

# PACE AUTOMATION LIMITED

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Third General Meeting of the Members of Pace Automation Limited will be held on Monday, September 30, 2013 at 3:00 P.M. at the Registered Office of the Company, "Empee Towers", V Floor, 59 Harris Road, Pudupet, Chennai – 600 002, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2013 and the Statement of Profit & Loss Account for the year ended on that date together with the Report of the Directors and Auditors of the Company.
2. To appoint a Director in place of Ms Malathi Gopalakrishnan who retires by rotation and is eligible for reappointment.
3. To appoint Auditors of the Company and to authorize the Board to fix their remuneration. The retiring Auditor, Shri. N Subramanian, Chartered Accountant, Chennai is eligible for reappointment.

By Order of the Board of Directors of Pace Automation Ltd

S. G. Chandru  
Director

Place : Chennai  
Date : June 19, 2013

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll to vote instead of himself and such proxy/proxies need not be a member/members of the Company.
2. The instrument of proxy duly stamped and executed for use at the meeting must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books will remain closed from September 20, 2013 to September 30, 2013 (both days inclusive), in terms of the provision of Section 154 of the Companies Act, 1956

/ By Order of the Board /

S. G. Chandru  
Director

Place : Chennai  
Date : June 19, 2013

### DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the Twenty Third Annual Report and the audited accounts for the year ended March 31, 2013

The results for the year 2012 – 13 under review are given below:

(Rs in lacs)

Details	For the year ended March 31, 2013	For the year ended March 31, 2012
Gross Income	401.02	350.29
Total Expenses	313.42	399.64
Profit / (Loss) before Depreciation & Interest	87.60	(49.35)
Depreciation	42.75	100.18
Interest & Finance Charges	0.66	0.66
Profit / (Loss) before tax	44.19	(150.19)
Provision for Taxation - Deferred	---	37.05
Profit / (Loss) after Tax	44.19	(112.45)
Balance brought from previous year	(994.13)	(881.68)
Profit/(Loss) carried forward to Balance sheet	(943.53)	(994.13)

Your company is currently engaged in providing software services as a solution utilising the in-house software developed by the Company till date.

### FIXED DEPOSITS

During the year the Company has not accepted / renewed any fixed deposits.

**DIRECTORS**

Ms Malathi Goplakrishnan retires by rotation and being eligible offer herself for reappointment.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

As required under the Companies Act, 1956, your Directors wish to state:

That in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material deviation there from.

Reasonable and prudent accounting policies have been applied in the preparation of the financial statements, that they have been consistently applied and that reasonable and prudent judgement and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March 2013 and of the loss for the year ended on that date

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The financial statements have been prepared on a going concern basis.

**AUDITORS REPORT**

With regard to the comments in the Auditors Report, the company is taking efforts to reconcile the debtors / creditors/ advances accounts and get confirmations and to install an internal audit system. The Company has taken steps to appoint a Company Secretary.

**AUDITORS**

Mr. N. Subramanian, Chartered Accountant, retires as Auditor of the Company at the end of the Twenty Third Annual General Meeting. Confirmation has been received from Shri. N Subramanian that the appointment, if made, will be within the limits specified in Section 224 of the Companies Act, 1956.

**DISCLOSURE UNDER SECTION 217 (1)(e)**

Particulars that are required to be disclosed in accordance with Section 217(1)(e) of the Companies Act, 1956 are given in Annexure to this report.

**DISCLOSURE UNDER SECTION 217 (2-A)**

There is no employee who was in receipt of remuneration during the year in excess of the limit specified under Section 217(2A) of the Companies Act, 1956..

**GENERAL**

Your Directors wish to keep on record their appreciation for the support and patronage of the Shareholders of the Company. The Company also wishes to keep on record its sincere thanks to all its clients who have reposed faith on the Company and its products.

Your Directors are thankful to the Electronics Corporation of Tamilnadu Limited and Bankers for their continued support and co-operation.

Your Directors are appreciative of the efforts put in by the employees.

/By order of the Board/

Place : Chennai  
Date : June 19, 2013

**S G Chandru**  
Director

**Malathi Gopalakrishnan**  
Director

**ANNEXURE TO DIRECTORS' REPORT**

**PARTICULARS PURSUANT TO SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT**

**1. Conservation of Energy:**

Energy conservation has always been the focus of the company from the point of view of cost control and also as a social responsibility. Strict control and monitoring of usage, good upkeep and tuning of equipments like servers, AC units etc results in optimal usage of electrical power. Energy saving gadgets like timers are deployed to avoid wastage of energy.

**2. Research and Development**

Your company is constantly engaged in the research and development of newer technologies. To deliver the best solutions to its customers with high level of productivity and service, your company is investing much effort into the development of newer processes, frameworks and methodologies.

**a. Specific Areas of R&D:**

Your company's focus has always been on taking the initiative in the development of new application oriented software depending on the needs of the market. You will continue to invest in latest technologies to suit the business needs in the market place, focusing on training its employees in the latest technologies. The company will continue to scan the environment for emerging trends, invest in and incubate these technologies and roll them out as service offerings through business units.

