

PACE AUTOMATION LIMITED

TWENTY SIXTH ANNUAL REPORT 2015-2016

ANNUAL REPORT 2015 - 16

DIRECTORS

Shri S G Chandru – Managing Director
Ms Malathi Gopalakrishnan – Director
Shri Srinivasan Arvind IAS (Retd) – Independent Director
Ms R kanakathara – Independent Director

COMPANY SECRETARY

Shri V Rama Seshan

AUDITORS

Shri N. Subramanian
Chartered Accountant
“Murugesu Naicker Office Complex”
No.81, Greams Road, Chennai-6

SECRETRIAL AUDITORS

Lakshmmi Subramanian & Associates
“Murugesu Naicker Office Complex”
No.81, Greams Road, Chennai-6

REGD. & ADMINISTRATIVE OFFICE

CIN No.L29141TN1989PLC018133

“Empee Towers”, V Floor
59, Harris Road
Pudupet, Chennai - 600 002

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Ltd.,
“Subramanian Building”
1, Club House Road,
Chennai - 600 002.
Ph : 28460390, 28460391
Fax : 044-28460129

CONTENTS	PAGE
Notice	3
Director's Report	7
Independent Auditors' Report	20
Balance Sheet	24
Statement of Profit & Loss	25
Cash Flow Statement	26
Notes to Financial Statements	29

PACE AUTOMATION LIMITED

NOTICE is hereby given that the 26th Annual General Meeting of Pace Automation Limited will be held on Thursday the 29th September 2016 at Bharatiya Vidya Bhavan, 20 & 22 East Mada Street, Mylapore, Chennai – 600004, Tamilnadu at 3.00 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 together with the Reports of the Board of Directors and the Auditors thereon,
2. To appoint a Director in the place of Ms. Malathi Gopalakrishnan (having Din.00841108) who retires from office by rotation and being eligible offers herself for reappointment.
3. Ratification of Appointment of Auditors

To consider, and if thought fit, to pass with or without modification the following resolution as an ordinary resolution

RESOLVED THAT in pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act 2013 and Companies (Audit and Auditors) Rules 2014 as amended from time to time the company hereby ratifies the appointment of Mr. N.Subramanian, Chartered Accountant, (Membership Number 021628), as statutory auditor of the company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 27th Annual General Meeting of the company to be held in the year 2017 at such remuneration as may be mutually agreed between the Board of Directors of the company and the Auditor.

SPECIAL BUSINESS

4. Appointment of Ms. R.Kanakathara as an Independent Director of the Company

To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution
RESOLVED THAT pursuant to the provisions of Sections 149,150 152 and any other applicable provisions of the companies act 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) thereof for the time being in force), Schedule IV to the companies Act 2013, Ms. R.Kanakathara (Din:07419663), Additional Director of the company be and is hereby appointed as an independent Director of the Company, not liable to retire by rotation, to hold office for 5 consecutive years.

Place : Chennai Date : 12.08.2016	By and on behalf of Board of Directors For Pace Automation Limited S G Chandru Managing Director Din: 00614605
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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person or shareholder.

THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.

Revenue Stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purpose.

2. The Register of Members and Transfer Books of the Company will remain closed from Thursday, 22nd September 2016 to Friday 30th September 2016 (both days inclusive) for the purpose of AGM.
3. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
4. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed Companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Hence Members are requested to register their e-mail

addresses with the Company by sending their details relating to name, folio no./DP Id/Client Id to the company's email id : investorgrievance@paceautomation.com.

5. Members are requested to notify immediately any change in their address to the Registrar and Share transfer Agent – M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.
6. Members who hold shares in physical form are requested to dematerialize their holdings to make the Company's shares traded in normal segment.
7. Information about Directors retired by rotation.

Name of the Director	Ms. Malathi Gopalakrishnan
Din	00841108
Date Of Birth	17.07.1942
Date of appointment	31.08.2006
Experience	Office Management and HR activities
No.of shares as on 31.03.2016	2704769
Directorship in other public companies	Nil
Chairman/Member of committees of company	Nil
Relationship with any other Director	Sister of S.G.Chandru- Managing Director

8. Electronic copy of the AGM Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent in the permitted mode.

9. Voting through Electronic Means

In compliance with provisions of Section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate, for its shareholders to enable them to cast their votes electronically at the 26th Annual General Meeting (AGM) through e-voting service provided by Central Depository Services (India) Limited. E-Voting is optional. The procedure and instructions for the same are as follows:

The Company will provide the e-voting facility through CDSL. The e-voting procedures are set out below:

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 26.09.2016 at 9.00 A.M and ends on 28.09.2016 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) 21.09.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on the e-voting website www.evotingindia.com
- (iii) Click on " Shareholders " tab
- (iv) Now, select the " PACE AUTOMATION LIMITED " from the drop down menu and click on " SUBMIT"
- (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:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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 last 8 digits of the demat account/folio number in the PAN field. • In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

Details#	<ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If 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 (v)
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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Pace Automation Limited
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non-Individual Shareholders and Custodians
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

10. Please note that by virtue of providing the e-voting facility by the company as per Rule 20 of Companies (Management and Administration) Rules, 2014 the following will be applicable:

- (i) The manner of voting for the members being present in the General Meeting will be on “proportion principle” ie one share – one vote unlike one person one vote principle, further, as per the provision of the Companies Act, 2013, demand for poll will not be relevant.
- (ii) The option of voting by show of hands will not be available for members presenting the General Meeting in view of clear provision of section 107 of the Companies Act, 2013, ie voting by show of hands would not be allowable in cases where Rule 20 of Companies (Management and Administration) Rules, 2014 is applicable.
- (iii) Any member who has voted through e-voting facility provided by the company may also participate in the General Meeting in person, but such a member will not be able to exercise his vote again in the meeting, and the earlier vote casted through electronic means will be treated as final.
- (iv) The facility for voting through ballot form shall be made available to all the shareholders who could not exercise their vote through e-voting. The ballot paper in Form MGT-12 is being sent to all the members, along with this report. The voting rights of Members shall be in proportion their shares of the paid up equity share capital of the Company as on 21.09.2016.

A Member desiring to exercise vote by ballot paper should complete the Ballot Form attached with this report and sent it to : Pace Automation Limited, Empee Towers, 5th Floor, No.59 Harris Road, Pudupet, Chennai – 600002, Tamilnadu..

Please return the form duly completed through post or courier, so as to reach the company on or before the close of working hours of between 10.00 A.M and 5.00 P.M on 28.09.2016

The facility of voting through ballot form shall also be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through ballot form

- (v) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares on the cut-off date i.e. 21.09.2016 may obtain the login ID and password by sending an email to investor@cameoindia.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote
- (vi) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and 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 shall make, not later than three days after the conclusion of the AGM, a consolidated scrutiniser'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 and declare the result of the voting forthwith.
- (vii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.paceautomation.com and website of CDSL <http://www.evotingindia.com> and also forward the same to the Metropolitan Stock Exchange of India Limited simultaneously, where the Company's shares are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM No.4

Ms.R.Kanakathara, a practicing Company Secretary, aged 40 years, was appointed as an Additional Director at the Board Meeting held on 13.02.2016. The company has received a notice along with the deposit of requisite amount from a member proposing Ms. R.Kanakathara as a candidate for the office of a director of the company. Also Ms. R.Kanakathara has given declaration under section 149(7) of the companies act, 2013 that she fulfills the conditions specified in section149(6) of the companies act 2013 read with rules made thereunder for her appointment as an independent director of the company and is independent of the management.

