan to train the Board members.

- (iv) **Mechanism for evaluating Non-Executive Board members – Yet to evolve**

As regards other non-mandatory requirements, the Board has taken cognizance of the same and may consider adopting them in the future.

The Company has not yet adopted the CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009. The Board will adopt the same as and when deemed appropriate.

7. Means of communication

The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.

The quarterly/half-yearly/annual financial results of the Company are published in **The Financial Express and Andhra Prabha** within 48 hours of the conclusion of the Board meeting.

PALCO LIMITED

General information

1.	Date, time and venue of Annual General Meeting	Tuesday the 30th Day of September, 2014 AT 11.00 A.M at Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084
2.	Financial calendar (Tentative schedule)	Financial year : April 1 to March 31: Board meetings for approval of quarterly results: 1st Quarter ended on June 30, 2014: within 45 days from the close of quarter 2nd Quarter ended on September 30, 2014: within 45 days from the close of quarter 3rd Quarter ended on December 31, 2014: within 45 days from the close of quarter Annual results for financial year ended March 31, 2015 (audited): Within 60 days of the close of financial year Annual general meeting for the year 2014-15 : In accordance with Section 96 of Companies Act, 2013
3.	Date of book closure (both days inclusive)	27.09.2014- 30.09.2014
4.	Dividend payment due	Not Applicable
5.	Listing on stock exchanges	The Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Mumbai – 400001
6.	Stock Code	BSE: Equity- 513405
7.	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai – 400013 2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
8.	Registered Office (address for correspondence)	Flat No.501, Sri Ramchandra Residency, Madhapur, Kothaguda, Kondapur, Hyderabad- 500084 A.P. India, Tel.No: +91 40 23117043/7045, 23114072 Fax No: +91 40 23117041 E-mail:pennaralu@gmail.com

PALCO LIMITED

9.	Communication regarding share transfers and other related correspondence	<p>XL Softech Systems Limited 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 084</p> <p>Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants</p>
10.	Share transfer system	<p>Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Share Transfer Committee.</p>

8. As required under Clause 49 of the Listing Agreement, a certificate duly signed by Mr. Vijay Chandra Puljal, Director of the Company was placed at the meeting of the Board of Directors held on 11.08.2014

9. **Distribution of shareholding as on March 31, 2014 was as under:**

Sl. No.	Category	Numbers of shareholders	% of shareholders	Numbers of shareholders	% of shareholders
1.	1 to 5000	27655	66.07	6313852	10.75
2.	5001 - 10,000	6491	15.51	6027730	10.26
3.	10,001 - 20,000	3329	7.95	5741437	9.78
4.	20,001 - 30,000	1257	3.00	3407092	5.80
5.	30,001 - 40,000	547	1.31	2041304	3.48
6.	40,001 - 50,000	936	2.24	4588356	7.81
7.	50,001 - 1,00,000	929	2.22	7261233	12.36
8.	1,00,001 & Above	716	1.71	23349996	39.76
	Total	41860	100.00	58731000	100.00

Shareholding Pattern as on March 31, 2014 was as under

Sl. No.	Particulars	No. of Shares	% to total shares
1	Promoter and Promoter Group	497110	0.85
2	Mutual Funds/UTI	111400	0.19
3	Financial Institutions/Banks	635450	1.08
4	Foreign Institutional Investors	-	-
5	Foreign Funds	-	-
6	Bodies Corporate	3535182	6.02
7	Individuals	52920513	90.11
8	Trust	-	-
9	NRI	1009195	1.72
10	Clearing Members	22150	0.03
11	Others(Insurance Company)	-	-
	Total	58731000	100

10. Dematerialisation of shares and liquidity

The Company's equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company's scrip is **INE 057C01018**, 88.90 % of equity shares are held in dematerialised form as on March 31, 2014.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

During the financial year 2013-14, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

