

ANNUAL REPORT

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Cranes Software International Limited

Enterprise Analytics and Engineering Simulation Software & Solutions





Board of Directors	Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader Mr. Richard Gall Dr. Peter Ryser	- Co-founder & Managing Director - Co-founder & Director - Director - Director - Director
Company Secretary	P. Phaneendra	
Bankers	Bank of India The Jammu & Kashmir Bank Ltd. State Bank of Travancore IDBI Bank Ltd. State Bank of India Canara Bank Allahabad Bank State Bank of Mysore	
Auditors	S. Janardhan & Associates Chartered Accountants Apt. Nos. 104 & 203, Embassy Centre No. 11, Crescent road, Bangalore - 560 001.	
Registered Office	Cranes Software International Ltd. # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029	
Registrars	Integrated Enterprises India Pvt. Ltd. # 39, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003	
Website	www.cranessoftware.com	



CRANES SOFTWARE INTERNATIONAL LIMITED

FINANCIAL STATEMENTS 2012 - 2013



REPORT OF THE BOARD OF DIRECTORS

To,
The Members of
Cranes Software International Limited,

Your Directors are pleased to present this Twenty-eighth Annual Report together with the audited accounts of the Company and its below-noted Subsidiary Companies for the year ended March 31, 2013.

1. Systat Software Inc., USA
2. Cranes Software Inc., USA.
3. Engineering Technology Associates Inc., USA (WOS of Cranes Software Inc., USA), incorporating therein, Engineering Technology Associates (Shanghai) Inc.,
4. Dunn Solutions Group Inc., USA (WOS of Cranes Software Inc., USA), incorporating therein, Dunn Solutions India Private Limited
5. Systat Software GmbH, Germany
6. Cubeware GmbH (WOS of Systat Software GmbH), including its WOS in Austria and Switzerland
7. Cranes Software International Pte. Ltd., Singapore
8. Tilak Autotech Pvt. Ltd., India
9. Proland Software Pvt. Ltd., India
10. Caravel Info Systems Pvt. Ltd., India
11. Esqube Communication Solutions Pvt. Ltd., India
12. Systat Software Asia Pacific Ltd., India
13. Analytix Systems Pvt. Ltd., India

Also presented are Consolidated Financial Statements for the year ended March 31, 2013 which incorporated Audited Accounts for the above-noted Subsidiary Companies as per relevant regulations.

Financial Performance

(Rs. in Million)

Particulars	2012-13	2011-12	2012-13	2011-12
			Consolidated	
Sales and Operating Revenues	392.42	343.24	3,308.36	2,800.91
Loss before tax	(2,680.28)	(874.31)	(2,794.07)	(1,249.28)
Taxes	144.55	610.93	175.35	647.99
Loss after Tax	(2,535.73)	(263.38)	(2,618.72)	(601.29)

Business

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs.392.42 million, up from Rs.343.24 million. The after tax position was a loss of Rs.2,535.73 million.

On a consolidated basis, during the year, your Company together with its subsidiaries achieved a Sales and Operating Revenue of Rs. 3,308.36 million, again up from Rs. 2,800.91 million. The after tax position was a loss of Rs. 2,618.72 million.

Operations

As outlined in detailed in the Management Discussion and Analysis Annexure, Company management has worked earnestly over the past two years to re-build the organization from its years of business downturn and has been successful in maximizing its strengths and leveraging its inherent capabilities of business transformation. Most recently, the Company has been re-establishing itself in the areas of Business Intelligence, Engineering Services and Vocational Training and we continue to improve operational effectiveness, optimize costs and increase market reach both on a standalone basis and through its subsidiaries.



Company management has particularly focused on improved customer bandwidth and increased product and services offerings. We have increased and improved our product range in the Engineering products and services area, liaising with business partners to expand market reach and penetrate into new business areas. We plan to re-establish our relationships with academia and bring active partnerships from the Corporate sector as well. At our Cranes Varsity division, the Company has refocused and realigned its India-centric operations on training and education and launched new courses relevant to current market trends which have created a fresh demand. As a result of these initiatives, we expect to see promising results this year from this division.

The Company is also focused on improving its balance sheet position. Active discussions with secured and unsecured lenders for restructuring/ closure of debts have yielded debt closure agreements with several national banks. We also continue to pursue various approaches to sustained operational profitability and reduced debt exposure.

