

PALCO LIMITED

**28th Annual Report
2017-18**

Corporate Information :**Board of Directors:**

Mr. Venkata Reddy Kovvuri (DIN: 07778118)
Smt. Bhuvaneshwari Kovvuri
(DIN : 07778087)
Mr. Sri Sai Teja Reddy Kovvuri
(DIN: 08069343)

Registrar and Share Transfer Agents:

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

Statutory Auditor:

M.N. RAO & ASSOCIATES
Chartered Accountants

Secretarial Auditor:

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

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

Registered Office:

H.No. 49-437/3, Flat No. 202,
Shilpa Homes, 4th Lane,
Bapunagar, Chintal,
Hyderabad - 500 054.
Telangana State.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of Palco Limited will be held on Saturday, the 29th day of September, 2018, 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, 2018 the reports of the Board of Directors and Auditors thereon.
2. Appointment of Statutory Auditors

To Appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirty third Annual General Meeting of the Company and to fix their remuneration.

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 rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Board of Directors, M/s. M.N Rao & Associates, Chartered Accountants (Firm Registration No. 005386S) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting ('AGM') until the conclusion of the Thirty Third AGM of the Company to be held in the year 2023.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to fix remuneration of the Statutory Auditors and reimburse their travelling and out of pocket expenses.”

SPECIAL BUSINESS

3. To confirm the appointment of Mr. Srisaitejareddy Kovvuri (DIN: 08069343) 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, Mr. Srisaitejareddy Kovvuri, who was appointed as an Additional Non-Executive Director by the Board of Directors with effect from 10th February, 2018 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 Mr. Srisaitejareddy 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:09.08.2018

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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, 2018 to 29th September, 2018, 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 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. With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on June 8, 2018 to permit transfer of listed securities only in the dematerialized form w.e.f. December 5, 2018 with a depository except transmission and transposition of shares. In view of the above and the inherent benefits of holding shares in electronic form, we urge the

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members holding shares in physical form to opt for dematerialization.

15. 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.
16. 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.
17. Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company to be held on 29.09.2018 are provided in Annexure of this Notice.
18. The remote e-voting period commences vide EVSN No. 180828109 on 26th September, 2018 at 9.00 A.M and ends on 28th September, 2018 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, 2018 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.
19. 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.
- 20. The instructions for shareholders voting electronically are as under:**
 - (i) The voting period begins on <26th September, 2018 at 9.00 A.M > and ends on <28th September, 2018 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, 2018> 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.
- 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.

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- 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.

21. As per the above instructions, any shareholder as on cut-off date that is 22nd September, 2018, 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, 2018 and 24th September, 2018.
22. 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.
23. 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.
24. 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.
25. 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.
26. 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:09.08.2018

Explanatory Statement

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

Item # 3 Appointment of Mr. Srisaitejareddy Kovvuri (DIN: 08069343) as an Additional Director

The Board has appointed **Mr. Srisaitejareddy Kovvuri (DIN: 08069343)** as an Additional Non-Executive Director of the Company by Board resolution passed on 10th February, 2018 with effect from 10th February, 2018 pursuant to Section 161 of the Companies Act, 2013.

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

The Company has received from **Mr. Srisaitejareddy 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

The resolution seeks the approval of members for the appointment of **Mr. Srisaitejareddy Kovvuri** as an Non-Executive Director of the pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is liable to retire by rotation.

No director, key managerial personnel or their relatives, except **Mr. Srisaitejareddy Kovvuri, Smt. Bhuvaneswari Kovvuri and Shri Venkata Reddy 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:09.08.2018

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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	Mr. Srisaitejareddy Kovvuri
Date of Birth	5.11.1998
Date of Appointment	10th February 2018
Qualification	(B.Com)
Expertise	Student
List of Companies in which outside directorship held	0
Chairman/member of the committee of other companies on which he is Director	0
No. of Shares held by them in the Company	0

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report on the operations of Palco Limited together with the audited financial statements for the year ended March 31, 2018. The financial results of the Company are as follows:

1. Financial Results

(In lakhs)

Particulars	2017-18	2016-17	2015-16
Net Income & Other Income	Nil	Nil	NIL
Operating expenditure	15.56	45.23	23.06
Operating Profit	(15.56)	(45.23)	(23.06)
Interest & Depreciation	Nil	Nil	NIL
Provision for taxes (Current & Deferred)	Nil	Nil	NIL
Profit/Loss after Tax(PAT)	(15.56)	(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 2017-18, the Board of Directors met Five Times.