The Board, based on the experience / expertise declared by Ms. Kanakathara , is of the opinion that she has the requisite qualification to act as an independent director of the company. Accordingly, the board recommends the resolution for the appointment of Ms. R.Kanakathara as the independent director of the company, for the approval by the shareholders of the company .

Ms. R.Kanakathara does not hold by herself or for any other person on a beneficial basis, any shares in the company as per declaration given by her.

Ms. R.Kanakathara holds membership in the Audit committee and Stakeholders Relationship committee of the company.

None of the Directors and Key Managerial Person of the company and their relatives is concerned or interested, financial or otherwise, in this resolution except Ms. R.Kanakathara.

Place : Chennai Date : 12.08.2016	By and on behalf of Board of Directors For Pace Automation Limited S G Chandru Managing Director Din: 00614605
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DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting 26th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report for the Financial Year ended 31st March, 2016. The summarized financial results for the Financial Year are as under:

FINANCIAL SUMMARY

	(Rs in Lakh)	
	2015-2016	2014-2015
Gross Profit /(Loss)	61.45	103.94
Depreciation	5.98	6.99
Profit / (Loss) before tax	55.47	96.95
Tax- current year	15.08	16.41
Tax-Deferred tax	6.46	---
Net profit for the year	33.93	80.54

PERFORMANCE AND STATE OF COMPANY'S AFFAIRS OF THE COMPANY

During the year under review, the Company has earned a net profit of Rs.33.93 lakhs as against a profit of Rs80.54 lakhs in the previous year.

BUSINESS OPERATIONS:

The company is at present carrying on the business of software solution to such non banking companies. The Board of Directors of the company at their meeting held on 21.03.2016 have decided to carry on the additional business of micro finance activities and software/ information technology related activities for which the shareholders gave their approval by postal ballot process on 09.05.2016. The process to carry on such additional business are going on which will benefit your Company to earn more profit in the ensuing years

DIVIDEND

Considering the current insufficient profits, the Board of Directors is not recommending any dividend for the year 2015-2016.

TRANSFER OF PROFIT TO RESERVES

During the year your company has transferred the profit of Rs 33.93 lakh to the reserve account.

MATERIAL CHANGES AND COMMITMENTS OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31,2016) and the date of the Report and there is no significant and material orders passed by the regulators or courts or tribute impacting the going concern status and company's operations in future.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186:

The Company has not given any loan, guarantee and investment under section 186 of the act during the year 2015-16 to any person / body corporate.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company does not have any subsidiaries, associates and joint venture companies

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134 (3) (m) of the Companies Act 2013 are attached as **Annexure -1**:

DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL (KMPs)**Board Composition and Independent Directors**

The Board consists of one Managing Director, one Non Executive Director, one Independent Director. One Independent Director has been appointed as an Additional Director by the Board. The conformation for such appointment is being placed before the shareholder for approval.

Independent Directors are appointed for a term of five years and are not liable to retire by rotation.

PACE AUTOMATION LIMITED

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI Listing Regulations.

Retirement by Rotation

Pursuant to Section 152 of the Companies Act, 2013 Ms. Malathi Gopalakrishnan who retire by rotation at the forthcoming AGM and is eligible for re-appointment.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. S.G.Chandru Managing Director and Mr.V. Rama Seshan, Company Secretary.

DECLARATION OF INDEPENDENT DIRECTORS

As per the Companies Act 2013, your company had appointed two Independent Directors and they have declared that they meet the criteria of independence in terms of Section 149(6) of the Companies Act 2013 and that there is no change in their status of Independence.

POLICY OF DIRECTORS APPOINTMENT AND REMUNERATION

Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178 of the Act are covered under the Board's policy formulated by the Company .

INFORMATION U/s 197(12) OF THE COMPANIES ACT 2013

The information required under section 197 (12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as **Annexure-2**.

STATUTORY AUDITORS:

As per the provisions of the Companies Act 2013, Mr.N.Subramanian, Chartered Accountant, had been appointed as the statutory auditors of the Company to hold office from the conclusion of the 24th Annual General Meeting held on 29.09.2014 till the conclusion of Annual General Meeting to be held in 2017(27th AGM) subject to the ratification of share holders in every Annual General Meeting . The company has received confirmation from the auditor regarding his consent and eligibility under sections 139 and 141 of the Companies Act 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the Auditors of the Company.

The Audit committee and the Board of Directors have recommended to ratify the appointment of auditor for the financial year 2016-17. The necessary resolution is being placed before the shareholder for their approval.

Statutory Auditor of the company has given an unmodified report without any qualification or observation.

SECRETARIAL AUDITOR

Pursuant to the requirements of Section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014, the company has appointed Mrs Lakshmmi Subramanain & Associates , Practicing Company Secretaries to conduct the secretarial audit for the financial year 2015-16.The Secretarial Audit report as received from the secretarial auditor is annexed to this report as **Annexure-3**.

COMMENT ON SECRETARIAL AUDIT REPORT

With reference to the remarks made by the secretarial auditor, Mrs. Lakshmmi Subramanian, Practicing Company Secretary, in her secretarial audit report, the company has taken corrective measures during the current financial year.

INTERNAL CONTROL AND ITS ADEQUACY

The Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control. The internal auditors of the Company regularly conduct audit and submits his quarterly reports, which are reviewed by the Audit Committee. The Company has an adequate Internal Control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RELATED PARTY TRANSACTIONS U/S 188 (1)

During the year 2015-2016, the Company had not entered into any material transaction with related parties as per section 188 of the Companies Act 2013. Hence the question of reporting under the requirement of said section does not arise.

EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extracts of Annual Return in form MGT-9 as provided under sub-section (3) of section 92 of the Companies Act is annexed herewith as **Annexure- 4** to this report.

RISK MANAGEMENT POLICY

Your Company has an established Enterprise Risk Management function that engages with all the business verticals for risk assessment ensures that the risk mitigation plans are in place and validates the risk mitigation status regularly.

PACE AUTOMATION LIMITED

Action plans are incorporated into the corporate plans of your company. The steering committee consisting of core Business vertical Heads oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting, The Committee, Chaired by the Managing Director, reviews on a quarterly basis the enterprise risks to the achievement of the business objectives. The steering Committee updates the Risk Management Committee comprising of independent directors and non-executive director on the enterprise risks and the action taken thereon

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. The Board of Directors are responsible for redressal of complaints related to sexual harassment. During the year ended 31 March 2016, the Board did not receive any complaints pertaining to sexual harassment.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on date of the balance sheet.