11. Plant locations

Not Applicable

12. Market price data

The Company's shares are traded on The Bombay Stock Exchange. Monthly high and low quotations and volume of equity shares traded on Bombay Stock Exchange Limited (BSE) for 2013-14 were as follows:

PALCO LIMITED

Month	Share Price		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April 2013	0.42	0.37	19,622.68	18,144.22
May 2013	0.40	0.28	20,443.62	19,451.26
June 2013	0.34	0.17	19,860.19	18,451.16
July 2013	0.20	0.14	20,351.06	19,126.82
August 2013	0.15	0.11	19,569.20	17,448.71
September 2013	0.22	0.14	20,739.69	18,166.17
October 2013	0.35	0.23	21,205.44	19,264.72
November 2013	0.48	0.34	21,321.53	20,137.67
December 2013	0.33	0.20	21,483.74	20,568.70
January 2014	0.24	0.18	21,409.66	20,343.78
February 2014	0.25	0.19	21,140.51	19,963.12
March 2014	0.25	0.18	22,467.21	20,920.98

(Source: www.bseindia.com)

Declaration of Code of Conduct

The Board of Directors of PALCO Limited, at their meeting held on 13.08.2014, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website.

In accordance with Clause 49 I (D) of the Listing Agreement with the stock exchanges, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended March 31, 2014

Place: Hyderabad
Date: 13.08.2014

Vijay Chandra Puljal
Director
(DIN 00090286)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

PALCO LIMITED

To the members of PALCO LIMITED, HYDERABAD.

I have examined the compliance of conditions of Corporate Governance by PALCO LIMITED, for the year ended 31st March, 2014 as stipulated in Clause 49 of the listing agreement of the Company with Stock Exchanges in India.

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

In My opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement except the Code of Conduct as per Clause 49(D) and no Company Secretary appointed by the Company.

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

Place: Hyderabad
Date: 13.08.2014

S. Chidambaram
Practicing Company Secretary
CP. No. 8068

Independent Auditor's Report

To the Members of
PALCO Limited (Formerly known as Pennar Aluminium Company Limited)

Report on Financial Statements

We have audited the accompanying financial statements of **PALCO Limited (Formerly known as Pennar Aluminium Company Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the

PALCO LIMITED

Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regularity Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For RAMBABU & Co.
Chartered Accountants
Firm Reg. No.002976S**

**Place: Hyderabad
Date: 13-05-2014**

**Ravi Rambabu
Partner
M No: 018541**

Annexure to Independent Auditor's Report

Referred to as in paragraph 1 of our report of even date.

- 1) In respect of its fixed assets.

All the fixed assets of the Company were sold and the Company will not be able to continue as a going concern.

- 2) In respect of its inventories:

The Company has no inventory during the period. Accordingly, the provisions of clause (ii) of paragraph 4(A) of the Companies (Auditor's Report) Order, 2003 as amended (the Order) in respect of inventories are not applicable to the Company.

- 3) In respect of loans secured or unsecured, granted or taken by the Company to/from companies, firms or others covered in the register maintained under section 301 of the Companies Act, 1956:

- i) Company has taken interest free unsecured loan for an amount of Rs.3,013,246/- (including loan taken during the year Rs.8,19,471/-) from parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- ii) According to the information and explanations given to us, we are of the opinion, the terms and conditions on which loan taken by the company from such parties listed in the register maintained under section 301 of the companies act, 1956 are not, prima facie, prejudicial to the interest of the company.
- iii) There is no overdue amount in-respect of loan taken from parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for payment of the Principal, and overdue amount of more than one lakh does not arise.
- iv) In our opinion, the Company has not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.

- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal control.

- 5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.

- 6) In our opinion and according to the information and explanations given to us, the Company hasnot accepted any deposits as defined under Section 58 A of the Companies Act, 1956.

- 7) In our opinion, the Company does not have an independent internal audit system commensurate with the size and nature of its business.