6. Directors Responsibility Statement:

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, 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;
- b) 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, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors 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. 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 2017-18 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. Srisaitejareddy Kovvuri as Additional Director on 10.02.2018.
- b) **Cessation of Director**
During the Year under Mr. Maddur Rajeshwar Rao, resigned as Director w.e.f 10.02.2018.
- 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 2016-17.
- 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. Bhuvaneswari Kovvuri, the Independent Directors of the Company have submitted their respective declarations that they fulfill 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 2017.

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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. Statutory Auditors:

The Statutory Auditors, M/s. M.N Rao & Associates, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility and willingness to be re-appointed. The Company has received a certificate from the Statutory Auditors to the effect that their appointment, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of the said section. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules framed thereunder, it is proposed to appoint M/s. M.N Rao & Associates, Chartered Accountants as the Statutory Auditors for a period of five years.

29. 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.

30. Appreciation:

Your Directors express their gratitude to the shareholders.

For Palco Limited

Sd/-

Venkata Reddy Kovvuri

(DIN: 07778118)

Director

Place: Hyderabad

Date:09.08.2018

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

as on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and
Administration) Rules, 2014]

I. Registration and other details:

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

II. Principal business activities of the company:

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

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

III. Particulars of holding, subsidiary and associate companies:

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

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

i) Category-wise Share Holding

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

PALCO LIMITED

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	-	-	-	-	-	-	-	-	-
g) FIs	-	94000	94000	0.16	-	94000	94000	0.16	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	6950	239700	246650	0.42	6950	239700	246650	0.42	-

PALCO LIMITED

2. Non-Institutions										
a) Bodies Corp.										
-i) Indian	1845304	288700	2134004	3.63	1581483	288700	1870183	3.18	(14.11)	
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	36755821	5307878	42063699	71.62	32538300	5176078	37714378	64.22	(10.34)	
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	11905590	156100	12061690	20.54	16460868	279100	16739968	28.50	38.79	
c) Others -Nri,s -Bodies -Clearing members	508416	453500	961916	1.64	448280	448500	896780	0.68	(6.77)	
Sub-total (B)(2):-	51015131	6206178	57221309	96.58	51028931	6192378	57221309	96.58	-	
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	-	-

PALCO LIMITED

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. Of shares	% of total shares of the company	No. Of shares	% of total shares of the company
A)	Vijay C P	-There is no Change in the holding of the Promoters-			
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
3	At the End of the year				

(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)	LIFE INSURANCE CORPORATION OF India				
1	At the beginning of the year	5,00,000	0.85	5,00,000	0.85
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):			5,00,000	0.85
3	At the End of the year	5,00,000	0.85	5,00,000	0.85

PALCO LIMITED

C)	Rajendra baburao Shinde				
1	At the beginning of the year	4,23,384	0.72	4,23,384	0.72
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 384 Equity Shares	0.00	4,23,000	0.72
3	At the End of the year	4,23,000	0.72	4,23,000	0.72
D)	Ashish Kumar Gupta				
1	At the beginning of the year	3,17,505	0.54	3,17,505	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):			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

PALCO LIMITED

3	At the End of the year	2,74,139	0.47	2,74,139	0.47
G)	Megha Niranjn 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 reasons for increase ecrease (e.g. allotment /transfer / bonus/ sweat equity etc):			2,52,000	0.43
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)	Bhavisha Abhay Shah				
1	At the beginning of the year	-	-	-	-
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 2,38,324 Equity Shares	0.41	2,38,324	0.41
3	At the End of the year	2,38,324	0.41	2,38,324	0.41

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
1	At the beginning of the year	- Non of the Directors and Key Managerial Persons are holding any shares in the Company -			
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc)				
3	At the End of the year				

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	NIL	NIL	NIL	NIL
□ Addition	NIL	NIL	NIL	NIL
□ Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

PALCO LIMITED

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) 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 (A)	NIL	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL	NIL

B. Remuneration to other directors: NIL

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

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 the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

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:09.08.2018

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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, 2018 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, 2018 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:

- (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)]***

PALCO LIMITED

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 has not paid Listing Fee to the Stock Exchange.

Place: Hyderabad
Date: 09.08.2018

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: 09.08.2018

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 Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **M/s.PALCO LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement, the statement of changes in equity for the year then ended and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended of the Act and other Accounting principles generally accepted in India.