Appropriation

In the absence of distributable profits in the year, the Directors have not recommended any dividend for the year 2012-13.

Subsidiary Companies / Joint Ventures.

In terms of Sec 212(1) of the Companies Act, 1956, the Directors' Reports, Profit and Loss Accounts and Balance Sheets of each of the noted Subsidiary Companies are incorporated in the Consolidated Financial Statements which are presented herein.

In accordance with the Accounting Standard AS-21 on consolidated financial statements, the Consolidated Financial Statements are attached as part of the Annual Report and Accounts.

This along with the Company's results, we believe, presents a full view of the state of affairs of the Company.

Remarks of Auditors

In the course of auditing the Company Accounts, the Statutory auditors have raised comments, observations and qualifications. Their comments in respect of the Company's assumption of "Going Concern" along with the responses of the Board to each are given below :

Auditors Opinion	Management Response
<p><i>A winding up petition has been filed by the Trustees of Foreign Currency Convertible Bond holders against the company u/s 434 of the Companies Act, 1956 before the Hon'ble High Court of Karnataka for non-payment of principal (due for redemption in March 2011) and the accrued interest thereon.</i></p>	<p>The Company is actively defending its position against this winding up petition while also pursuing settlement exchanges with the petitioning FCCB holders.</p>
<p><i>Cases are filed u/s 138 of the Negotiable Instruments Act by various Banks against the company. These Banks have applied to the Debt Recovery Tribunal / Hon'ble Courts, etc. for recovery of dues and provisions of SARFAESI have also been invoked against the company. These cases are in various stages of disposal before the respective Hon'ble Courts.</i></p> <p><i>In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.</i></p>	<p>The Company is actively defending its position in these cases. It is also in advanced settlement negotiations with both secured & unsecured lenders and expects to reach favourable settlements soon in virtually all these cases.</p>



<p><i>There are several overdue Trade Receivables and Advances recoverable from parties for an inordinate period and however, the company has classified such amounts as 'Good'. However, no evidence has been given to us to consider those amounts as recoverable as on the date of Balance Sheet. In this connection, a sum of Rs. 21,300 lakhs has been provided in the books of account as provision for bad and doubtful debts against Trade Receivable, which in our opinion is inadequate and further provision to the extent of Rs. 10,974.50 lakhs on account of Trade Receivables and a sum of Rs. 23,610.83 lakhs on account of advances have not been made in the accounts.</i></p>	<p>This book debt has accumulated for multiple reasons including the impact of global economic turmoil and an extended period of recession . The Company has, during the course of the past financial year, made provision for addressing a portion of these debts and is also awaiting approvals from government agencies for appropriate closures.</p>
<p><i>Attention of the members is invited to note 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs. 11,802.46 lakhs (year ended March 31, 2012 Rs. 11953.94 lakhs) (Total amount recognized for the year ended March 31, 2013 amounts to Rs. 151.48 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22</i></p>	<p>With the Company progressing in rebuilding its businesses and implementing a credible plan toward sustained financial growth, we remain confident that the Company will have future taxable income to take advantage of the deferred tax credit as a 'recognized' asset.</p>
<p><i>Reference is drawn to note no. 3.34 of the notes regarding the amounts classified under "Fixed Assets" including "Intangible Assets Under Development" amounting to Rs. 36,914.80 lakhs. No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years.</i></p> <p><i>In the light of the above, the appropriateness of the 'Going Concern' concept based on which the accounts have been prepared is interalia dependent on the Company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.</i></p>	<p>We continue to believe that there is no impairment in value and the realizable value is at least equal to the carrying value. We believe that any diminutions on account of global economic conditions are not of permanent nature. During the year under review, there was a hold on investment into intangible assets as the Company was undergoing a severe liquidity crunch. However, going forward, the Management is confident of continuing the development of these products and also confident that such developed products will substantially contribute to increased revenues.</p> <p>The Company, has institutionalized several measures to secure and improve its business potential as outlined in the Management Discussion and Analysis annexed to this report, including debt restructuring and substantial progress toward resumption of normal operations. Hence, we are highly confident that the concept of 'Going Concern' continues to apply without doubt.</p>