PALCO LIMITED

- 8) The Company does not have cost records for the year under review, as the operations were stopped due to sale of all the Fixed Assets.
- 9) In respect of statutory dues:

According to the books and records of the Company, and according to the explanations and information given to us, during the year under review, there are no undisputed statutory dues payable including Provident Fund, Investor education & protection fund, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no disputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2014 for a period exceeding six months from the date they became payable.
- 10) The Company has accumulated losses at the end of the year that are more than hundred percent of its net worth and incurred cash losses during the financial year covered by our audit and had incurred cash losses in the immediately preceding financial year.
- 11) As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- 12) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) The Company has not dealt or traded in shares, securities, and debentures and other investments during the period. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given guarantees for loans taken by the others from banks or financial institutions.
- 16) In our opinion and according to the information and explanations given to us, during the year the Company has not raised any fresh term loans.
- 17) According to the information and explanations given to us and on an overall examination of statements and records of the Company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- 18) The Company has not made any preferential allotment of shares/securities during the year to parties and companies covered in the register maintained under section 301 of the companies act, 1956.

PALCO LIMITED

- 19) No debentures have been issued by the company during the year and hence, the question of creating securities in respect thereof does not arise.
- 20) The Company has not raised money by way of public issue during the year.
- 21) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For RAMBABU & Co.
Chartered Accountants
Firm Reg. No.002976S**

**Ravi Rambabu
Partner
M No: 018541**

**Place: Hyderabad
Date: 13-05-2014**

PALCO LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount Rs.)

Particulars	Note.No	AS AT 31.03.2014 Rs.	AS AT 31.03.2013 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	587,248,800	587,248,800
(b) Reserves and Surplus	2	(929,762,476)	(928,928,005)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	-	21,757,405
(3) Current Liabilities			
(a) Trade Payables	4	346,981,868	346,147,397
Total Equity & Liabilities		4,468,192	26,225,597
II.ASSETS			
(2) Current Assets			
(a) Trade receivables	5	4,468,192	4,468,192
(b) Cash and Bank balances	6	-	21,757,405
Total Assets		4,468,192	26,225,597
Significant Accounting Policies Notes on Financial Statements	1 to 13		

As per our Report of even date
For RAMBABU & CO.,
 Chartered Accountants
 Firm Reg.No.002976S

RAVI RAMBABU
 Partner
 Membership.No.018541

Place:Hyderabad
 Date: 13.05.2014

For and on behalf of the Board of Directors

VIJAY CHANDRA PULJAL
 DIRECTOR

S V RAMCHANDRA RAO
 DIRECTOR

PALCO LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2014

(Amount Rs.)

SI No.	Particulars	Note No	For the year ended 31-03-2014	For the year ended 31-03-2013
I	Revenue from Operations		-	-
II	Expenses:			
	Other Expenses	7	834,471	587,734
III	Profit before Tax		(834,471)	(587,734)
IV	Tax expense:			
	(a) Current tax		-	-
V	Profit for the year		(834,471)	(587,734)
VI	Earnings per Equity Share:	8		
	(1) Basic		-	-
	(2) Diluted		-	-
	Significant Accounting Policies Notes on Financial Statements	1 to 13		

As per our Report of even date
For RAMBABU & CO.,
 Chartered Accountants
 Firm Reg.No.002976S

RAVI RAMBABU
 Partner
 Membership.No.018541

Place:Hyderabad
 Date: 13.05.2014

For and on behalf of the Board of Directors

VIJAY CHANDRA PULJAL
 DIRECTOR

S V RAMCHANDRA RAO
 DIRECTOR

Cash Flow Statement for the year endedd 31-03-2014

(Amount Rs.)