CORPORATE GOVERNANCE REPORT

Since your company's paid up equity capital and Net worth is less than Rs.10 Crores and Rs.25 Corers respectively, the provisions of clause 27 of the SEBI LODR, 2015 relating to Corporate Governance, vide SEBI circular dated CIR/CFD/POLICY CELL/7 is not applicable to the Company.

BOARD MEETINGS HELD DURING THE YEAR

The Board met seven times during the financial year, and the intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and in terms of Regulation 17(10) of the SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Audit and the Nomination and Remuneration Committees.

PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Audit and Nomination & Remuneration Committees and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

A structured questionnaire was prepared after taking into consideration of the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman of the Board and the Executive Directors was carried out by the Independent Directors.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors had adopted a Code of Conduct for the Board Members and employees of the company. This code helps the Company to maintain the standard of business ethics and ensure compliance with the legal requirements of the company

The code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and employees. The Compliance officer is responsible to ensure adherence to the Code by all concerned

The code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders

All the Board Members and the Senior Management personnel have confirmed compliance with the Code

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules,2014 and clause 49 of the Listing Agreement, the Board of Directors had approved the policy on vigil mechanism / whistle blower and the same was hosted on the website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

PACE AUTOMATION LIMITED

Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year

BOARD COMMITTEES

The Board had constituted the following committees Viz Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company is not having profits more than Rs. 5 crores, in the year 2015-16 and therefore Constituting of a CSR Committee and its compliance in accordance with the provisions of Section 135 of the Act, does not arise.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year, there were no such instances of significant and material orders passed by the regulators, courts or tribunals.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and Developments

Presently the company has very limited activity. The Board of Directors of the company at their meeting held on 21.03.2016 have decided to carry on the additional business of micro finance activities and software/ information technology related activities for which the shareholders gave their approval by postal ballot process on 09.05.2016. The process to carry on such additional business are going on which will benefit your Company to earn more profit in the ensuing years.

Opportunities and Threats

Our company project has resulted in high quality output which has resulted to tie up long term contracts with the customers. Further the company has proposed to enter on the additional business of micro finance activities & software/ information technology related activities .Increased competition in the market may affect the margin.

Segment wise performance

The performance of the products of the company namely Software solutions are satisfactory and the only problem faced by the company is power interruption and power failure which are beyond control.

Risks and Concerns:

Our main concern is continuous competition from Service Providers operating in the same line of business by reducing the price in the market due to which the company has to reduce the price to retain its share in the market.

Internal control system and their adequacy

The company maintains its adequate internal controls to have efficient operations. Also the company maintains all statutory rules, regulations, laws as applicable from time to time and protection of resources and assets.

Financial performance with respect to operational performance

Summary of statement of profit and loss account is given below

(in Rs.)

Revenue	31.03.2016	31.03.2015
Revenue from Operation	46,101,255	46,978,622
Other income	836,908	825,096
Total Revenue	46,938,163	47,803,718
Expenses		
Employees benefit expenses	23,976,016	21,285,837
Finance cost	892,643	152,704
Depreciation and amortization	598,518	699,648
Other expenses	15,924,190	15,970,851
Total expenses	41,391,367	38,109,040
Profit / (Loss) before tax	5,546,796	9,694,678

Revenue:

Your company's net revenue reduced by 1.81% due to decrease of sales while comparing the previous year and other income has increased by 1.43%.

Expenses:

Employees benefit expenses increased by 12.63% due to salary increase to existing employees and new recruitment of staffs.

Finance cost increased by 484.55% due to borrowing and increased of rate of interest.

Depreciation and Amortization cost decreased by 14.45% due to non- installation of new machinery

Other expenses decreased by 0.29% due to implementation of cost reduction in some non productive centre in the Company

Total expenses increased by 8.61% which is reasonable while comparing the increase in overall cost of various inputs / services.

Material developments in human resources / Industrial relations front:

Training on all sectors are given to its employees periodically and motivated to work in line with the development of the Industry. The willingness and commitment of the employees help the company to stand tall among its customer in quality and service. The company has a total employee strength of 77.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm:-

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had 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 the affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- (iii) That the Directors had 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;
- (iv) That the Directors had prepared the Annual Accounts on a going-concern basis;
- (v) That proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the contributions made by employees at all levels, towards the continued growth and prosperity of your Company.

Directors take this opportunity to convey their thanks to all the valued shareholders and the valuable services rendered by the Officers and Staffs at all levels.

Place : Chennai Date : 12.08.2016	By Order of the Board	
	Malathi Gopalakrishnan Director	S G Chandru Managing Director

ANNEXURE –1**Details relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:****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 is 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 being 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)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Foreign Exchange earned	---	40.68
Foreign Exchange used	26.29	16.37

Place : Chennai Date : 12.08.2016	By Order of the Board	
	Malathi Gopalakrishnan Director	S G Chandru Managing Director

ANNEXURE- 2

Information u/s 197(12) of the Companies Act 2013

The information under section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Executive Directors	Ratio to Median Remuneration
Mr. S.G.Chandru- Managing Director	4.76

- b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	Nil
---	-----

- c) The percentage increase in the median remuneration of employees in the financial year: 3.24

- d) The number of permanent employees on the rolls of the company: 77

- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial remuneration:

There is no significant change in the average percentile increase in the remuneration payable to Employees and Managerial Personnel

- f) Affirmation that the remuneration is as per the remuneration policy of the Company:

The company affirms the remuneration is as per the remuneration policy of the company

- g) None of the other employee is in receipt of remuneration exceeding 500,000/- p.m or 6,000,000 /- p.a as prescribed under sub rule 2 of the Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

Place : Chennai Date : 12.08.2016	By Order of the Board	
	Malathi Gopalakrishnan Director	S G Chandru Managing Director

Annexure- 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCAL YEAR ENDED 31.03.2016

[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
Pace Automation Limited
Empee Towers, 5th FLOOR, No.59, Harris Road
Pudupet
Chennai -600 002

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pace Automation Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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 by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Pace Automation Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions as applicable to the Company during the period of audit:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act 1956 to the extent applicable
- (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) 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, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015 (Applicable with effect from 15th May, 2015)
 - c) 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 to the extent of securities issued;
- (v) The Listing Agreement entered into by the Company with the Stock Exchanges where the Securities of the Company are listed and the uniform listing agreement with the said stock exchanges pursuant to the provisions of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 (applicable with effect from 1st December, 2015)
- (vi) Secretarial Standard with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India applicable with effect from 1st July,2015
- (vii) In our opinion and as identified and informed by the Management of the Company the following laws as being specifically applicable to the Company
 - 1. The Information Technology Act, 2000
 - 2. Policy relating to Software Technology Parks of India and its Regulations
 - 3. The Indian Copyright Act,1957
 - 4. The Trademarks Act, 1957

It is reported that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines as mentioned above except :

- SEBI (LODR) Regulations 2015 in certain areas
- There have been a few cases of delay in filing of certain e-forms filed with MCA
- The company, being a listed entity, is in the process of appointing certain KMP's in terms of Section 203 of the Companies Act,2013

We further report that there were no actions / events in pursuance of

PACE AUTOMATION LIMITED

- (a) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014 and Employees Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (d) Foreign Exchange Management Act, 1999 and the rules and regulations.
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; requiring compliance thereof by the Company during the Financial Year under review

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in our opinion, the Company has adequate systems and control mechanism in the company to monitor and ensure compliance with applicable other general laws including Human Resources & Labour Laws and in certain areas the process is being strengthened.