**b. Benefits arrived:**

Your company achieved a higher degree of methodology standardization in handling software projects, which has resulted in delivering better solutions to its customers with improved margins.

**3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:****EFFORTS MADE IN TECHNOLOGY ABSORPTION**

New applications are being developed using latest technology including Android Platform.

**4. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	Rs. in Lacs
<b>Earned</b>	<b>13.16</b>
<b>Used:</b>	
- Components/Capital Goods	<b>73.63</b>
- Others	<b>0.39</b>

**5. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchange, a report on Corporate Governance forms part of the Annual Report. The Company has obtained the certificate from Practising Company Secretary regarding compliance with the provisions relating to Corporate Governance as laid down in Clause 49 of the Listing Agreement. The same is appearing elsewhere in this Annual Report.

Declaration by the Director regarding affirmation for compliance with the Company's Code of Conduct is annexed to the Corporate Governance Report.

**REPORT ON CORPORATE GOVERNANCE**

**Philosophy on Code of Governance:**

The Company adopts the policy of transparency in all its transactions and therefore the standards of disclosures to the shareholders, employees, government and customers is of the highest standard.

**Board of Directors:**

The Board of Directors consists of three directors out of which one is a whole time director who is in overall charge of the operations of the company and reports to the Board.

Composition of Board of Directors as on March 31, 2013

S No	Name of the Director	No of Shares Held	
		Equity	Preference
1	S G Chandru	55,506	---
2	Meera Chandru	26,15,600	25,00,000
3	Malathi Gopalakrishnan	27,04,800	---

**Number of Board Meetings held and attended by the Directors:**

Four meeting of the Board of Directors were held during the year ended 31.3.2013 viz.,(i) 31.05.2012, (ii) 24.08.2012, (iii) 30.11.2012 and (iv) 28.02.2013.

Attendance recorded of each of the Directors at the Board Meeting during the year ended 31.3.2013 as also the Annual General Meeting

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. S G Chandru	4	Yes
Ms. Malathi Gopalakrishnan	4	Yes
Mrs Meera Chandru	4	Yes

**Audit Committee**

The Audit Committee of the Company consists of the following Directors as its members

1. Mr. S G Chandru
2. Ms. Malathi Gopalakrishnan

The Audit Committee meetings were held on 31.05.2012, 24.08.2012, 30.11.2012 and 28.02.2013

**Shareholder's / Investor's Grievance Committee**

The Shareholder's / Investor's Grievance Committee of the company consists of the following Directors

1. Mr. S G Chandru
2. Ms. Malathi Gopalakrishnan

All the complaints received from the shareholders have been duly attended by the Company and there is no pending complaint.

**Share Transfer System**

Share Transfers are registered and returned within a maximum period of 30 days from the date of receipt. The transfers are effected in-house

**Dematerialisation of Shares**

The Company is yet to provide for dematerialization of shares.

**Code of Conduct**

The Board has laid down a Code of Conduct for all Board members of the Company. All Board members have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by one of the Directors forms part of this Annual Report.

**Annual General Meetings**

Location, date and time of Annual General Meetings held in the last 3 years

S No	AGM	Year	Time & Date	Location
1	22	2012	3.00 PM / 28.09.2012	"Empee Towers, V Floor, 59 Harris Road, Pudupet, Chennai – 600 002
2	21	2011	3.00 PM / 30.09.2011	
3	20	2010	3.00 PM / 30.09.2010	

All resolutions as set out in the respective notices were duly passed by the shareholders in the meeting  
No special resolution was passed in the past 3 Annual General Meetings.

**General Shareholders Information****Annual General Meeting****Date & Time:** September 30, 2013 at 3:00 P.M**Venue :** Empee Towers, V Floor, 59 Harris Road, Pudupet, Chennai – 600 002**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company****Ms Malathi Gopalakrishnan**

Date of Birth	17/07/1942
Qualification	M.A., M Ed
Expertise in Specific Functional Areas	Worked in educational institutions for over 40 years. Well versed in office management and HR related activities.
Directorship in other Companies	Nil
Shareholdings in the Company	Equity : 27,04,800

**Financial Calendar (Tentative)**

Quarter ending June 30, 2013	Third week of August 2013
Quarter ending September 30, 2013	Third week of November 2013
Quarter ending December 31, 2013	Third week of February 2013
Year ending March 31, 2013 (Audited)	End of May 2014

**Date of Book Closure**

September 20, 2013 to September 28, 2013 (both days inclusive)

**Details of Stock Exchange where listed**

Madras Stock Exchange (MSE)

**Shareholding Pattern as on March 31, 2013**

Category	Shares Held (Nos)	% of Holding
Promoters Holding (Indian and Foreign)	64,60,260	68.38
Mutual Funds	---	---
Bank, Financial Institutions, Insurance Companies and others	---	---
Corporate Bodies, Indian Public and NRI's	29,87,775	32.62
<b>Total</b>	<b>94,48,035</b>	<b>100.00</b>