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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 and order issued under Sec 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2018, and its loss including other comprehensive

income and its Cash Flows for the year ended on that date.

Emphasis of Matter

Without qualifying our report, the attention of the members is invited to Note No. 1.1 under notes to accounts regarding the financial statements which explains significant uncertainty on the company as a going concern and accordingly financial statements have not been prepared with an assumption of going concern and all liabilities are presented at their estimated settlement amounts.

Report on Other Legal and Regulatory Requirements

1. 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, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A".
 - 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:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M N Rao and Associates
Chartered Accountants
Firm Registration Number: 005386S

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

Place: Hyderabad
Date: 25-05-2018

“Annexure A” to the Independent Auditor's Report of even date on the Financial Statement 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”)

We have audited the internal financial controls over financial reporting of **PALCO LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgement, 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 Company's 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

- (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

PALCO LIMITED

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, 2018, 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 and Associates
Chartered Accountants
Firm Registration Number: 005386S

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

Place: Hyderabad
Date: 25-05-2018

PALCO LIMITED

Annexure-B to the Independent 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, 2018)

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. Accordingly, the provisions of clause 3 (i) of the Order is not applicable to the Company and hence not commented upon.
- ii. The Company doesn't have Inventory. Accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- 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. According to our opinion and explanations given to us, the company has not granted any loans, hence the provisions of Sections 185 of Companies Act 2013 are not applicable. In according to our opinion and explanations given to us the company has not made any investments.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable to the Company and hence not commented upon.
- 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, 2018 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.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the company doesn't pay managerial Remuneration. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. In our opinion, compliance Requirements under Section 177 and 188 of Companies Act, 2013 are not applicable to the Company and disclosure requirements in the financial statements as required by the applicable accounting standards are complied.

PALCO LIMITED

- xiv. According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3 (xiv) of the Order is not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For M N Rao and Associates
Chartered Accountants
Firm Registration Number: 005386S

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

Place: Hyderabad
Date: 25-05-2018

PALCO LIMITED

BALANCE SHEET AS AT 31st MARCH 2018

All the Amt's in INR Unless Specified

Particulars	Notes	March 31, 2018	March 31, 2017	April 01, 2016
<u>I. ASSETS</u>				
(1) Non-current assets				
(a) Property, Plant and Equipment		-	-	-
(b) Capital work-in-progress		-	-	-
(c) Investment Property		-	-	-
(d) Other assets		-	-	-
(e) Financial Assets				
(i) Investments		-	-	-
(f) Deferred tax assets (net)		-	-	-
(g) Other non-current assets		-	-	-
Total non current assets		-	-	-
(2) Current Assets				
(a) Financial Assets				
(i) Trade receivables	3	-	-	3,768,192
(ii) Cash and cash equivalents		-	-	-
(iii) Loans and advances		-	-	-
(b) Other current assets		-	-	-
Total current assets		-	-	3,768,192
TOTAL ASSETS		-	-	3,768,192
<u>II. EQUITY AND LIABILITIES</u>				
(1) Equity				
(a) Equity share capital	4	587,248,800	587,248,800	587,248,800
(b) Other equity		(595,575,048)	(594,019,509)	(589,496,864)
Total equity		(8,326,248)	(6,770,709)	(2,248,064)
(3) Non current liabilities				
(a) Financial liabilities				
(i) Borrowings	5	6,941,282	5,698,583	4,417,671
(b) Deferred tax liability		-	-	-
(c) Provisions		-	-	-
(d) Other liabilities		-	-	-
Total Non Current Liabilities		6,941,282	5,698,583	4,417,671
(4) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	6	50,000	25,000	25,000
(ii) Other financial liabilities		-	-	-
(b) Other current liabilities	7	1,334,966	1,047,126	1,573,585
(c) Short-term provisions		-	-	-
(d) Liabilities for current tax (net)		-	-	-
Total Current liabilities		1,384,966	1,072,126	1,598,585
TOTAL EQUITY AND LIABILITIES		-	-	3,768,192
Notes forming part of the financial statements	1 - 13			

The accompanying notes are an integral part of these financial statements
As per our Report of even date