<p>Further to the above, we would like to draw the attention of the members to the following</p> <p>i) Note no. 3.28 regarding default of payments to various statutory authorities;</p> <p>ii) Note no. 3.46 regarding default in payment of dividend</p>	<p>i) The Company is in the process of discharging these liabilities and is confident of clearing the entire dues in due course.</p> <p>ii) Dividends declared by the Company in 2009 had unfortunately been delayed until now due to various factors including specific legal constraints in connection with pending litigation against CSIL from creditor banks. CSIL has diligently pursued negotiated settlements with these creditors to be in position to urgently cover the dividends rights of its shareholders.</p> <p>As of August 23, 2013, CSIL has established and funded a Shareholders' Dividends Account equipped to pay out all the pending dividends. These payments are currently in process and we are confident that Company shareholders will now receive their dividends payment in due course.</p>
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Deposits

Your Company has not accepted deposits from the public during the current year.

Director

"The Directors' Mr. Mueed Khader and Mr. Mukkaram Jan seeks re-appointment for a further term of three years. This will be subject to the approval of Central Government".

Conservation of Energy

Even though the operations of your Company are not energy-intensive, adequate measures have been taken to reduce energy consumption by using efficient equipment. Since it is a software products Company, primarily dealing with scientific and engineering software products and product related projects, energy cost forms a very small part of total cost and its impact on total cost is not material.

Research & Development Activities

The Management of your Company has been committed to building a strong R&D culture from day one and has set clear R&D goals. In order to achieve these goals, the Company has focused on furthering the efficacies of R&D activities as well as building synergies among multiple-impact technologies. The statement giving information as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is enclosed to this report.

Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2012-13 is Rs. 101.54 million and foreign exchange outgo is Rs. 172.99 million during the year.

Employees

Information as per Sec217(2a) of the Companies Act, 1956 read with the Companies (Particulars of employee) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2013 is not applicable due to the fact that no present employee is getting salary above 5 lakhs.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the



- end of the financial year and of the Loss of the Company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and detecting fraud and other irregularities;
 - iv. Prepared the accounts for the financial year on a 'going concern' basis.

Corporate Governance

A detailed report on Corporate Governance & Management Discussion and Analysis are attached.

The Board members and the Senior Management Personnel have affirmed compliance with the Code of Conduct. Declaration of Confirmation by the Managing Director to this effect is annexed hereto.

Auditors

The auditors of the Company, Messrs.S. Janardhan & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. The declaration under Section 224(1)(B) of the Companies Act 1956 has been received from them.

Acknowledgement

Your Directors wish to place on record their sincere appreciation for the assistance and co-operation received from Banks, Financial Institutions, Government, Customers, Suppliers, Business Partners and Shareholders for the year under review.

Your Directors also wish to place on record their appreciation for the Contribution made by employees at all levels of the Company, whose committed efforts are a reflection of our results and we look forward to their continued support..

for and on behalf of the Board

Bengaluru
August 31, 2013

Asif Khader
Managing Director

Mueed Khader
Director

**Form - B.**

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2013.

Research & Development Activities and Technology Absorption:

Your Company has over the past few years been through a challenging phase in research and development. There has been increased demand for analytic and engineering tools and incredible pressure for making these cost effective. We have responded with new uses of new-age technology and integrating it into our product lines, both in Analytics and Engineering areas, and arriving at definitive advanced solutions for our customers. For example, Cubeware has launched the BISTRO web-based BI application store; Dunn Solutions has launched two new SaaS based web applications, and ETA has launched three new product alliances to target fresh industry segments and launched four new products into the market.

With such focused initiatives, your Company has positioned itself really well to meet the increased market demands from the market in these difficult times and also deliver value for your investments.

for and on behalf of the Board

Bengaluru
August 31, 2013

Asif Khader
Managing Director

Mueed Khader
Director



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT WITH THE COMPANY'S CODE OF CONDUCT.

This is to confirm that the Company has adopted a Code of Conduct for its employees and all Board Members and Senior Management.

I confirm that the Company has in respect of the financial year ended March 31, 2013, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means the employees in Executive Vice President Cadre as on March 31, 2013.