We further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

We further report that:

The Board of Directors of the Company is generally well constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the financial year one director has resigned from the board and the board has appointed one independent director subject to the approval of the members in the ensuing Annual General Meeting.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were delivered 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that during the audit period, no events have occurred during the year, which have a major bearing on the Company's affairs.

Place : Chennai Date : 12.08.2016	For LAKSHMMI SUBRAMANIAN & ASSOCIATES
	Lakshmmi Subramanian Senior Partner FCS No. 3534- C.P.No.1087

Note: This report is to be read with our letter of even date which is annexed as Annexure A and form forms an integral part of this report.

ANNEXURE-A

To the Members
PACE AUTOMATION LIMITED
EMPEE TOWERS, 5TH FLOOR
No.59, HARRIS ROAD, PUDUPET
Chennai -600 002

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc..
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. 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 : Chennai Date : 12.08.2016	For LAKSHMMI SUBRAMANIAN & ASSOCIATES
	Lakshmmi Subramanian Senior Partner FCS No. 3534- C.P.No.1087

ANNEXURE – 4**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31.03.2016**

[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:

CIN	L29141TN1989PLC018133
Registration Date	29.09.1989
Name of the Company	Pace Automation Limited
Category / Sub-Category of the Company	Public
Address of the Registered office and contact details	Empee Towers, 5 th Floor, No.59, Harris Road, Pudupet, Chennai-600002
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited "Subramanian Building " 1, Club House Road, Chennai-600 002 Ph:- 044-28460390- 6 Lines Fax:- 044- 28460129

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	Computer Software design	42	100

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
1	Nil	Nil	Nil	Nil	Nil

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise share Holding

Category of Shareholder	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)Promoter									
1.Indian									
a) Individuals/ HUF	5916670	54305	5970975	63.19	5916670	54305	5970975	63.19	--
b) Central Govt/ State Govt(s)	--	489285	489285	5.18	--	489285	489285	5.18	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Financial Institutions/ Banks	--	--	--	--	--	--	--	--	--
e) Any Others(Specify)	--	--	--	--	--	--	--	--	--
Sub Total(A)(1)	5916670	543590	6460260	68.37	5916670	543590	6460260	68.37	--
2.Foreign									
a) Individuals (Non-Residents Individuals/	--	--	--	--	--	--	--	--	--
b) Bodies Corporate	--	--	--	--	--	--	--	--	--
c) Institutions	--	--	--	--	--	--	--	--	--
d) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
e) Any Others(Specify)	--	--	--	--	--	--	--	--	--
Sub Total(A)(2)	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoter (A)	5916670	543590	6460260	68.37	5916670	543590	6460260	68.37	--
(B)Public shareholding									
1. Institutions									
a) Mutual Funds/ UTI	--	--	--	--	--	--	--	--	--
b) Financial Institutions / Banks	--	--	--	--	--	--	--	--	--
c) Central Govt/ State Govt(s)	--	--	--	--	--	--	--	--	--
d) Venture Capital Funds	--	--	--	--	--	--	--	--	--
e) Insurance Companies	--	--	--	--	--	--	--	--	--
f) Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
g) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
i) Any Other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B)(1)	--	--	--	--	--	--	--	--	--
2.Non-institutions									
a) Bodies Corporate	--	24425	24425	0.25	--	24425	24425	0.25	--

PACE AUTOMATION LIMITED

b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs 1 lakh	800	2767650	2768450	29.30	7802	2760648	2768450	29.30	--
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	100000	91300	191300	2.03	100000	91300	191300	2.03	--
c) Others (specify) (i) HUF	--	3600	3600	0.03	--	3600	3600	0.03	--
Sub-total (B)(2)	100800	2886975	2987775	31.63	107802	2879973	2987775	31.63	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	100800	2886975	2987775	31.63	107802	2879973	2987775	31.63	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	6017470	3430565	9448035	100	6024472	3423563	9448035	100	--

V. SHAREHOLDING OF PROMOTERS

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	Mr S G Chandru	650606	6.88	--	650606	6.88	--	--
2	Mrs Meera Chandru	2615600	27.68	--	2615600	27.68	--	--
3	Ms Malathi Gopalakrishnan	2704769	28.63	--	2704769	28.63	--	--
7	Electronics Corporation of Tamilnadu	489285	5.18	--	489285	5.18	--	--
	Total	6460260	68.37	--	6460260	68.37	--	--

VI. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

There has been no Change during the financial year 2015-16

VII. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year		Shareholding at the end of the year	
	No of Shares	% of the total shares of the Company	No of Shares	% of the total shares of the Company	No of Shares	% of the total shares of the Company
1. Mrs S Nirmala	100000	1.0584	100000	1.0584	100000	1.0584
2. Mr Khwaja Nizamuddin	50000	0.5292	50000	0.5292	50000	0.5292
3. Mr Sankar D	23200	0.2455	23200	0.2455	23200	0.2455
4. Mrs Madala Anita	18100	0.1915	18100	0.1915	18100	0.1915
5. M/s. Prithvi Securities Ltd	6700	0.0709	6700	0.0709	6700	0.0709
6. Mr Arun Kumar Goenka	5000	0.0529	5000	0.0529	5000	0.0529
7. Mr Govindabhai Baldevbhai Desai	5000	0.0529	5000	0.0529	5000	0.0529
8. Mrs Pallavi A Patel	5000	0.0529	5000	0.0529	5000	0.0529
9. Mr Parthasarathy M	5000	0.0529	5000	0.0529	5000	0.0529
10. Mrs Pratibha A Patel	5000	0.0529	5000	0.0529	5000	0.0529

PACE AUTOMATION LIMITED

VIII. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year		Shareholding at the end of the year	
	No of Shares	% of the total shares of the Company	No of Shares	% of the total shares of the Company	No of Shares	% of the total shares of the Company
1. Mr S G Chandru	650606	6.8862	650606	6.8862	650606	6.8862
2. Ms Malathi Gopalakrishnan	2704769	28.6278	2704769	28.6278	2704769	28.6278

IX. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment

(Rs in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I. Principal Amount	---	--	--	--
II. Interest due but not paid	--	--	--	--
III. Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	--	--	--	--
Change in indebtedness during the financial year				
Addition	49,69,176	--	--	49,69,176
Reduction	--	--	--	--
Net Change				
Indebtedness at the end of the financial year				
I. Principal Amount	49,69,176	--	--	49,69,176
II. Interest due but not paid	--	--	--	--
III. Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	49,69,176	--	--	49,69,176

X. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time directors and / or Manager

S No	Particulars of Remuneration	Name of the Director	Amount (Rs in Lacs)
		Mr S G Chandru, Managing Director	
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		26,76,000
	b) Value of perquisites /s17(2)Income-tax Act, 1961		3,11,686
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961		--
2	Stock Option		--
3	Sweat Equity		--
4	Commission		--
	- As a % of Profit		--
	- Others - Specify		--
5	Others – Please specify		--
	Total (A)		29,87,686
	Ceiling as per the Act		42,00,000