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

For and on behalf of the Board of Directors

M V RATHNAM
Partner
Membership.No.008314

Sd/-
VENKATA REDDY KOVVURI
Director
DIN :07778118

Sd/-
BHUVANESWARI KOVVURI
Director
DIN:07778087

Place: Hyderabad
Date: 25th May, 2018

PALCO LIMITED

Statement of Profit and Loss for the year ended 31st March 2018

All the Amt's in INR except EPS

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
I. Revenue from Operations		-	-
II. Other income		-	-
III. Total Income (I+II)		-	-
IV. Expenses			
Employee Benefits Expenses		-	-
Depreciation and Amortization Expenses		-	-
Other Expenses	8	1,555,539	4,522,645
Total Expenses (IV)		1,555,539	4,522,645
V. Profit/(loss) before Tax (III - IV)		(1,555,539)	(4,522,645)
VI. Tax expense:			
1. Current tax		-	-
2. Deferred tax		-	-
3. MAT credit		-	-
VII. Profit/(Loss) for the year		(1,555,539)	(4,522,645)
VIII. Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurement of Investments		-	-
Remeasurements of leave encashment on employee benefits		-	-
		-	-
(ii) Items that will be reclassified to profit or loss		-	-
Foreign currency translation differences		-	-
		-	-
B (i) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income net of taxes		-	-
		-	-
IX. Total comprehensive income for the period		(1,555,539)	(4,522,645)
X. Earnings per equity share			
1. Basic		(0.03)	(0.08)
2. Diluted		(0.03)	(0.08)
Notes forming part of the financial statements	1-13		

The accompanying notes are an integral part of these financial statements

As per our Report of even date

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

For and on behalf of the Board of Directors

M V RATHNAM
Partner
Membership.No.008314

Sd/-
VENKATA REDDY KOVVURI
Director
DIN :07778118

Sd/-
BHUVANESWARI KOVVURI
Director
DIN:07778087

Place: Hyderabad
Date: 25th May, 2018

PALCO LIMITED

Cash Flow Statement for the year ended 31st March 2018

All the Amt's in INR Unless Specified

	Particulars	As At March 31, 2018	As At March 31, 2017
A	CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net profit before tax	-1,555,539	-4,522,645
	Adjusted for :		
	Depreciation	-	-
	Interest & other income received	-	-
	Receivables Written Off	-	2,968,192
	Operating profits before working capital charges	-1,555,539	-1,554,453
	Changes in current assets and liabilities		
	(Increase)/Decrease in Trade Receivables	-	-
	(Increase)/Decrease in financial and non-financial assets	-	800,000
	Increase/(Decrease) in financial and non-financial liabilities	287,840	-526,459
	Increase/(Decrease) in Trade payables	25,000	-
	Cash generated from operations	-1,242,699	-1,280,912
	Income taxes paid	-	-
	Net cash generated from operating activities	-1,242,699	-1,280,912
B	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of fixed assets	-	-
	Proceeds on sale of fixed assets	-	-
	Sale of investment property	-	-
	Interest & other income received	-	-
	Net cash used in investing activities	-	-
C	CASH FLOWS FROM FINANCING ACTIVITIES:		
	Proceeds from issue of share warrants	-	-
	Proceeds from Borrowings	1,242,699	1,280,912
	Dividends and dividend tax paid during the year	-	-
	Net Cash generated from financing activities	1,242,699	1,280,912
D	Net increase / (decrease) in cash and cash equivalents	0	-
E	Cash and cash equivalents at the beginning of the year	-	-
F	Cash and cash equivalents at the end of the year	0	-
	Notes forming part of the financial statements		

As per our Report of even date

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

M V RATHNAM
Partner
Membership.No.008314

Place: Hyderabad
Date: 25th May, 2018

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 changes in equity

All the Amt's in INR Unless Specified

A. Equity share capital

(Amount in Rs.)

	Number	in Rs.
Balance as on 1 April 2016	58,731,000	587,248,800
Changes in equity share capital during the year	-	-
"Balance as on 31 March 2017"	58,731,000	587,248,800
Issued during the year - ESOPs	-	-
Issue of warrants to Promoters	-	-
"Balance as on 31 March 2017"	58,731,000	587,248,800