Particulars	For the year ended 31-03-2014 Rs.	For the year ended 31-03-2013 Rs.
a) Cashflow from operating activities		
Loss as per Statement of Profit and Loss	(834,471)	(587,734)
Less : Adjustment for	-	-
Operating Profit before Working Capital Charge	(834,471)	(587,734)
Add : Adjustment for		
a) Payables	834,471	587,734
Cash Generated from Operations	-	-
b) Cashflow from investing activities	-	-
c) Cash Flow from financing activities		
i) Restricted Bank balances utilised		
ii) Repayment of Debentures	21,757,405	665,576
Cash generated from financing activities	(21,757,405)	(665,576)
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 RAMBABU & CO.,
 Chartered Accountants
 Firm Reg.No.002976S

RAVI RAMBABU
 Partner
 Membership.No.018541

Place:Hyderabad
 Date: 13.05.2014

For and on behalf of the Board of Directors

VIJAY CHANDRA PULJAL
 DIRECTOR

S V RAMCHANDRA RAO
 DIRECTOR

Notes forming part of the financial statement for the year ended March 31, 2014

I. Corporate Information:

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

II. Significant Accounting Policies

1. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3. Tangible fixed assets and depreciation

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

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

4. Impairment

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

5. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the 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.

Notes forming part of the financial statement for the year ended March 31, 2014

6. Investments

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

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

7. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue from sale of goods

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

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iii) Dividends

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

8. Inventory Valuation

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

9. Foreign currency translation

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

Notes forming part of the financial statement for the year ended March 31, 2014

10. Retirement and other employee benefits

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

11. Income tax

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2014

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of Share	Amount in Rs	Number of Share	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	31-03-2014	31-03-2013
Equity shares with voting rights		
Year ended 31 March, 2014		
Number of shares	58,731,000	58,731,000
Amount (Rs.)	587,248,800	587,248,800
Year ended 31 March, 2013		
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, 2014

2. Reserves and surplus

Particulars	31-03-2014	31-03-2013
	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	(969083700)	(968495966)
Add: Profit / (Loss) for the year	(834471)	(587734)
Closing balance	(969918171)	(969083700)
Total	(929762476)	(928928005)

3 Long-term borrowings

3.1 Details of debentures issued by the Company

Particulars	Terms & Conditions	As at 31 March, 2014	As at 31 March, 2013
(a) 16% redeemable debentures		-	21,131,500
(b) Interest on debentures			625,905
Total		-	21,757,405

At the time of ARCIL taking over the assets of the Company an amount of Rs.4,85,61,794/- were appropriated and kept in current account for redemption of 4,71,510 debentures of Rs.100/- each held by public. The said Debentures are secured by way of lien on the current account balance. During the year, the company has redeemed 4,240 debentures for an amount of Rs. 4,36,741 (2,64,495 debentures for an amount of Rs. 2,72,41,130 up to the year) The balance amount of Rs. 2,13,20,664 relating to 2,07,035 debentures was transferred to investor education and protection fund on 15.06.2013, in compliance with the provisions of the companies act, 1956

3.2 Details of Debentures redeemed during the year

Particulars	Opening Debentures	Redeemed during the Year	Closing Debentures
No.Of Debentures	211,275	4,240	207,035
Amount of Debentures	21,131,500	424,000	20,707,500

4. Trade Payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Trade Payables:		
(i) Sundry Creditors	343,943,622	343,943,622
(ii) Audit Fee Payable	25,000	10,000
(iii) Other liabilities	3,013,246	2,193,775
Total	346,981,868	346,147,397

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2014

5. Trade Receivables

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	4,468,192	4,468,192
Total	4,468,192	4,468,192

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

6. Cash and Bank balances

Particulars	As at 31 March, 2014	As at 31 March, 2013
i) Cash and Cash equivalents		
(a) Cash on hand	-	-
ii) Other Bank balances		
(a) Balances with Scheduled banks		
(i) Earmarked balances with banks - In current account- for Debentures redemption.	-	21,757,405
Total	-	21,757,405

6.1 Out of the above Cash and Bank balances, cash and cash equivalents that meet the definition of Cash flow statement is Rs. Nil.(Previous year.Nil.)