B. Remuneration to Other Directors

Sl.No	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	Sitting fees Shri S Arvind Shri V Raman Shri R Kanakathara	20,000 15,000 10,000
	Total (1)		45,000
2	Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify	Sitting fees Ms Malathi Gopalakrishnan	20,000
	Total (2)		65,000
	Total (B)=(1+2)		NIL
	Total Managerial Remuneration		30,52,686
	Overall Ceiling as per the Act		

PACE AUTOMATION LIMITED

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director

S No	Particulars of Remuneration	Key Managerial Personnel	Amount (Rs in Lacs)
		Company Secretary	
1	Gross Salary		
	d) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		2,40,000
	e) Value of perquisites /s17(2)Income-tax Act, 1961		--
	f) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961		--
2	Stock Option		--
3	Sweat Equity		--
4	Commission		
	- As a % of Profit		--
	- Others - Specify		--
5	Others – Please specify		--
	Total (C)		2,40,000

XI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeals made if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

Place : Chennai Date : 12.08.2016	By Order of the Board	
	Malathi Gopalakrishnan Director	S G Chandru Managing Director

INDEPENDENT AUDITORS REPORT

To the Members of Pace Automation Limited on the Financial Statements

I have audited the accompanying standalone financial statements of PACE AUTOMATION LIMITED ('the Company'), which comprises the Balance Sheet as at March 31, 2016 and 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 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I 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 the Order under Section 143(11) of the Act.

I conducted my audit in accordance with Standards on Auditing specified under section 143 (10) of the Act. 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 Company's Directors, 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 on the standalone financial statements.

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, of the state of affairs of the Company as at 31st March, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, I report that

- a) I have sought and 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 standalone financial statements comply with the Accounting Standards specified in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors, as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 my separate Report in 'Annexure A'. My report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 my opinion and to the best of my information and according to the explanations given to me:
- I. The Company does not have any pending litigations which would impact its financial position;
 - II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - III. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 I give in "Annexure B" a statement on the matters specified in paragraphs 4 and 5 of the said order.

Place : Chennai Date : 28.05.2016	N.SUBRAMANIAN Chartered Accountant Membership No. 21628
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to Paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of my report of even date).

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013.

1. I have audited the internal financial controls over financial reporting of Pace Automation Limited ("the Company") as of March 31, 2016 in conjunction with my audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 policies for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information as required under the Companies Act, 2013.

Auditors' Responsibility

3. My responsibility is to express an opinion on the company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I comply with ethical requirements and plan to perform the audit to obtain reasonable assurance about whether adequate internal controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.
4. My audit involves performing Procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operating effectiveness. Our audit 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 on the auditor's judgement of the financial including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal Financial Controls over Financial Reporting

6. 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 transaction and disposition 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

7. 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

8. In my opinion, to the best of my information and according to the explanations given to me, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 control Over financial reporting issued by the Institute of Chartered Accountants of India.

Place : Chennai Date : 28.05.2016	N.SUBRAMANIAN Chartered Accountant Membership No. 21628
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ANNEXURE - B

Re: PACE AUTOMATION LIMITED

The Annexure referred to my Independent Auditor's Report to the members of the company on the standalone financial statements for the year ended March 31, 2016, I report that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
b) The fixed assets were physically verified during the year by the Management in accordance with a phased programme of verification, which, in my opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company, nature and value of its fixed assets. According to the information and explanations given to me, no material discrepancies were noticed on such verification.
c) The Company does not hold any immovable properties in its name.
2. According to the information and explanations provided to me, the physical verification of inventory has been conducted during the year at reasonable intervals by the management. The Company did not held any inventory at the end of the financial year.
3. According to the information and explanations given to me, the company had not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year.
4. According to the information and explanations given to me, the company has not accepted deposit during the year within the meaning of section 2(31) of the Act.
5. According to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act for the services rendered by the company.
6. According to the information and explanations given to me and the books of account examined by me, the company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities. There were no undisputed amounts payable in respect of the

PACE AUTOMATION LIMITED

aforesaid statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

7. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to bank, government or debenture holders.
8. In my opinion and according to the information given to me and explanations provided, the Company had not availed any term loan during the year from any bank/ financial institution.
9. To the best of my knowledge and belief and according to the information and explanations given to me, and considering the size and nature of the Company's operations, no fraud of material significance on the Company by its officers or employees has been noticed or reported during the year.
10. In my opinion and according to the information and explanations given to me, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
11. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
12. In my opinion and according to the information and explanations given to me, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
13. During the year, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
14. In my opinion and according to the information and explanations given to me, during the year, the Company has not entered into any non-cash transactions with the directors or persons connected with him and hence provisions of section 192 of the Act, 2013 is not applicable.
15. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Chennai Date : 28.05.2016	N.SUBRAMANIAN Chartered Accountant Membership No. 21628
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PACE AUTOMATION LIMITED**BALANCE SHEET AS AT 31-03-2016**

	Note	As At 31.03.2016	As At 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	119,480,350	119,480,350
(b) Reserves and Surplus	3	(73,752,302)	(77,145,393)
		45,728,048	42,334,957
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities	4	206,319	---
(a) Other Long Term Liabilities	5	848,023	1,258,023
		1,054,342	1,258,023
(3) Current Liabilities			
(a) Short Term borrowings	6	4,969,176	---
(b) Trade payables	7	1,325,750	1,024,577
(c) Other Current Liabilities	8	4,042,857	3,686,536
(d) Short Term Provisions	9	1,725,857	1,814,091
		12,063,640	6,525,204
TOTAL		58,846,030	50,118,184
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10A	1,704,469	1,970,337
(ii) Intangible Assets	10B	---	---
(iii) Capital Work In Progress		12,247,216	11,892,261
		13,951,685	13,862,598
(b) Deferred tax assets (net)	4	---	439,745
(c) Long term Loans and advances	11	2,281,858	2,281,858
		16,233,543	16,584,201
(2) Current Assets			
(a) Trade Receivables	12	14,958,891	12,095,737
(b) Cash and cash equivalents	13	17,889,031	10,572,741
(c) Short Term Loans and Advances	14	9,764,565	10,865,505
		42,612,487	33,533,983
TOTAL		58,846,030	50,118,184

Significant Accounting Policies 1

The accompanying notes form an integral part of the financial statements

Vide my report of even date attached

N. Subramanian
Chartered Accountant
M. No: 021628**S G Chandru**
Managing Director**Malathi Gopalakrishnan**
Director**V Ramaseshan**
Company SecretaryPlace: Chennai
Date: May 28, 2016

PACE AUTOMATION LIMITED**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2016**