B. Other Equity

Particulars	Investment subsidy	Securities Premium Reserve	Retained Earnings	Total Other Equity attributable to Equity holders
Opening Balance as at 1 April 2016	1,464,445	38,691,250	(629,652,559)	(589,496,864)
Provision & DT on leave encashment	-	-	-	-
Provision & DT on ECL	-	-	-	-
Ind AS Opening Balance as at 1 April 2016	1,464,445	38,691,250	(629,652,559)	(589,496,864)
Profit for the Year	-	-	(4,522,645)	(4,522,645)
Dividend tax and Interim Dividend	-	-	-	-
Deferred tax expense/income	-	-	-	-
Provision No Longer Written Off	-	-	-	-
Ind AS Closing Balance as at 31 March 2017	1,464,445	38,691,250	(634,175,204)	(594,019,509)
Balance as at 1 April 2017	1,464,445	38,691,250	(634,175,204)	(594,019,509)
Profit for the Year	-	-	(1,555,539)	(1,555,539)
Other Comprehensive income			-	-
Remeasurement of ESOP provision			-	-
Share application money				-
Issue of Equity shares			-	-
ESOP Expense				-
Foreign currency translation				-
Ind AS Closing Balance as at 31 March 2018	1,464,445	38,691,250	(635,730,743)	(595,575,048)

The accompanying notes are an integral part of these financial statements

As per our Report of even date

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

For and on behalf of the Board of Directors

M V RATHNAM
Partner
Membership.No.008314

Sd/-
VENKATA REDDY KOVVURI
Director
DIN :07778118

Sd/-
BHUVANESWARI KOVVURI
Director
DIN:07778087

Place: Hyderabad
Date: 25th May, 2018

Notes forming part of the financial statements

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 H.No. 49-437/3, Flat No.202, Shilpa Homes 4th Lane, Babu Nagar, Chintal Hyderabad Telangana 500054

1 Significant Accounting Policies

1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance India Accounting Standards (Ind As) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 with effect from April 1, 2017.

Previous periods have been restated to Ind AS and In accordance with Ind AS 101-First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards For the year ended March 31, 2017, the Company had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 (Indian GAAP).

Reconciliations and description of the effect of the transition to Ind AS from Indian GAAP is given in Note 9-11.

The company doesn't have any any other assets or commercial operations and any other definite business plans to continue the business accordingly financial statements have not been prepared on a going concern basis and liabilities have been stated at their estimated settlement value.

1.2 Use of Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.3 Revenue recognition

The Company does not have any revenue during the year.

1.4 Property, plant and equipment & Capital work-in-progress

The Company does not have any property, plant and equipment.

1.5 Intangible Assets

The Company does not have any property, plant and equipment.

1.6 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

1.7 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) Current income tax: Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The

Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

- b) Deferred tax: Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.8 Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares used in outstanding during the period.

1.9 Investments

The Company does not have any investments

2 Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination."

2.1 Provisions and Contingent Liabilities

A Provision is recognized if, as a result of past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.2 Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

Initial Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Subsequent Measurement

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collectiong contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

Financial assets at fair value through Profit and Loss

Financial assets are measured at fair value through profit and loss unless it is measured at

amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management."

2.3 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

2.4 First-time adoption of Indian Accounting Standard (Ind AS)

These financial statements of the company for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101-First time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Balance Sheet and Statement of Profit and Loss, is set out in notes.

Reconciliations :

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at April 1, 2016 and March 31, 2017 given in note no. 12
2. Net Profit and other comprehensive income for the year ended March 31, 2016 given in note no. 13

PALCO LIMITED

2.5 Earning per share

PARTICULARS	2017-18	2016-17
Profit (Loss) for the year	(1,555,539)	(4,522,645)
No.of Equity shares	58,731,000	58,731,000
Diluted earning per share	(0.03)	(0.08)
Basic earning per share	(0.03)	(0.08)

All the Amt's in INR Unless Specified

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at 1 April 2016
Note 3			
Trade Receivables			
Unsecured			
Considered good	-	-	3,768,192
Considered doubtful	-	-	-
	-	-	3,768,192
Less:			
Allowances for doubtful debts	-	-	-
Total	-	-	3,768,192

All the Amt's in INR Unless Specified

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at 1 April 2016
Note 4			
Equity Share Capital			
(i) Authorised			
9,00,00,000 Equity shares of Rs 10 each	900,000,000	900,000,000	900,000,000
30,00,00,000 Redeemable Preference shares of Rs.100 each	300,000,000	300,000,000	300,000,000
(ii) Issued			
5,83,73,100 Equity Shares of Rs 10 each fully paid-up	587,310,000	587,310,000	587,310,000
(iii) Subscribed and fully paid up:			
5,87,18,760 Equity Shares of Rs 10 each fully paid-up	587,187,600	587,187,600	587,187,600
(iv) Subscribed but not fully paid up:			
12,240 Equity Shares of Rs 10 each with Rs 5 not paid-up	61,200	61,200	61,200
Total	587,248,800	587,248,800	587,248,800