For Cranes Software International Ltd.,

Bengaluru
August 31, 2013

Asif Khader
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

Annexure to Directors' Report

Note: This discussion covers the consolidated financial performance of Cranes Software International Limited and its subsidiaries)

Overview

Cranes Software International Limited (NSE: CRANESSOFT; BSE 512093), develops and globally markets engineering simulation and enterprise data analytics software and services. The Company has successfully accumulated a portfolio of proprietary products with deep domain knowledge in the areas of engineering simulation and statistical analytics. The proprietary products portfolio includes SYSTAT, SigmaPlot, SigmaStat, SigmaScan, TableCurve 2D, TableCurve 3D, PeakFit, NISA, eta/VPG, eta/DYNAFORM, XID, XIP, Survey ASYST, iCap Reporter, iCap Webmaster, iCap Dashboarder, iCap Data Primer, InventX, Cubeware Cockpit, Cubeware Team Server, Cubeware Importer, Protector Plus Internet Security and Protector Plus Antivirus software. In doing so, Cranes has effectively established itself as a global IP driven products and solutions provider.

Global Business Environment

The Indian IT outsourcing sector's exports are expected to grow by 12-14 per cent in the financial year starting April 2013. The sector is expected to clock revenues of \$84-87 billion in the current financial year on the rising global technology spends, according to the National Association of Software and Services Companies (NASSCOM).

Cranes broadly operates in three distinct markets namely, Business Intelligence, Engineering Products & Services and Vocational Training. Given below are forecasts from independent market research groups for these markets.

Business Intelligence

According to new research from market watcher Pringle & Company, the global market for business intelligence (BI) software services will roughly double over the next four years, from \$76 billion in 2012 to \$143 billion in 2016. Tom Pringle, the company's principal analyst, says this growth is being driven by the universal applicability of business intelligence systems.

Global Engineering Service Outsourcing

As for the Global Engineering Services Outsourcing (ESO) market TechNavio's analysts forecast is that it will grow at a CAGR of 25.78 percent over the period 2012-2016. One of the key factors contributing to this market growth is the need for cost reduction. The Global ESO market has also been witnessing the emergence of India as a key ESO destination.

Vocational Training

According to Research & Markets, the Vocational Training Market in India is worth approximately USD 1.6 bn and is estimated to be growing at 25% per annum. Every year, about 0.165m students are estimated to undergo vocational training apprenticeships. India has one of the world's most youthful population and there are over 310 million people aged between 15 to 25 years. Here lies the significance of vocational education along with other higher education systems being imparted in the country.

Relying upon these trends, Cranes has in the past one year witnessed growth in areas such as Business Intelligence and Engineering Services in the Automobile, Transportation Sectors. Though Cranes Software sustained a loss in the overall, the Company has, in the past one year, remained operationally near profitable. The Company now plans to capitalize on this growing business demand and emerge as a leading global software product and solutions Company in the lucrative space of Engineering Services and Simulation, Vocational Training and Enterprise Data Analytics / Business Intelligence.

The Year Under Review

Over the last couple of years, Company management has worked earnestly towards re-building the organization from its years of business downturn and has been successful in maximizing its strengths and leveraging its inherent capabilities of business transformation. In the year under review, the Company has been re-establishing itself in the areas of Business Intelligence, Engineering Services and Vocational Training. The Company continues to improve operational effectiveness, optimize costs and increase market reach both on a standalone basis and



through its subsidiaries. These initiatives have positively impacted the current year business revenues and operating margins.

In the past year, our endeavor has also been to improve customer bandwidth and increase product and service offerings. This includes expanding our product range, partnering with partners to penetrate into new business areas, launching new products upgrades in the Engineering products and services area. For example, in the Business Intelligence domain, the Company aggressively launched its, one of a kind, BUSINESS INTELLIGENCE STORE REAL-TIME OPERATIONS (BISTRO). BISTRO is an applications store that provides a new approach to the complex, unwieldy world of BI software and solutions. The Company also launched a variety of business applications using the SAAS model to address a broad range of application needs of the customer.

On a standalone basis, the Company has refocused and realigned its India-centric operation to that of training and education. This part of the business has been the major revenue earner for the stand-alone business over the past couple of years. The businesses includes student training, third party alliances, own product sales and corporate training. During the year, the Company relocated its training operations into its own premises in Bangalore. The students now enjoy a new state-of-the-art infrastructure supplemented with better lab facilities and training products. Going forward, the Company plans to re-establish its relationships with academia and bring active partnerships from the corporate sector as well. The Company has launched new courses relevant to current market trends which has created a fresh demand. The Company also continues to maintain and build on its Strategic Partnerships and Alliances with leading Companies like National Instruments, IBM, ARM and Texas Instruments, leading to sustained revenues.