	Note	For the Year ended 31.03.2016	For the Year ended 31.03.2015
I	Revenue from Operations	46,101,255	46,978,622
II	Other Income	836,908	825,096
III	Total Revenue (I+II)	46,938,163	47,803,718
IV	Expenses :		
	Employee benefits expense	23,976,016	21,285,837
	Finance Costs	892,643	152,704
	Depreciation and amortization expense	598,518	699,648
	Other expense	15,924,190	15,970,851
	Total Expenses	41,391,367	38,109,040
V	Profit before exceptional and extraordinary items and taxes (III-IV)	5,546,796	9,694,678
VI	Exceptional Items	---	---
VII	Profit before extraordinary items and taxes (V-VI)	5,546,796	9,694,678
VIII	Extraordinary Items	---	---
IX	Profit before Tax (PBT) (VII-VIII)	5,546,796	9,694,678
X	Tax Expense		
	Current Tax	1,507,641	1,640,748
	Deferred Tax	646,064	---
XI	Profit/(loss) for the period from continuing operations	3,393,091	8,053,930
XII	Profit/(loss) for the period	3,393,091	8,053,930
XIII	Earnings per equity share		
	(1) Basic	0.36	0.85
	(2) Diluted	0.36	0.85

The accompanying notes form an integral part of the financial statements

As per my report of even date

N Subramanian
Chartered Accountant
M. No: 021628

S G Chandru
Managing Director

Malathi Gopalakrishnan
Director

V Ramaseshan
Company Secretary

Place: Chennai
Date: May 28, 2016

PACE AUTOMATION LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016**

		For the Year ended 31.03.2016	For the Year ended 31.03.2015
Cash Flow from Operating Activities			
Net Profit Before Tax and Extraordinary Items		3,393,091	8,053,930
Adjustments For -			
Depreciation		598,518	699,648
Deferred Tax		439,745	---
Bad Debts Written Off		85,197	---
Excess Provision Written Back		42,863	---
Interest Expenses		892,643	152,704
Operating Profit before Changes in Working capital		5,452,057	8,906,282
(Increase)/ Decrease in Working Capital			
Sundry Debtors		(2,906,017)	2,001,642
Loans and Advances		1,015,743	(3,909,980)
Current Liabilities & Provisions		5,334,755	1,439,433
		3,444,481	(468,905)
Net Cash Flow from Operating Activities	A	8,896,538	8,437,377
Cash Flow from Investing Activities			
Purchase of Fixed Assets		(332,650)	(580,775)
Capital Work-in-Progress		(354,955)	(165,081)
	B	(687,605)	(745,856)
Cash Flow from Financing Activities			
Interest Charges		(892,643)	(152,704)
	C	(892,643)	(152,704)
Increase/(Decrease) in Cash and Cash Equivalents	A+B+C	7,316,290	7,538,817
Cash and Cash Equivalents at the Beginning of the year		10,572,741	3,033,924
Cash and Cash Equivalents at the end of the year		17,889,031	10,572,741

As per my report of even date

N Subramanian
Chartered Accountant
M. No: 021628**S G Chandru**
Managing Director**Malathi Gopalakrishnan**
Director**V Ramaseshan**
Company SecretaryPlace: Chennai
Date: May 28, 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation of financial statements**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis concept. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

1.2 Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the company to estimate the efforts or cost expended to date as a proportion of the total efforts or costs to be expensed, provision for doubtful debts, further obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets. Actual results could differ from these estimates. Differences between the actual results and estimates are recognized in the period in which the results are known/ materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

1.3 Revenue Recognition

Revenue is primarily derived from software development and related services. Arrangements with customers for software related services are either on a fixed price, fixed timeframe or on a time and material basis. Annual technical services revenue from fixed-price on-line service contracts are recognized over the period in which the services are rendered. The Company presents revenues net of indirect taxes in the Statement of Profit and Loss.

1.4 Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a potential obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to the current best estimates.

1.5 Tangible assets and capital work-in-progress

Tangible assets are stated at cost less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.6 Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Research costs are expenses as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company had an intention and ability to complete and use or sell the product with the software and the costs can be measured reliably.

1.7 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful life of the assets estimated by the management. The company follows Schedule II to the Companies Act, 2013 in determining the useful life of the tangible assets. Depreciation on assets purchased/ sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use.

1.8 Retirement Benefits to employees**Gratuity**

The Company provides for gratuity, a defined retirement benefit plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employees, of an amount based on the respective employee's salary and the tenure of employment with the company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary at each Balance Sheet date using the projected unit credit method. The Company fully contribute all ascertained liabilities to the Pace Automation Employees' Gratuity Fund Trust ('the Trust'). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India, as permitted by law. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with the Accounting Standard (AS) 15, 'Employee Benefits'.

Contribution to Provident Fund and Employees State Insurance Corporation is made every month at the prescribed rate, to the Provident Fund Commissioner and Employees State Insurance Corporation and debited to Profit & Loss Account on accrual basis.

There is no benefit in the nature of short / long term compensated absence.

1.9 Foreign Currency Transactions

Foreign exchange transactions are normally recorded at the exchange rate prevailing at the time of transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining the net profit for the period in which the transaction is settled.

1.10 Income Taxes

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.

1.11 Earnings per Share

Earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax. The number of shares used in computing the basic earnings per share is weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average share considered for deriving basic earnings per share, and also the weighted average number of shares, if any, which would have been issued on the conversion of dilutive potential equity shares, if any.

1.12 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are classified as current or long term based on management's intention. Long-term investments are stated at cost, less depreciation, if any. Short-term investments are valued at lower of cost or market value.

Income from investment: Interest income is accounted for on accrual basis.

1.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporation. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows, The cash flows from operating, investing and financing activities of the Company are segregated.

PACE AUTOMATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

	As at 31.03.2016	As at 31.03.2015
2.(A) Share Capital		
(a) Authorised Share Capital		
(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) Issued & Subscribed Share Capital		
(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>
(c) Paid-up Share Capital		
(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>119,480,350</u>	<u>119,480,350</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

	31-03-2016		31-03-2015	
	No of Shares held	Percentage of Shares held	No of Shares held	Percentage of Shares held
Equity Shares				
Mr S G Chandru	650,606	6.89%	650,606	6.89%
Mrs Meera Chandru	26,15,600	27.68%	26,15,600	27.68%
Ms Malathi Gopalakrishnan	27,04,769	28.65%	27,04,769	28.65%
Electronics Corporation of Tamil Nadu Ltd	4,89,285	5.18%	4,89,285	5.18%
Redeemable Preference Shares				
Mrs Meera Chandru	25,00,000	100%	25,00,000	100%

3. Reserves and Surplus

(A) Capital Reserves

(i) Export Market Development Grant

Opening Balance	192,839	192,839
Add: Transfer from Profit and Loss Account	---	---
Closing Balance	<u>192,839</u>	<u>192,839</u>

(ii) Capital Subsidy

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) Surplus / (Deficit)

Balance of Profit / (Loss) brought forward	(79,647,232)	(87,701,162)
Add: Profit / (Loss) for the period	3,393,091	8,053,930
Closing Balance	<u>(76,254,141)</u>	<u>(79,647,232)</u>
Balance carried to Balance Sheet	<u>(73,752,302)</u>	<u>(77,145,393)</u>