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in Rs	No. of Shares	in Rs
Equity Shares:				
Shares outstanding at the beginning of the year	58,731,000	587,248,800	58,731,000	587,248,800
Add: Issued and allotted during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	58,731,000	587,248,800	58,731,000	587,248,800

iii) The details of shareholder holding more than 5% shares in the Company:

iii) The details of shareholder holding more than 5% shares in the Company:

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	in %	No. of Shares	in %
	Nil	Nil	Nil	Nil

PALCO LIMITED

All the Amt's in INR Unless Specified

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at 1 April 2016
Note 5			
Borrowings			
Secured			
From Banks	-	-	-
Unsecured			
From Promoters	6,941,282	5,698,583	4,417,671
Total	6,941,282	5,698,583	4,417,671

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at 1 April 2016
Note 6			
Trade and other payables			
Trade Payables	-	-	-
Outstanding expenses	50,000	25,000	25,000
Total	50,000	25,000	25,000

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at 1 April 2016
Note 7			
Other current liabilities			
Statutory Liabilities - BSE Listing Fees	1,334,966	998,820	769,820
Other advances	-	-	-
Other Liabilities	-	48,306	803,765
Total	1,334,966	1,047,126	1,573,585

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
Note 7		
Other Expenses		
Auditors Remuneration	25,000	25,000
Rates & Taxes and Other Expenses	821,455	797,610
AGM expenses	709,084	731,843
Receivables Written Off	-	2,968,192
Total	1,555,539	4,522,645

PALCO LIMITED

All the Amt's in INR Unless Specified

Note No. 9 Effect of Ind AS adoption on the Balance Sheet as at March 31, 2017

PARTICULARS	IGAAP	Effect of transition to Ind AS	Ind AS
Assets			
Non current assets	-	-	-
a) Property, Plant and Equipment	-	-	-
b) Intangible assets			
c) Financial Assets	-	-	-
(i) Investments	-	-	-
d) Other Non Current Assets	-	-	-
e) Deferred tax Assets (Net)			
Current assets	-	-	-
a) Inventories	-	-	-
b) Financial Assets	-	-	-
i) Investments	-	-	-
ii) Trade Receivables	-	-	-
iii) Loans	-	-	-
iv) Cash and cash equivalents	-	-	-
c) Other current assets			
total	-	-	-
Equity and liabilities			
Equity			
a) Share Capital	587,248,800	-	587,248,800
b) Other Equity	(594,019,509)	-	(594,019,509)
			-
Liabilities			
Non - current liabilities:			
(a) Financial Liabilities			
a) Borrowings	5,698,583	-	5,698,583
b) Deferred tax Liabilities (Net)	-	-	-
Current liabilities			
(a) Financial Liabilities			
a) Borrowings	-	-	-
b) Trade payables	25,000	-	25,000
c) Other financial liabilities	1,047,126	-	1,047,126
d) Provisions	-	-	-
Total Equity and Liabilities	-	-	-

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

PALCO LIMITED

Note No. 10 Effect of Ind AS adoption on the Balance Sheet as at April 1st 2016:

PARTICULARS	Reclass Previous GAAP*	Effect of transition to Ind AS	Ind AS
Assets			
Non current assets			
a) Property, Plant and Equipment	-	-	-
b) Intangible assets	-	-	-
c) Financial Assets	-	-	-
(i) Investments	-	-	-
d) Other Non Current Assets	-	-	-
e) Deferred tax Assets (Net)	-	-	-
Current assets			
a) Inventories	-	-	-
b) Financial Assets	-	-	-
i) Investments	-	-	-
ii) Trade Receivables	3,768,192	-	3,768,192
iii) Loans	-	-	-
iv) Cash and cash equivalents	-	-	-
c) Other current assets	-	-	-
	3,768,192	-	3,768,192
Equity and liabilities			
Equity			
a) Share Capital	587,248,800		587,248,800
b) Other Equity	(589,496,864)	-	(589,496,864)
Liabilities			
Non - current liabilities:			
(a) Financial Liabilities			
a) Borrowings	4,417,671		4,417,671
b) Deferred tax Liabilities (Net)	-	-	-
Current liabilities			
(a) Financial Liabilities			
a) Borrowings	-	-	-
b) Trade payables	25,000	-	25,000
c) Other financial liabilities	1,573,585	-	1,573,585
d) Provisions	-	-	-
Total Equity and Liabilities	3,768,192	-	3,768,192