**Distribution of Shareholding as on March 31, 2013**

Range	No of Shareholders	No of Shares held	% of shareholding
1-500	19,826	23,53,875	24.91
501-1000	247	2,18,200	2.31
1001-2000	66	1,04,800	1.11
2001-5000	27	82,900	0.88
5001-10000	7	36,700	0.39
10001- above	11	66,51,560	70.40
<b>Total</b>	<b>20,184</b>	<b>94,48,035</b>	<b>100.00</b>

**Address for correspondence****Registered Office**

Pace Automation Limited

"Empee Towers", V Floor,

59 Harris Road, Pudupet, Chennai – 600 002

Ph: 044 2855 4821

Email : paceauto@vsnl.com

**DECLARATION BY A DIRECTOR UNDER CLAUSE 49(1) (D) (ii) OF THE LISTING AGREEMENT**

I, S G Chandru, Director, Pace Automation Limited declare that all the members of the Board of Directors have for the year ended March 31, 2013 affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchange.

**For Pace Automation Limited**

Place : Chennai  
Date : June 19, 2013

**S G Chandru**  
**Director**

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
The Members  
Pace Automation Ltd

I have examined the compliance of the conditions of Corporate Governance by Pace Automation Limited ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place: Chennai  
Date 19<sup>th</sup> June 2013

**N. SUBRAMANIAN**  
**Chartered Accountant**  
**Membership No.: 21628**

**INDEPENDENT AUDITORS REPORT  
TO THE MEMBERS OF PACE AUTOMATION LIMITED**

**Report on the Financial Statements**

I have audited the accompanying financial statements of **PACE AUTOMATION LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

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

- I) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- II) in the case of the Statement of the Profit & Loss, of the profit for the year ended on that date; and
- III) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. As required by Section 227(3) of the Act, I report that
  - a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
  - c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In my opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

Place: Chennai  
Date : 19<sup>th</sup> June, 2013

N.SUBRAMANIAN  
Chartered Accountant  
Membership No.: 21628

**(Referred to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my report of even date)**

1. Having regard to the nature of the Company's business/activities/ results, during the year, clauses (ii), (viii), (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. In respect of its fixed assets:
  1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  2. According to the information and explanations given to me, the company has a programme of verification of fixed assets to cover all the items in a phased manner over the year, which in my opinion, is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, all the fixed assets were physically verified by the management during the year. According to the information and explanations given to me no material discrepancies were noticed on such verification.
  3. No major fixed assets have been disposed off during the year and this has not affected the going concern status of the company.
3. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under section 301 of the Act, according to the information and explanations given to me:
  - (i) An amount of Rs.72.65 lakhs (Maximum – Rs. 72.65 lakhs) is due from a firm in which a director of the company is the sole-proprietor towards interest- free unsecured loan granted in the earlier year. No terms are specified for payment of interest or repayment of the loan and I am unable to comment whether the same is prejudicial to the interest of the company or its members.
  - (ii) According to the information and explanations given to me, during the year the Company has not taken any loan from or to any party covered in the register maintained under section 301.
4. In my opinion and explanations given to me there are adequate internal control procedures commensurate with the size and nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of the audit no major weakness in the internal control system has been noticed.
5. In respect of the contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Act, to the best of my knowledge and belief and according to the information and explanations given to me:
  - (a) The particulars of contractors or arrangements referred to in section 301 that needed to be entered in the register maintained under that section have been so entered.
  - (b) Based on the audit procedures applied by me and the information and explanations furnished by the management, I am of the opinion that there were no transactions during the year in excess of Rs.5 lakhs that need to be entered in the register maintained under section 301 of the Act.
6. According to the information and explanations given to me, the Company has not accepted any deposits from the public during the year within the meaning of section 58A, 58AA or any other relevant provisions of the Act. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. ***The Company is not having an internal audit system commensurate with the size and nature of its business.***
8. According to the information and explanations given to me in respect of statutory dues:
  - a. According to the records, information and explanations given to me, the Company has generally been regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales Tax (VAT), Wealth Tax, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales Tax (VAT), Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they become payable.
9. In my opinion, the accumulated losses at the end of the financial year is more than fifty percent of its net worth and the Company has not incurred cash loss during the financial year covered by my audit but incurred cash loss in the immediately preceding financial year.
10. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any bank or financial institution.
11. According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## **PACE AUTOMATION LIMITED**

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12. In my opinion and according to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
13. In my opinion and according to the information and explanations given to me, the Company has not taken any term loan during the year.
14. In my opinion and according to the information and explanation given to me and on an overall examination of the Balance Sheet, in my opinion, there are no funds raised on short term basis which have been used for long term investment.
15. In my opinion and according to the information and explanations given to me, during the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
16. In my opinion and according to the information and explanations given to me, the company has not issued any debentures.
17. The company has not raised money by way of public issues during the year.
18. To the best of my knowledge and belief and according to the information and explanations given to me, no fraud by the Company and no material fraud on company was noticed or reported during the year..