7. Other Expenses

Particulars	As at 31 March, 2014	As at 31 March, 2013
Auditors Remuneration	25,000	10,000
Rates & Taxes	414,925	517,234
AGM expenses	394,546	60,500
Total	834,471	587,734

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2014

8. Earnings Per Share

Particulars	As at 31 March, 2014	As at 31 March, 2013
Earnings per share		
Basic		
<u>Total operations</u>		
Net profit / (loss) for the year attributable to the equity shareholders	(834,471)	(587,734)
Weighted average number of equity shares	58731000	58731000
Par value per share	10.00	10.00
Earnings per share - Basic	-	-
Diluted		
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	(834,471)	(587,734)
Weighted average number of equity shares for Basic EPS	58731000	58731000
Weighted average number of equity shares - for diluted EPS	58731000	58731000
Par value per share	10.00	10.00
Earnings per share - Diluted	-	-

9. Contingent Liabilities

S.No	Particulars	As at 31 March, 2014	As at 31 March, 2013
i)	Claims pending against the Company	230,200,000	230,200,000

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

PALCO LIMITED

Notes forming part of the financial statement for the year ended March 31, 2014

10. Related Party Disclosures

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

10.1 Aggregate Related Party Transactions :

S.No.	Particulars	Key Managerial Personnel	
		2013-14	2012-13
1.	Advances Received	819,471	587,734
2.	Balances Payable	3,013,246	2,193,775

11. Deferred Tax

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

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

As per our Report of even date
For RAMBABU & CO.,
Chartered Accountants
Firm Reg.No.002976S

RAVI RAMBABU
Partner
Membership.No.018541

Place:Hyderabad
Date: 13.05.2014

For and on behalf of the Board of Directors

VIJAY CHANDRA PULJAL
DIRECTOR

S V RAMCHANDRA RAO
DIRECTOR

PALCO LIMITED

PALCO LIMITED

(Formerly known as Pennar Aluminium Company Limited)
CIN: L27203TG1989PLC010409

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

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

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

ATTENDANCE SLIP

(To be presented at the entrance)

24th 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 Tuesday, the 30th day of September, 2014 at 11:00 a.m,at Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084, India, or/any adjournment thereof.

Name of the Attending Shareholder:.....
(in block letters)

Name of the proxy:.....
(to be filled in if proxy attends)

Signature of shareholder:.....

Signature of proxy:.....

Number of shares Held:.....

Note:

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature on them.
2. Members are informed that no duplicate attendance slips will be issued at the venue of the Meeting.

Intentionally left blank

PALCO LIMITED

PALCO LIMITED

(Formerly known as Pennar Aluminium Company Limited)

CIN: L27203TG1989PLC010409

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

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

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

PROXY FORM

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

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

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

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

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

Address :

Signature :

Or failing him

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

Address :

Signature :

Or failing him

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

Address :

Signature :

Or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company at Tuesday,30th September 2014 at 11:00 p.m. at Flat No.103&104 Grandeur Residency, Opp.: At Home – Apartment Hotel, Whitefields, Sri Sree Seetharamanjaneya Swami Temple Road, Kothaguda, Kondapur, Hyderabad- 500084, 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 2014 and balance sheet as at that date and the reports of the board of directors and auditors thereon.
2. To appoint a Director in the place of Mr. Vijay Chandra Puljal (DIN 00090286) who retires by rotation and being eligible offers himself for reappointment.
3. To re-appoint M/s, Rambabu & Co., Chartered Accountants, as auditors of the company.

Special Business:

4. To Approve the Altered Articles of Association of the Company
5. To appoint Mr. A. Krishna Rao (DIN 00090662) as an independent director for a period of five years
6. To appoint Mr. S. V. Ramachandra Rao (DIN 01869061) as an independent director for a period of five years

Signed this..... day of2014

Signature of shareholder Signature of proxyholder(s).....

NOTE: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Intentionally left blank

BOOK - POST
PRINTED MATTER

If undelivered, please return to :

PALCO LIMITED

(FORMERLEY KNOWN AS PENNAR ALUMINIUM COMPANY LIMITED)

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