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

PALCO LIMITED

Note No. 11 Reconciliation of Statement of Profit and Loss as previously reported under Previous GAAP (IGAAP) to Ind AS for the year ended March 31, 2017

PARTICULARS	Reclass Previous GAAP*	Effect of transition to Ind AS	Ind AS
Revenue			
Revenue from operations			
Other income	-	-	-
Total Revenue (i)	-	-	-
Expenses			
Cost of materials consumed	-	-	-
Purchases of Stock-in-Trade	-	-	-
Changes in inventories of raw material & work-in-progress	-	-	-
Employee benefit expenses	-	-	-
Finance costs	-	-	-
Depreciation and amortization expense			
Other expenses	4,522,645	-	4,522,645
Total expenses (ii)	4,522,645	-	4,522,645
Profit before exceptional and extraordinary items and tax (i-ii)	(4,522,645)	-	(4,522,645)
Exceptional items	-	-	-
Profit before tax	(4,522,645)	-	(4,522,645)
Tax expense:			
Current Tax	-	-	-
Less: MAT credit entitlement	-	-	-
Deferred Tax	-	-	-
Total tax expense			
Net profit after tax	(4,522,645)	-	(4,522,645)
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss	-	-	-
B Items that will be reclassified to profit or loss			
Remeasurement of Investments	-	-	-
Income tax effect	-	-	-
Total other comprehensive income/(expense)	-	-	-
Total Comprehensive Income for the Year (Comprising Profit (Loss) and Other Comprehensive Income for the Year)	(4,522,645)	-	(4,522,645)

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

PALCO LIMITED

All the Amt's in INR Unless Specified

Note No. 12 Reconciliation of total equity as at March 31, 2017 and April 1, 2016

PARTICULARS	March 31, 2017	April 1, 2016
Total Equity (shareholder's fund) as per previous GAAP Adjustments	(6,770,709)	(2,248,064)
Fair valuation of equity investment - FVOCI	-	-
Tax effect of above adjustment	-	-
Other Adjustment	-	-
Total adjustments	-	-
Total equity as per Ind AS	(6,770,709)	(2,248,064)

Note No. 13 Reconciliation of total comprehensive income for the year ended March 31, 2017

PARTICULARS	
Profit/(Loss) after tax as per previous GAAP Adjustments	(4,522,645)
Fair valuation of equity investment - FVOCI	-
Tax effect of above adjustment	-
Other Adjustment	-
Profit after tax as per Ind AS	(4,522,645)
Other comprehensive income	-
Total comprehensive income as per Ind AS	(4,522,645)

As per our Report of attached

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

M V RATHNAM
Partner
Membership.No.008314

Place: Hyderabad
Date: 25th May, 2018

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 28th Annual General Meeting of the company on Saturday, 29th September 2018 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 2018 and balance sheet as at that date and the reports of the board of directors and auditors thereon.
2. To Appoint M/s. M.N Rao & Associates, Chartered Accountants (Firm Registration No. 005386S) as Statutory Auditors of the Company

Special Business:

3. To appoint Mr. Srisaitejareddy Kovvuri (DIN: 08069343) as director of the Company.

Signed this..... day of2018

Signature of shareholder

Signature of proxyholder(s).....

Rs. 1/-
Revenue
Stamp

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

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)

28th 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 Saturday, the 29th day of September, 2018 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.

PALCO LIMITED

To,
XL Softech Systems Limited
Plot No. 3, Sagar Society, Banjara Hills,
Road No. 2, Hyderabad - 500 034
Tel: +91-40- 23545913/ 14/ 15. Fax: +91-40- 23553214
Email: xlfield@gmail.com

Updation of Shareholder Information

I/ We request you to record the following information against my / our Folio No.:

General Information:

FolioNo.:	
Name of the first named Shareholder:	
PAN: *	
CIN / Registration No.: *	
(applicable to Corporate Shareholders)	
Tel No. with STD Code:	
Mobile No.:	
Email Id:	

*Self attested copy of the document(s) enclosed

Bank Details:

IFSC:	
(11 digit)	
MICR:	
(9 digit)	
Bank A/c Type:	
Bank A/c No.: *	
Name of the Bank:	
Bank Branch Address:	

* A blank cancelled cheque is enclosed to enable verification of bank details

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / we would not hold the Company / RTA responsible. I / We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I / We understand that the above details shall be maintained till I / we hold the securities under the above mentioned Folio No./ beneficiary account.