Place : Chennai  
Date : 19<sup>th</sup> June 2013

**N. SUBRAMANIAN**  
**Chartered Accountant**  
**Membership No.: 21628**

**PACE AUTOMATION LIMITED****BALANCE SHEET AS AT 31-03-2013**

	Note	31.03.2013 Rs	31.03.2012 Rs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	119,480,350	119,480,350
(b) Reserves and Surplus	3	(92,492,257)	(96,911,752)
		<u>26,988,093</u>	<u>22,568,598</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term borrowings	4	12,000,000	12,000,000
(b) Deferred tax liabilities (Net)		---	---
(c) Other Long term liabilities	5	1,275,000	1,268,000
		<u>13,275,000</u>	<u>13,268,000</u>
<b>(3) Current Liabilities</b>			
(a) Short Term borrowings	6	302,500	605,000
(b) Trade payables	7	1,541,619	2,282,765
(c) Other Current Liabilities	8	3,896,763	3,552,391
		<u>5,740,882</u>	<u>6,440,156</u>
<b>TOTAL</b>		<u>46,003,975</u>	<u>42,276,754</u>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9A	8,109,319	11,969,510
(ii) Intangible Assets	9B	4,590	40,820
(iii) Capital Work In Progress		8,079,261	6,921,151
		<u>16,193,170</u>	<u>18,931,481</u>
(b) Deferred tax assets (net)		439,745	439,745
(c) Long term Loans and advances	10	2,604,258	2,584,121
		<u>19,237,173</u>	<u>21,955,347</u>
<b>(2) Current Assets</b>			
(a) Trade Receivables	11	15,208,789	12,965,765
(b) Cash and cash equivalents	12	1,140,859	471,915
(c) Short Term Loans and Advances	13	10,417,154	6,883,727
		<u>26,766,802</u>	<u>20,321,407</u>
<b>TOTAL</b>		<u>46,003,975</u>	<u>42,276,754</u>

Significant Accounting Policies 1

The accompanying notes form an integral part of the financial statements

Vide our report of even date attached

**N. Subramanian**  
Chartered Accountant  
Mem. No: 021628**S G Chandru**  
Director**Malathi Gopalakrishnan**  
DirectorPlace : Chennai  
Date : June 19, 2013

**PACE AUTOMATION LIMITED****STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2013**

	Note	For the Year ended 31.03.2013 Rs	For the Year ended 31.03.2012 Rs
<b>I Revenue from Operations</b>	14	39,706,054	30,100,661
<b>II Other Income</b>	15	395,942	4,927,193
<b>III Total Revenue (I+II)</b>		<b>40,101,996</b>	<b>35,027,854</b>
<b>IV Expenses :</b>			
Cost of materials consumed	16	89,000	---
Employee benefits expense	17	16,920,688	15,143,906
Finance Costs	18	66,501	89,347
Depreciation and amortization expense	9	4,274,965	10,017,507
Other expense	19	14,331,347	24,795,753
<b>Total Expenses</b>		<b>35,682,501</b>	<b>50,046,513</b>
<b>Profit before exceptional and extraordinary items and taxes (III-IV)</b>		4,419,495	(15,018,659)
<b>VI Exceptional Items</b>		---	(68,748)
<b>VII Profit before extraordinary items and taxes (V-VI)</b>		4,419,495	(14,949,911)
<b>VIII Extraordinary Items</b>		---	---
<b>IX Profit before Tax (PBT) (VII-VIII)</b>		4,419,495	(14,949,911)
<b>X Tax Expense</b>			
Deferred Tax Asset		---	(3,704,970)
<b>XI Profit/(loss) for the period from continuing operations</b>		4,419,495	(11,244,941)
<b>XII Profit/(loss) for the period</b>		<b>4,419,495</b>	<b>(11,244,941)</b>
<b>XIII Earnings per equity share</b>			
(1) Basic		0.47	(-) 1.19
(2) Diluted		0.47	(-) 1.19

The accompanying notes form an integral part of the financial statements

As per my report of even date

**N Subramanian**  
Chartered Accountant  
Mem. No: 021628

**S G Chandru**  
Director

**Malathi Gopalakrishnan**  
Director

Place : Chennai  
Date : June 19, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**

	<b>For the Year ended 31.03.2013 Rs</b>	<b>For the Year ended 31.03.2012 Rs</b>	
<b>Cash Flow from Operating Activities</b>			
Net Profit Before Tax and Extraordinary Items	4,419,495	(15,018,659)	
<b>Adjustments For -</b>			
Depreciation	4,274,965	10,017,507	
Bad Debts Written Off	---	364,933	
Obsolete Projects Written Off	---	9,284,774	
Preoperative Expenses Written Off	---	27,260	
Excess Provision Written Back	---	68,748	
Interest Expenses	66,501	89,347	
<b>Operating Profit before Changes in Working capital</b>	<b>8,760,961</b>	<b>4,833,910</b>	
<b>(Increase)/ Decrease in Working Capital</b>			
Sundry Debtors	(2,243,024)	(2,732,291)	
Loans and Advances	(3,553,564)	(1,744,645)	
Current Liabilities	(692,274)	(5,189,142)	
Capital Work In Progress	(1,158,110)	4,918,720	
	<b>(7,646,972)</b>	<b>(4,747,358)</b>	
<b>Net Cash Flow from Operating Activities</b>	<b>1,113,989</b>	<b>86,552</b>	
<b>Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	(378,544)	(472,613)	
	<b>(378,544)</b>	<b>(472,613)</b>	
<b>Cash Flow from Financing Activities</b>			
Interest Charges	(66,501)	(89,347)	
	<b>(66,501)</b>	<b>(89,347)</b>	
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>A+B+C</b>	<b>668,944</b>	<b>(475,408)</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>		<b>471,915</b>	<b>947,323</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>1,140,859</b>	<b>471,915</b>