PACE AUTOMATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016**

	As at 31.03.2016	As at 31.03.2015
4. Deferred Tax Liabilities / (Assets)		
Opening Balance	(439,745)	(439,745)
Additions during the year on account of depreciation benefits	646,064	---
Closing Balance	<u>206,319</u>	<u>(439,745)</u>
5. Other Long Term Liabilities		
Trade Deposits	848,023	1,258,023
	<u>848,023</u>	<u>1,258,023</u>
6. Short Term Borrowings		
Secured Loans		
(Secured by a lien on the fixed deposits held by the Company with banks for less than 12 months)	4,969,176	---
	<u>4,969,176</u>	<u>---</u>
7. Trade Payables		
Trade Creditors	1,325,750	1,024,577
	<u>1,325,750</u>	<u>1,024,577</u>
8. Other Current Liabilities		
Amount payable to Directors	605,000	302,500
Other payables		
- PF payable	98,262	97,230
- ESI payable	8,306	8,890
- Service Tax Cenvat	407,721	306,408
- TDS payable	187,725	137,450
- Other Creditors	2,735,843	2,834,058
	<u>4,042,857</u>	<u>3,686,536</u>
9. Short Term Provisions		
For Income Tax	1,507,641	1,640,748
For Bonus	218,216	173,343
	<u>1,725,857</u>	<u>1,814,091</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

10A. FIXED ASSETS – TANGIBLE

Name of Asset	GROSS BLOCK			DEPRECIATION / IMPAIRMENT			NET BLOCK	
	As At 01.04.2015	Additions	As At 31.03.2016	As At 01.04.2015	For the Year	Up to 31.03.2016	As At 31.03.2016	As At 31.03.2015
Plant & Machinery	20,080,177	---	20,080,177	18,692,794	440,736	19,133,530	946,647	1,387,383
Computers & Printers	63,917,287	332,650	64,249,937	63,491,606	153,575	63,645,181	604,756	425,681
Office Equipments	3,726,441	---	3,726,441	3,619,906	4,207	3,624,113	102,328	106,535
Furniture & Fittings	6,572,013	---	6,572,013	6,521,275	---	6,521,275	50,738	50,738
Total	94,295,918	332,650	94,628,568	92,325,581	598,518	92,924,099	1,704,469	1,970,337
Previous Year	93,715,143	580,775	94,295,918	91,625,933	699,648	92,325,581	1,970,337	2,089,210

10B. FIXED ASSETS –INTANGIBLE

Name of Asset	GROSS BLOCK			DEPRECIATION / IMPAIRMENT			NET BLOCK	
	As At 01.04.2015	Additions	As At 31.03.2016	As At 01.04.2015	For the Year	Up to 31.03.2016	As At 31.03.2016	As At 31.03.2015
Software Developed	64,560,658	---	64,560,658	64,550,658	---	64,550,658	---	---
Total	64,560,658	---	64,560,658	64,550,658	---	64,550,658	---	---
Previous Year	64,560,658	---	64,560,658	64,550,658	---	64,550,658	---	---

PACE AUTOMATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

	As at 31.03.2016	As at 31.03.2015
11. Long-Term Loans And Advances		
Security Deposits		
(i) Secured, Considered good	325,045	325,045
(ii) Unsecured, Considered good	1,956,813	1,956,813
	<u>2,281,858</u>	<u>2,281,858</u>
12. Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	652,017	33,284
Others		
Unsecured, Considered good	14,306,874	12,062,453
	<u>14,958,891</u>	<u>12,095,737</u>
13. Cash And Cash Equivalents		
(A) Balance with Scheduled Banks		
(i) Current Account	2,371,410	3,056,964
(ii) Fixed Deposit	15,512,000	7,512,000
(B) Cash on hand	5,621	3,777
	<u>17,889,031</u>	<u>10,572,741</u>
Note		
(1) Earmarked Bank Balances	---	---
(2) Bank balances held as margin money or as security	15,500,000	---
(3) Repatriation restrictions	---	---
(4) Bank Deposit with more than 12 months maturity	12,000	12,000
14. Short-Term Loans And Advances		
Others		
Unsecured, Considered good	9,764,565	10,865,505
	<u>9,764,565</u>	<u>10,865,505</u>
15. Revenue from Operations		
Sales of Material	---	---
IT related services	46,101,255	46,978,622
	<u>46,101,255</u>	<u>46,978,622</u>
15.1 Particulars of IT related services		
Transaction Processing Charges	46,101,255	42,886,207
Off Shore Software Dev Charges	---	4,092,415
	<u>46,101,255</u>	<u>46,978,622</u>
16. Other Income		
(A) Interest income	794,045	111,198
(B) Gain on Foreign Exchange Fluctuation	---	713,898
(C) Miscellaneous income	42,863	---
	<u>836,908</u>	<u>825,096</u>
17. Employee Benefit Expenses		
Salaries and wages	18,344,849	16,981,021
Remuneration to Directors	2,884,648	1,200,000
Contribution to PF and other funds	1,503,281	2,235,928
Staff Welfare Expenses	331,467	397,895
Gratuity	911,771	470,993
	<u>23,976,016</u>	<u>21,285,837</u>
18. Finance Costs		
Interest Expense	876,212	94,952
Bank Charges	16,431	57,752
	<u>892,643</u>	<u>152,704</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

	As at 31.03.2016	As at 31.03.2015
19. Other Expenses		
Rent	4,736,880	5,993,100
Printing & Stationery	29,748	184,267
Repairs and Maintenance Others	752,821	775,529
Communication Expenses	1,683,860	1,908,436
Electricity Charges	2,385,943	2,510,617
Virtual Server Charges	2,548,911	1,449,542
Professional Charges	922,063	947,538
Rates & Taxes	560,599	221,643
Postage & Courier Expenses	60,137	169,732
Registrations & Renewals	16,401	32,514
Miscellaneous Expenses	508,345	437,468
Payment to statutory auditors:		
- As Auditors	60,000	60,000
- Taxation Matters	15,000	15,000
- Reimbursement of expenses	10,000	10,000
Travelling and Conveyance	1,413,806	1,015,628
Selling and Distribution expenses	134,479	239,837
Advances Written Off	85,197	---
	15,924,190	15,970,851

20. Contingent Liabilities and Commitments to the Extent not provided for **NIL** **NIL**

21. OTHER NOTES FORMING PART OF FINANCIAL STATEMENT

1. Adjustment to the carrying amount of investments --- ---
2. Net gain/loss on foreign currency transaction and translation (other than considered as finance cost) --- ---
3. Value of imports calculated on CIF basis by the company during the financial year in respect of Material 1.48 0.68
4. Expenditure in foreign currency during the financial year 24.81 15.69
5. The amount remitted during the year in foreign currencies on account of dividends --- ---
6. Earnings in foreign exchange --- 40.68
7. Other Liabilities include Deposits from customers of ` .8.48 lacs (previous year : ` .12.58 lacs)
8. Sundry Debtors/Creditors and advances are subject to confirmation/reconciliation
9. In the opinion of the Board, Current Assets, Loans and Advances are realisable approximately at the values stated in the Balance Sheet in the ordinary course of business
10. List of Key Managerial Personnel as defined under Accounting Standard (AS 18), "Related party disclosure"
Whole-Time Director
 Mr S G Chandru
Executive Officers
 Mr V Rama Seshan Company Secretary

The compensation details of Key Management Personnel as defined under Accounting Standard (AS 18), "Related Party Disclosure", which comprise Directors and Executive Officers are as follows

	For the year ended	
	31.03.2016	31.03.2015
	` in Lacs	
Salary and other employee benefits to Whole-Time Directors and Executive Officers	32.28	14.35

11. 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.
12. The company has adopted AS-15 (Revised) and an amount of ₹.9.12 lacs paid on this account during the year is charged to the Profit & Loss Account.