For its standalone operations, the Company has put in place effective measures to control the cost of goods, optimization of manpower and other overheads. However, extraordinary expenditures include provision towards bad debts (Rs 1,480 million -compared to previous year's expenses of Rs 650 million) contributed adversely to increase total expenditure from Rs. 1,378.34 million to Rs 1,706.85 million.

Excluding these extraordinary expenditures the operations yielded a marginal loss of Rs 15.9 million at EBITDA level.

The Company, in the mean while, is also constantly working on improving its balance sheet position. The Company is under active discussion with all secured and unsecured lenders for the purposes of restructuring/ closure of debts and has finalized debt closure agreements with several additional nationalized banks. The Company will continue to pursue various means through which it can sustain operational profitability and reduce debt exposure through external funds infusion.

International Subsidiary Performances

ETA (a 100% subsidiary of Cranes Software):

Engineering Technology Associates, (ETA), provides computer aided engineering services and develops computer-engineering software. ETA offers unique expertise in product design and development, focusing on mass reduction and optimization strategies. Proactive in the creation and implementation of new analysis methods and software, ETA is the developer of the Inventium™ Suite of software. The suite offers a wide range of modeling, metal stamping and system simulation software tools.

Product Launches

ETA Releases Inventium™ Products

ETA Inventium™ 2012 Suite of software has been released, with a host of improvements in the finite element (FE) modeling tool PreSys™, as well as in its add-on applications for Fluid-Structure Interaction (FSI), Drop Testing and Safety Analysis. New features reduce the amount of time required to build models, and users can analyze them using third-party MCAE solvers such as LS-DYNA®, MSC NASTRAN®, NEI NASTRAN®, NX NASTRAN®, Moldex3D®, and NISA®.

ETA Introduces Safety Plugin for Crash Test Simulation

ETA announced the release of the Inventium Suite's Safety plugin, for vehicle crash test simulation. Part of the VPG group of application-specific add-on applications, the Safety plugin guides the engineer through vehicle crash and safety simulation. It is used to set-up crash simulation scenarios and manages finite element (FE)



models in several key areas. These areas include crash test simulation, dummy model positioning, seat belt modeling and positioning and "include file" management.

Dynaform Software Version 5.9 Launched by ETA with Optimization Platform Module

ETA announced the release of DYNAFORM™ software with a brand new module, incorporating optimization. The Optimization Platform makes DYNAFORM™ the most complete and powerful solutions in the market for die system simulation and optimization. Using the newest optimization technology, the OP module reduces product development time and cost for manufacturing by reducing incidents of wrinkling, thinning and tearing with limited effort. The OP guided user interface makes optimization viable for a larger set of users, since special optimization expertise is not required. Additionally, the latest computing platforms combined with an efficient solver eliminate demanding computing requirements. The solver is an incremental solution (INCSolver) that delivers exceptional speed, taking advantage of Shared Memory Processing (SMP) computing technology on multiple core machines running Windows 7 and beyond.

ETA released Inventium 2012 R2

A new version of ETA's mechanical engineering simulation software, the Inventium™ Suite 2012 R2, which includes PreSys™ for finite element modeling and four ETA/VPG™ modules for system analysis, was released with many new and enhanced features, including pedestrian protection analysis tools, tire modeling tools and road simulation capabilities.

Product Alliances

Dynaform Optimization Platform

ETA has formed a strategic partnership with Red Cedar Technology to offer the most complete and powerful solution on the market for die system simulation and optimization. Under the new arrangement, ETA will embed Red Cedar's proprietary optimization technology, SHERPA™, into a module of its DYNAFORM™ product. The new module will be called OP, for Optimization Platform, and will initially be focused on supporting drawbead optimization to determine proper binder force, lubrication, gage, and material. The module will also support 2D optimization of blank shape and size. Eventually, the two companies expect to offer full auto die face optimization.

Inventium™ Suite Add-on for Alibre

Users of Alibre Design, a leading 3D design software solution developed and distributed by 3D Systems, can now purchase the Inventium™ Suite add-on for finite element analysis. The add-on allows the user to automatically transfer Alibre Design model data into the finite element (FE) modeling tool, PreSys™, of the Inventium™ software Suite, specify the necessary material and loading definitions, and finally perform analysis with NISA™ software.