As per my report of even date

**N Subramanian**  
Chartered Accountant  
Mem. No: 021628**S G Chandru**  
Director**Malathi Gopalakrishnan**  
DirectorPlace : Chennai  
Date : June 19, 2013

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013****1. ACCOUNTING POLICIES**

1.1 All revenue costs, assets and liabilities are accounted for on accrual basis.

**1.2 SALES & SERVICE INCOME**

1.2.1 Sales are accounted on despatch, net of sales tax and returns.

1.2.2 Revenue from Software Development is recognised based on the terms of contract with the customer. Revenue from Software / Technical Services is recognised proportionately over the period in which services are rendered, notwithstanding the billing at a later date.

**1.3 FIXED ASSETS AND DEPRECIATION / IMPAIRMENT**

Fixed assets are stated at cost less accumulated depreciation and impairment loss.

Revenue expenditure on development of in house software is expensed as incurred. Capital expenditure on such developmental work including proto types and design / product development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

Depreciation on all assets has been provided under straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis, except as under:

Impairment loss is recognized when carrying amount of assets net of accumulated depreciation is less than the estimated recoverable amount of those assets.

**COMPUTERS**

Computers used for development of software are treated as Plant & Machinery used in production and accordingly rate applicable under Schedule XIV to machineries used in manufacture of electronic goods or components has been applied. However, computers and software acquired on or after 1.7.2002 have been charged on straight line method over their estimated useful life of 4 years which is higher than the rates specified under Schedule XIV of the Companies Act, 1956.

**SOFTWARE**

Software development costs are amortized on prorata basis over the technically estimated useful life span of the software developed which has been estimated as 5 years.

Where the value of an individual asset acquired during the year does not exceed Rs. 5000/-, depreciation has been provided at 100%.

Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

**1.4 RETIREMENT BENEFITS**

Contribution to Provident Fund is made monthly at the prescribed rate, to the Provident Fund Commissioner and debited to Profit & Loss Account on accrual basis. The Company has taken a Group Gratuity Scheme policy with Life Insurance Corporation of India, the premium of which is debited to the Profit and Loss Account. There is no benefit in the nature of short / long term compensated absence.

**1.5 INVENTORIES**

Components, spares and traded products are valued at lower of cost or market value. Work-in progress is valued at lower of cost or net realisable value after providing for obsolescence.

**1.6 FOREIGN CURRENCY TRANSLATION**

Current Assets and liabilities related to foreign currency transaction are translated at the year end rate and the exchange difference other than for fixed assets is recognised in the Profit & Loss Account.

**1.7 TAXATION**

Current Tax is determined in accordance with the Income Tax Act, 1961. Deferred Tax arising on timing difference between the book and tax profit is accounted for using the tax rates and laws as of the Balance Sheet date. Deferred Tax Assets are reassessed and recognised on prudence, based on reasonable certainty of future taxable income.

Both Deferred tax liability and asset are recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In the case of deferred tax asset, the same will be recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income available against which such deferred tax assets can be realised. For the current year the Deferred Tax Asset is Rs.10,80,297/- (Previous Year Rs.4,39,745/-)

**1.8 CONTINGENT LIABILITIES & PROVISIONS**

Contingent liabilities are not recognised but are disclosed in the notes. Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013**

	<b>As at 31.03.2013 Rs</b>	<b>As at 31.03.2012 Rs</b>
<b>2.(A) Share Capital</b>		
<b>(a) Authorised Share Capital</b>		
(I) 95,00,000 (Previous Year: 95,00,000) Equity Shares of Rs.10/- each	95,000,000	95,000,000
	<u>95,000,000</u>	<u>95,000,000</u>
(ii) 25,00,000 (Previous year: 25,00,000) 5% 2019 Redeemable Preference Shares of Rs.10/- each.	25,000,000	25,000,000
	<u>25,000,000</u>	<u>25,000,000</u>
<b>(b) Issued &amp; Subscribed Share Capital</b>		
(I) 94,48,035 Equity Shares of Rs.10/- each fully paid up	94,480,350	94,480,350
	<u>94,480,350</u>	<u>94,480,350</u>
(II) 25,00,000 5% 2019 Redeemable Preference Shares of Rs.10/- each fully paid up	25,000,000	25,000,000
	<u>25,000,000</u>	<u>25,000,000</u>
<b>(c) Paid-up Share Capital</b>		
(I) 94,48,035 Equity Shares of Rs.10/each fully paid up	94,480,350	94,480,350
(II) 25,00,000 5% 2019 Redeemable Preference Shares of Rs.10/- each fully paid up	25,000,000	25,000,000
	<u><b>119,480,350</b></u>	<u><b>119,480,350</b></u>