Other disclosure as required under AS-15 (Revised):		2015 – 16	2014 – 15
i)	Present value of projected benefit obligation as at 1.4.2015	1,480,017	1,329,872
ii)	Service cost	130,832	104,643
iii)	Interest cost	118,402	106,390
iv)	Actuarial Gain / (Loss)	723,985	34,834
v)	Benefits paid	(714,808)	(128,654)
vi)	Present value of projected benefit obligation as at 31.3.2016/2015	1,673,866	1,447,085
vii)	Fair value of Plan Assets as at 31.3.2016	1,595,424	1,305,202
viii)	Liability / (Asset) recognised in the Balance Sheet	(78,442)	(141,883)
ix)	Amount charged to Profit & Loss Account (Gross)	809,099	141,883
x)	Actuarial assumptions:		
a)	Discount rate	8%	8%
b)	Future Salary Escalation	7%	6%
c)	Expected rate of return on Plan assets	8%	8%

13. Details of Earnings per Share:

	31.03.2016	31.03.2015
Profit / (Loss) after tax (in Rs)	3,393,091	8,053,930
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
Earnings per share (in Rs)–Basic and Diluted	0.36	0.85

14. Quantitative details concerning goods traded:

		For the year ended 31.03.2016		For the year ended 31.03.2015	
		Qty Nos	Value (₹. in Lacs)	Qty Nos	Value (₹. in Lacs)
(A)	OPENING STOCK	---	---	---	---
(B)	PURCHASES	---	---	---	---
(C)	SALES	---	---	---	---
(D)	CLOSING STOCK	---	---	---	---

15. Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current period
16. The Company's operation predominantly relate to providing a single segment of software related technical services to enable clients to enhance business performance. Geographic segmentation is based on business sourced from India only and hence segment reporting in this case is not applicable.

As per my report of even date

N Subramanian
Chartered Accountant
M. No: 021628

S G Chandru
Managing Director

Malathi Gopalakrishnan
Director

V. Ramaseshan
Company Secretary

Place: Chennai
Date: May 28, 2016

PACE AUTOMATION LIMITED

PACE AUTOMATION LIMITED

Regd. Office: Empee Towers,5th Floor, No.59, Harris Road, Pudupet, Chennai-600002

CIN:L29141TN1989PLC018133

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L29141TN1989PLC018133
Name of the Company : Pace Automation Limited
Registered Office: Empee Towers,5th Floor, No.59, Harris Road, Pudupet, Chennai-600002

Name of the Member (s):

Registered address:

E-mail Id:

Folio No. / Client Id:

DP ID:

I/We, being the member(s) of shares of the above named company , hereby appoint

1. Name:

Address:

E-mail Id

Signature:.....or failing

2. Name:

Address:

E-mail Id

Signature:.....or failing

3. Name:

Address:

E-mail Id

Signature:.....or failing

As my /our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 26th Annual General Meeting, to be held on Thursday, the 29th September 2016 at 3.00 p.m. at Bharatiya Vidya Bhavan,20 & 22, East Mada Street, Mylapore, Chennai, Tamilnadu-600004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Description of Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Ordinary Resolution 1- Consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016,		

PACE AUTOMATION LIMITED

the Reports of the Board of Directors and the Auditors thereon,		
Ordinary Resolution 2-Re-appointment of Ms. Malathi Gopalakrishnan (having DIN 00841108) , who retires from office by rotation and being eligible offers herself for reappointment.		
Ordinary Resolution 3- Ratification for Appointment of Mr. N.Subramanian , Chartered Accountant as statutory auditors and fixing their remuneration.		
Ordinary Resolution 4- Appointment of MS. R.Kanakathara as Independent Director for a period of five years w.e.f.13.02.2016.		

Signed thisday of2016

Signature of shareholder

1.Rs Revenue Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

PACE AUTOMATION LIMITED

Regd. Office: Empee Towers, 5th Floor, No.59 Harris Road, Pudupet, Chennai-600002

CIN:L29141TN1989PLC018133

ATTENDANCE SLIP

I hereby record my Presence at the 26th Annual General Meeting of the Company being held at Bharatiya Vidya Bhavan, 20 & 22 East Mada Street, Mylapore, Chennai, Tamilnadu-600004 on Thursday, the 29th September, 2016 at 3.00 p.m

Full Name of the Member attending / Proxy

Signature

Folio No. / DP.ID / CL.ID

No. of Shares held.

NOTE:

Members attending the meeting in person are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. No attendance slip will be issued at the time of Meeting.

PACE AUTOMATION LIMITED

[CIN-L29141TN1989PLC018133]

Regd.office: Empee Towers,5th Floor, No.59, Harris Road, Pudupet, Chennai-600002E-mail: paceauto@vsnl.com, Website: www.paceautomation.com

Phone: 044-28514382

BALLOT FORM [in lieu of e-voting]

1	Name and Registered address of the sole/ First named shareholder (in block letters)	
2	Name(s) of Joint Shareholder(s), if any	
3	Registered Folio No./DP ID No/ Client ID No	
4	Number of shares held	

I/We hereby exercise my/ our vote in respect of the Resolutions to be passed at the 26th Annual General Meeting of the Company to be held on 29th September,2016 for the business stated in the Notice of the meeting dt. 12.08.2016 by conveying my /our assent or dissent to the said Resolutions by placing tick mark at the appropriate box below:

Resolut ion No.	Description of Resolution	Type of Resolution	Number of shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Adoption of audited financial statements for the financial year ended 31 st March, 2016	Ordinary			
2	To appoint a director in the place of Ms.Malathi Gopalakrishnan, who retires by rotation and being eligible, offers herself for reappointment	Ordinary			
3	To ratify the appointment of Mr. N.Subramanian Chartered Accountant as the statutory auditors of the company	Ordinary			
5	To appoint Ms. R.Kanakathara as Independent Director of the Company w.e.f.13.02.2016 for a period of five years	Ordinary Resolution			

Place

Date

[Signature of the Shareholder]

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail addresses, so far, are requested to give their consent by providing their e-mail Id to the Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Ltd, to the e-mail ID i.e., kandhimathi@cameoindia.com

The Annual Report of the Company will be available in the Company's Website www.paceautomation.com.

Even after registering for e-communication, members are entitled to receive such communication in Physical form, upon making a request for the same at Company's e-mail **Id- paceauto@vsnl.com**

For members who have not registered their email address, physical copies of the Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent in the permitted mode.