

PALCO LIMITED

(FORMERLY KNOWN AS PENNAR ALUMINIUM COMPANY LIMITED)

23rd Annual Report
2012-2013

PALCO LIMITED

BOARD OF DIRECTORS :

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

AUDITORS :

M/S RAMBABU & COMPANY
Chartered Accountants
31, Pancom Chambers
6-3-1090/A, Rajbhavan Road
Somajiguda
Hyderabad – 500 082

REGISTERED OFFICE :

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

BANK ACCOUNT :

INDUSIND BANK
Debentures Redemption A/c
Secunderabd Branch
100, Laxmi, Sardar Patel Road
Begumpet, Secunderabad – 500 003
Andhra Pradesh

REGISTARS AND SHARE TRANSFER AGENTS :

XL SOFTECH SYSTEMS LIMITED
3, Sagar Society
Road No.2, Banjara Hills
Hyderabad – 500 034
Phones : 040 - 23545913/14/15
Fax : 040 - 23553214
E – Mail ID : xlsofttech.com

PALCO LIMITED

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of the Company will be held on Monday the 30th Day of September, 2013 at **Flat No. 103 & 104 GRANDEUR RESIDENCY, Opp.: AT HOME – APARTMENT HOTEL, WHITEFIELDS, SREE SEETARAMANJANEYA SWAMI TEMPLE ROAD, MADHAPUR ROAD, KOTHAGUDA, KONDAPUR, HYDERABAD – 500 084 at 11.00 A.M** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satyavada Venkata Ramachandra Rao who retires by rotation and offers himself for reappointment.
3. To appoint M/s. Rambabu & Company, Chartered Accountants, Hyderabad, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and authorise the Board to fix their remuneration.

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

**Vijay Chandra Puljal
Director**

**Place : Hyderabad
Date : 13.08.2013**

**S V Ramachandra Rao
Director**

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The instrument appointing a proxy to be effective must be deposited with the company at its registered office / corporate office not less than 48 hours before the commencement of meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 28.09.2013 to 30.09.2013 (both days inclusive) for the purpose of Annual General Meeting
3. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business items if any, is annexed hereto.
4. The Members are requested to notify change, if any, in their address to **Registrar and Transfer Agent viz., XL Softech Systems Ltd.**, at 3, Sagar society, Road no 2, Banjara Hills, Hyderabad – 500 034. All communications regarding shares are to be addressed to our Registrars and Transfer Agents at the address mentioned above.
5. The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued Circular on April 21, 2011 stating that the service of documents can be made through electronic mode. In view of the circular issued by MCA, the Company proposes to henceforth deliver documents like the 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.
6. Shareholders are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
7. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.
8. Members / Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
9. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
10. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven days prior to the date of the meeting for consideration of the management to deal at the meeting.

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Additional information on Directors seeking re-appointment at the forthcoming Annual General Meeting:

Particulars	Shri. Satyavada Venkata Ramachandra Rao
Date of Birth	06.08.1950
Date of appointment	31.10.2011
Qualification	Degree from Andhra University, Berhampur University and Ammamalai University in Social Work, law, including specialized degree in Labour and Administrative laws, Personal management and Industrial Relations.
Expertise	Labour and Administrative Laws, Personnel Management and Industrial Relations.
List of Companies in which outside directorship held	4
Chairman/member of the committee of other companies on which he is a director	1
No. of shares held by them in the Company	--

DIRECTORS REPORT

To
The Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2013 and the Auditors Report thereon.

FINANCIAL RESULTS

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

DIVIDEND

The company has not declared any dividend as there are no operations in the company and the company does not have any Income:

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Shri. Satyavada Venkata Ramachandra Rao will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. During the Year Mr. J V Nrupender Rao Resigned on 05.10.2012 as Director of the Company.

CORPORATE GOVERNANCE :

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and there were no material departures.

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- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors have prepared the accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

REDEMPTION OF DEBENTURES

The Company has redeemed 2,60,235 Debentures as on 31.03.2013 and paid an amount of Rs.2,68,04,205/- to the debenture holders who have surrendered their original debenture certificate to the Company. As per the letter between the Company and Debenture Trustee and based on the sharing pattern finalized by ARCIL (Asset Reconstruction Company (India) Limited) the company opened the an Escrow account with IndusInd Bank.

Under Section 205(C)

As per the section 205(C) of the Companies Act, 1956 any unclaimed Redemption Debenture amount being unclaimed for a period of seven years from the day they become due for payment shall be transferred to the Investor Education protection fund Account within 30 days from the day from the expiry of the 7 years. The period of Seven years have expired on 15.05.2013 and accordingly the Balance unclaimed amount in the Escrow account in IndusInd bank amounting to Rs. 2,13,20,664.40 was transferred to the Investor Education and protection fund on 15.06.2013 vide SRN No. B76702281.

AUDITORS

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

The Company has received letter from them to the effect that their appointment if made would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

Reply to the Auditors Qualifications:

The company is unable to continue its business as going concern because the total assets of the company have been taken over by ARCIL and been sold, due to which the company is not having any assets and operations.

Fixed Deposits

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

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Particulars of Employees :

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

Additional Information

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 and forming part of report for the year ended March 31, 2013.

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

Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules are given in ANNEXURE - I.

Acknowledgement

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

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

**Place : Hyderabad
Date : 24.05.2013**

**Vijay Chandra Puljal
Director**

**S V Ramachandra Rao
Director**

ANNEXURE TO THE DIRECTORS' REPORT

Details as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, read with clause (e) of Subsection (1) of Section 217 of the Companies Act, 1956.

A. Conservation of Energy

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

FORM - B

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

B. Foreign Exchange Earnings and Outgo : NIL

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

**Place : Hyderabad
Date : 24.05.2013**

**Vijay Chandra Puljal
Director**

**S V Ramachandra Rao
Director**

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

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

1. Board of Directors

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

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

During 2012-13, the Board met 5 times on 18.05.2012, 30.07.2012, 05.10.2012, 14.11.2012 and 11.02.2013.

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

Sl. No.	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on September 12, 2012
1.	Shri. J V Nrupender Rao	Promoter, Non-Executive Chairman	2	2	Yes
2.	Shri. Vijay Chandra Puljal	Non-Executive Director	5	5	Yes
3.	Shri. A Krishna Rao	Independent Non-Executive Director	5	5	No
4.	Shri. S V Ramachandra Rao	Independent Non-Executive Director	5	5	No

*Mr.J.V.Nrupender Rao has resigned as director on 05.10.2012.

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

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Sl. No	Name of the Director	Number of other Companies in which director		Number of Committee memberships held in other Companies	
		Chairman	Director	Chairman	Member
1.	Shri. J V Nrupender Rao*	4	4	2	1
2.	Shri. Vijay Chandra Puljal	0	3	-	1
3.	Shri. A Krishna Rao	-	-	-	-
4.	Shri. S V Ramachandra Rao	-	4	-	1

*Mr.J.V.Nrupender Rao has resigned as director on 05.10.2012.

2. Audit Committee

a) Brief description of the terms of reference

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

b) Composition, name of members and chairperson

The Committee comprises

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

c) Meetings and attendance during the year

During the year under review, the Committee met one time on four held on 18.05.2012, 30.07.2012, 14.11.2012 and 11.02.2013

The details of attendance are given below:

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

*Mr.J.V.Nrupender Rao has resigned as director on 05.10.2012.

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