**2.(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

**Number of shares outstanding as the beginning of the year**

Equity Shares	94,48,035	94,48,035
Redeemable Preference Shares	25,00,000	25,00,000

**Number of shares outstanding as at the end of the year**

Equity Shares	94,48,035	94,48,035
Redeemable Preference Shares	25,00,000	25,00,000

**2.(C) Shares in the company held by each shareholder holding more than 5% shares as on the balance sheet date**

	<b>31-03-2013</b>		<b>31-03-2012</b>	
	<b>No of Shares held</b>	<b>Percentage of Shares held</b>	<b>No of Shares held</b>	<b>Percentage of Shares held</b>
<b>Equity Shares</b>				
Mrs C Meera	26,15,600	27.68%	27,15,600	28.74%
Ms Malathi Gopalakrishnan	27,04,769	28.63%	27,04,769	28.63%
Electronics Corporation of Tamil Nadu Ltd	4,89,285	5.18%	4,89,285	5.18%
<b>Redeemable Preference Shares</b>				
Mrs C Meera	25,00,000	100%	25,00,000	100%

**PACE AUTOMATION LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012**

	As at 31.03.2013 Rs	As at 31.03.2012 Rs
<b>3. Reserves and Surplus</b>		
<b>(A) Capital Reserves</b>		
<b>(i) Export Market Development Grant</b>		
Opening Balance	192,839	192,839
Add: Transfer from Profit and Loss Account	---	---
Closing Balance	<u>192,839</u>	<u>192,839</u>
<b>(ii) Capital Subsidy</b>		
Opening Balance	2,309,000	2,309,000
Add: Transfer from Profit and Loss Account	---	---
Closing Balance	<u>2,309,000</u>	<u>2,309,000</u>
<b>(B) Surplus / (Deficit)</b>		
Balance of Profit / (Loss) brought forward	<u>(99,413,591)</u>	(88,168,650)
Add: Profit / (Loss) for the period	4,419,495	(11,244,941)
Closing Balance	<u>(94,994,096)</u>	<u>(99,413,591)</u>
Balance carried to Balance Sheet	<u>(92,492,257)</u>	<u>(96,911,752)</u>
<b>4. Long Term Borrowings</b>		
<b>UNSECURED LOANS</b>		
From Others	<u>12,000,000</u>	<u>12,000,000</u>
	<b>12,000,000</b>	<b>12,000,000</b>
<b>5. Other Long Term Liabilities</b>		
Trade Deposits	<u>1,275,000</u>	<u>1,268,000</u>
	<b>1,275,000</b>	<b>1,268,000</b>
<b>6. Short Term Borrowings</b>		
<b>(A) UNSECURED LOANS</b>		
From Directors	<u>302,500</u>	<u>605,000</u>
	<b>302,500</b>	<b>605,000</b>
<b>7. Trade Payables</b>		
Trade Creditors	<u>1,541,619</u>	<u>2,282,765</u>
	<b>1,541,619</b>	<b>2,282,765</b>
<b>8. Other Current Liabilities</b>		
Other payables		
- PF payable	48,187	49,843
- ESI payable	9,086	9,764
- Service Tax Cenvat	718,744	32,828
- TDS payable	185,315	169,343
- Professional Tax payable	1,095	---
- Other Creditors	2,934,336	3,290,613
	<u>3,896,763</u>	<u>3,552,391</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013**

**9A. FIXED ASSETS - TANGIBLE**

Name of Asset	GROSS BLOCK			DEPRECIATION / IMPAIRMENT			NET BLOCK	
	As At 01.04.2012	Additions	As At 31.03.2013	As At 01.04.2012	For the Year	Up to 31.03.2013	As At 31.03.2013	As At 31.03.2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Plant & Machinery	19,595,779	116,395	19,712,174	16,562,448	435,604	16,998,052	2,714,122	<b>3,033,331</b>
Computers & Printers	63,029,009	251,149	63,280,158	57,306,277	3,442,060	60,748,337	2,531,821	<b>5,722,732</b>
Office Equipments	3,700,191	11,000	3,711,191	2,162,099	129,315	2,291,414	1,419,777	<b>1,538,092</b>
Furniture & Fittings	6,400,331	---	6,400,331	4,724,976	231,756	4,956,732	1,443,599	<b>1,675,355</b>
<b>Total</b>	<b>92,725,310</b>	<b>378,544</b>	<b>93,103,854</b>	<b>80,755,800</b>	<b>4,238,735</b>	<b>84,994,535</b>	<b>8,109,319</b>	<b>11,969,510</b>
Previous Year	92,252,697	472,613	92,725,310	76,416,073	4,339,727	80,755,800	11,969,510	15,836,624