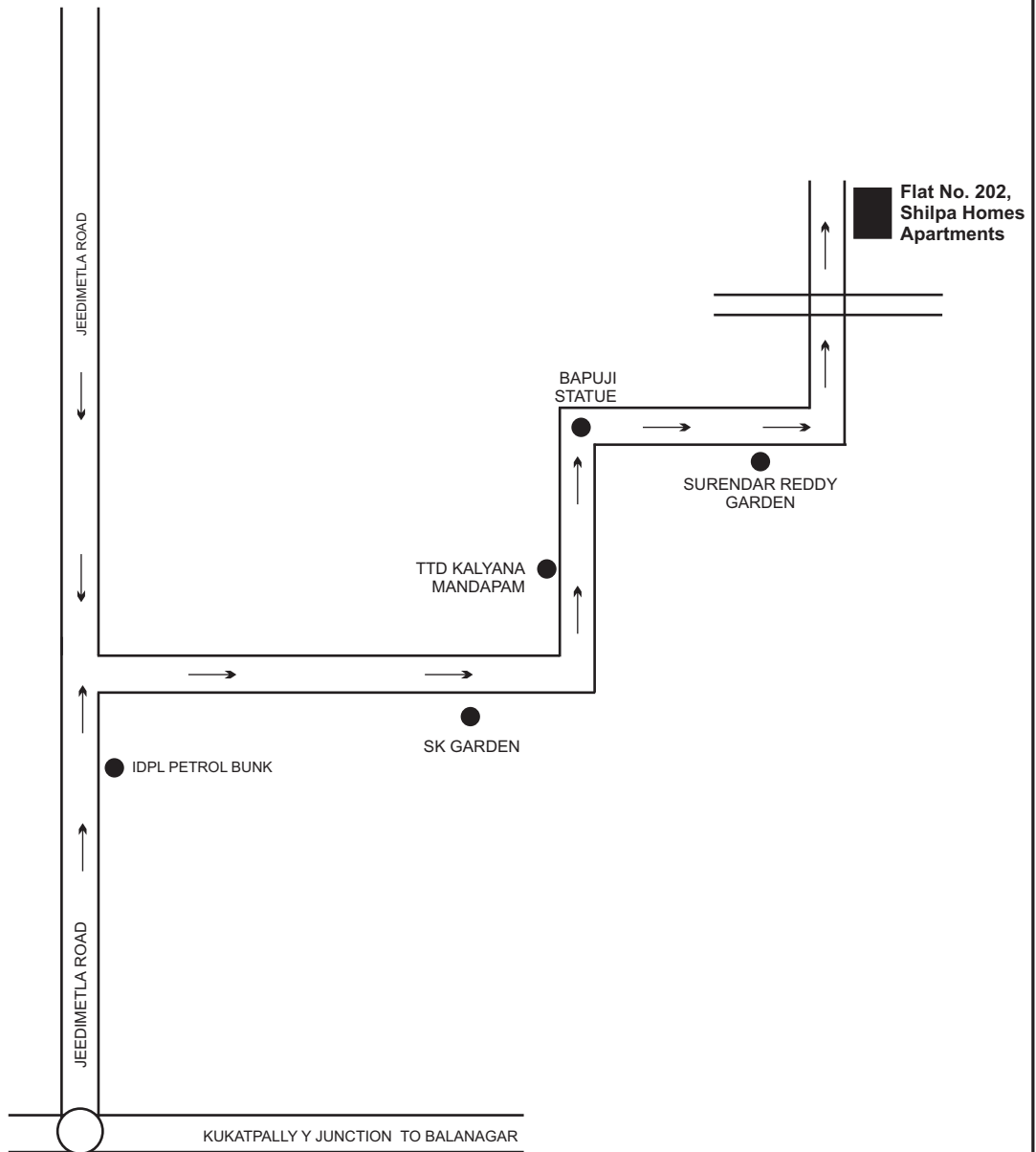
Place:
Date:

Signature of Sole / First holder

NOTES

NOTES

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