**9B. FIXED ASSETS –INTANGIBLE**

Name of Asset	GROSS BLOCK			DEPRECIATION / IMPAIRMENT			NET BLOCK	
	As At 01.04.2012	Additions	As At 31.03.2013	As At 01.04.2012	For the Year	Up to 31.03.2013	As At 31.03.2013	As At 31.03.2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Software Developed	64,560,658	---	64,560,658	64,519,838	36,230	64,556,068	4,590	40,820
<b>Total</b>	<b>64,560,658</b>	<b>---</b>	<b>64,560,658</b>	<b>64,519,838</b>	<b>36,230</b>	<b>64,556,068</b>	<b>4,590</b>	<b>40,820</b>
Previous Year	64,560,658	---	64,560,658	58,842,058	5,677,780	64,519,838	40,820	5,718,600

# PACE AUTOMATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013

	As at 31.03.2013 Rs	As at 31.03.2012 Rs
<b>10. Long-Term Loans And Advances</b>		
<b>Security Deposits</b>		
(i) Secured, Considered good	330,045	330,045
(ii) Unsecured, Considered good	2,274,213	2,254,076
	<u>2,604,258</u>	<u>2,584,121</u>
	<u>2,604,258</u>	<u>2,584,121</u>
<b>11. Trade Receivables</b>		
<b>Others</b>		
Unsecured, Considered good	15,208,789	12,965,765
	<u>15,208,789</u>	<u>12,965,765</u>
<b>12. Cash And Cash Equivalents</b>		
<b>(A) Balance with Scheduled Banks</b>		
(i) Current Account	1,127,676	459,728
(ii) Fixed Deposit	12,000	12,000
<b>(B) Cash on hand</b>		
	1,183	187
	<u>1,140,859</u>	<u>471,915</u>
<b>Note</b>		
(1) Earmarked Bank Balances	---	---
(2) Bank balances held as margin money or as security	---	---
(3) Repatriation restrictions	---	---
(4) Bank Deposit with more than 12 months maturity	12,000	12,000
<b>13. Short-Term Loans And Advances</b>		
<b>Others</b>		
Unsecured, Considered good	10,417,154	6,883,727
	<u>10,417,154</u>	<u>6,883,727</u>
<b>Contingent Liabilities and Commitments</b>		
<b>(A) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debts	---	---
(b) Guarantees	---	---
(c) Other money for which the company is contingently liable	---	---
<b>Total (A)</b>	---	---
<b>(B) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	---	---
(b) Un-called liability on shares and other investments partly paid	---	---
(c) Other commitments	---	---
<b>Total (B)</b>	---	---
<b>Total [(A)+(B)]</b>	---	---
<b>14. Revenue from Operations</b>		
Sales of Material	166,320	---
IT related services	39,539,734	30,100,661
	<u>39,706,054</u>	<u>30,100,661</u>
<b>14.1 Particulars of IT related services</b>		
Licence Fee Receipts	---	1,800,000
Transaction Processing Charges	38,389,740	27,219,496
Off Shore Software Dev Charges	1,149,994	1,081,165
	<u>39,539,734</u>	<u>30,100,661</u>

# PACE AUTOMATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013

	As at 31.03.2013 Rs	As at 31.03.2012 Rs
<b>15. Other Income</b>		
(A) Interest income	395,942	394,940
(B) Other non-operating income (net of expenses directly attributable to such income)	---	4,532,253
	<b>395,942</b>	<b>4,927,193</b>
<b>16. Cost of Materials Consumed</b>		
Indigenous (100%)	89,000	---
	<b>89,000</b>	<b>---</b>
<b>16.1. Particulars of Materials Consumed</b>		
Electronics & Mechanical Components	<b>89,000</b>	<b>---</b>
<b>17. Employee Benefit Expenses</b>		
Salaries and wages	14,684,408	13,056,162
Remuneration to Directors	990,000	780,000
Contribution to PF and other funds	857,928	864,113
Staff Welfare Expenses	349,422	328,374
Gratuity	38,930	115,257
	<b>16,920,688</b>	<b>15,143,906</b>
<b>18. Finance Costs</b>		
Interest Expense	43,314	66,074
Net gain/loss on foreign currency transactions/translation	(12,840)	---
Bank Charges	36,027	23,273
	<b>66,501</b>	<b>89,347</b>
<b>19. Other Expenses</b>		
Rent	6,381,630	5,857,920
Printing & Stationery	29,402	25,504
Repairs and Maintenance Others	1,328,529	2,586,577
Communication Expenses	2,008,861	2,046,195
Electricity Charges	2,601,259	2,356,437
Professional Charges	521,094	311,782
Postage & Courier Expenses	63,836	11,738
Registrations & Renewals	46,125	87,710
Miscellaneous Expenses	182,505	293,982
Payment to statutory auditors:		
- As Auditors	60,000	60,000
- Taxation Matters	15,000	15,000
- Reimbursement of expenses	10,000	10,000
- Service Tax	12,257	8,755
Travelling and Conveyance	1,044,244	1,344,694
Selling and Distribution expenses	26,605	102,492
Obsolete Project Expenses Written Off	---	9,284,774
Bad Debts Written off	---	364,933
Preoperative Expenses Written Off	---	27,260
	<b>14,331,347</b>	<b>24,795,753</b>
<b>Additional Information disclosed as per Part II of The Companies Act, 1956</b>		Rs in Lacs
(i) Adjustment to the carrying amount of investments	---	---
(ii) Net gain/loss on foreign currency transaction and translation (other than considered as finance cost)	---	---
(iii) Value of imports calculated on CIF basis by the company during the financial year in respect of:		
	<b>73.63</b>	<b>5.80</b>
(iv) Expenditure in foreign currency during the financial year	<b>0.39</b>	<b>0.43</b>
(v) The amount remitted during the year in foreign currencies on account of dividends	---	---
(vi) Earnings in foreign exchange	<b>13.16</b>	<b>7.28</b>

**20. OTHER NOTES FORMING PART OF FINANCIAL STATEMENT**

1. Other liabilities include Deposits from customers of Rs.12.75 lacs (previous year : Rs.12.68 lacs)
2. Sundry Debtors/Creditors and advances are subject to confirmation/reconciliation
3. In the opinion of the Board, Current Assets, Loans and Advances are realizable approximately at the values stated in the balance sheet in the ordinary course of business.

4. Managerial Remuneration :

Remuneration to Whole Time Director:	<b>31.03.2013</b>	<b>31.03.2012</b>
	Rs in Lacs	
a) Salaries	9.90	7.80
b) Contribution to Provident Fund	0.36	0.72
c) Perquisites	1.19	1.26
<b>Total</b>	<b>11.45</b>	<b>9.78</b>

3. The company is exempted from the licensing provisions of the Industrial (Development & Regulations) Act, 1951 in accordance with Notification No. 629(E), dated June 30, 1988 read with Press Note No.3 (89), dated February 14, 1989.

4. **Related Party Transactions :**

A. Related parties:

- i) Key Management Personnel (KMP) Mr S G Chandru, Whole Time Director
- ii) Relative of KMP Mrs Meera Chandru, Proprietrix M/s. Emcee Associates and Wife of KMP

(Rs in Lacs)

B. Transaction with :	KMP (Pre. Yr.)	Relative of KMP (Pre. Yr.)
1. Remuneration	11.45 (9.78)	-- (--)
2. Car Hire Charges	-- (--)	1.65 (6.60)
3. As Creditor/Advances outstanding	-- (--)	75.50 (75.50)
4. As Debtors	-- (--)	5.53 (8.79)

7. The company has adopted AS-15 (Revised) and liability arising on this account Rs.0.39 lacs is charged to the Profit & Loss Account .

Other disclosure as required under AS-15 (Revised):		2012-13	2011 – 12
		Rs	Rs
i)	Present value of projected benefit obligation as at 1.4.2012	14,51,796	13,31,760
ii)	Service cost	1,13,847	119,801
iii)	Interest cost	1,16,144	106,541
iv)	Actuarial Gain / (Loss)	(5,81,215)	(63,037)
v)	Benefits paid	---	(43,269)
vi)	Present value of projected benefit obligation as at 31.3.2013/2012	11,00,572	14,51,796
vii)	Fair value of Plan Assets as at 31.3.2013/2012	14,25,141	1,425,141
viii)	Liability / (Asset) recognised in the Balance Sheet	481439	204,226
ix)	Amount charged to Profit & Loss Account (Gross)	38,930	115,257
x)	Actuarial assumptions:		
	a) Discount rate	8%	8%
	b) Future Salary Escalation	5%	5%
	c) Expected rate of return on Plan assets	8%	8%

8. **Details of Earnings per Share:**

Rs in Lacs

	31.03.2013	31.03.2012
Profit / (Loss) after tax (in Rs)	4,419,495	(11,244,941)
No of equity shares at the beginning of the year	94,48,035	94,48,035
No of equity shares at the end of the year	94,48,035	94,48,035
Face value of per share (in Rs)	10.00	10.00
Earning per share (in Rs) – Basic and Diluted	0.47	(1.19)

**9. Quantitative details concerning goods traded:**

	<b>For the year ended 31.03.2013</b>		<b>For the year ended 31.03.2012</b>	
	<b>Qty Nos</b>	<b>Value (Rs. in Lacs)</b>	<b>Qty Nos</b>	<b>Value (Rs. in Lacs)</b>
(A) OPENING STOCK	---	---	---	---
(B) PURCHASES (Others)	---	0.89	---	---
(C) SALES (Others)	---	1.62	---	---
(D) CLOSING STOCK	---	---	---	---

10. Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current period

As per my report of even date

**N Subramanian**  
**Chartered Accountant**

**S G Chandru**  
**Director**

**Malathi Gopalakrishnan**  
**Director**

Place : Chennai  
Date : June 19, 2013