Inventium™ Supports NEI International Users

Users of ETA's PreSys™ finite element modeling software are able to create simulation models for use with NEI Nastran, a product of NEI Software. PreSys™ supports the creation of NEI Nastran models, from the importing of CAD data, through the creation of elements and the post processing of the simulation results.

Other Initiatives

ETA Opens New Office in California

ETA has opened a new office in Los Angeles, California. The new office will serve Hybrid & EV vehicle OEMs and suppliers, aerospace and electronic manufacturers in the region. It will provide many types of simulation and analysis services aimed at helping manufacturers reduce prototyping, testing time and costs. Services will also include modeling and simulation services for structural and electronic products.

Going forward...

ETA has expanded its foot print in China and also launched its new office in India. ETA has hired experts in CFD and is working on gaining better market share in this fast growth engineering business. ETA has also aggressively grown its products and alliance partnerships this year and plans to leverage these initiatives to accelerate its growth going forward.

**Dunn Solutions Group (DSG):**

Dunn Solutions Group is an information technology consulting firm with exceptional strategic experience, design skills and technologic expertise. Focused on the business intelligence, application development and web/portal spaces, the Company delivers services through offices in Chicago, Minneapolis, Raleigh and Fort Lauderdale in the United States, and Bangalore, India.

Product Launches**New App for Meetings Captures Audience Feedback with Real-Time Surveys**

DSG launched a new mobile app, Audience Opinion, which is now available and enables live participation in events with the use of audience members' personal smartphones. Audience Opinion is an easy-to-use live polling tool that helps meeting and classroom leaders create more interactive and engaging events using mobile survey technology.

The Audience Opinion app. enables participants to view and answer pre-configured survey questions using a free mobile app they download on their Apple, Windows or Android device. Presenters share real-time survey results displayed using a variety of colorful graphs and charts. The application is integrated with social media technology so that participants can choose to share their participation on Twitter and Facebook.

DSG Launches Web-based Optical Shop Performance Dashboard & Legal Dashboard

Designed for retail eye care practices, DSG's Optical Shop Performance Dashboard is a web-based reporting solution that integrates and consolidates data from your enterprise Electronic Health Records (EHR) & Practice Management solution, and delivers your key performance indicators (KPIs) to your desktop using dynamic visualizations.

The DSG Legal Dashboard, designed for internal legal organizations that use a matter management system, is a web-based dashboard solution that integrates and consolidates data from your systems, and delivers your key performance indicators (KPIs) to your desktop using dynamic visualizations.

Training Updates

In 2012 DSG introduced Telepresence Training, allowing students to attend a participating class in any of our training locations. Utilizing state-of-the-art video conferencing technology, the class is delivered live by an instructor in a DSG training facility and students can participate via any DSG training location.

Going Forward...

During the year under review DSG launched three new web based services for three different verticals. DSG also introduced its training services on the net by introducing Telepresence Training which allows students to attend classes remotely. By doing this DSG has forged into the SAAS based market. DSG also plans to further grow into the Business Intelligence segment and provide solutions to its end customers by leveraging its partnerships with SAP, Microsoft, Liferay and Oracle.

CubeWare:

Cubeware provides cutting edge technology and services for building Business Intelligence and performance management solutions that bring analysis, planning, reporting and dashboarding to business professionals.

Product Launches

Cubeware Introduces BISTRO™ Business Intelligence App Store, Knowledge Center, Community and Ecosystem

Cubeware, a leading provider of complete business intelligence software solutions, unveiled BISTRO, (Business Intelligence Store Real-time Operations), a business intelligence (BI) applications store that provides a new approach to the complex, unwieldy world of BI software and solutions. This will be a Central Resource of Certified BI Best Practices, and Specialized Tools and Applications.

Cubeware Announced Addition of Syscon BI Integration Applications for ERP Systems to BISTRO BI App Store

Cubeware announced the addition of Syscon's BI AX, IFS and NAV cubes and content integration applications to its BISTRO™ business intelligence (BI) applications store. The Syscon applications are optimized to accelerate



BI deployments by making SQL Server data warehouse content rapidly deployable and ready-to-use for the Microsoft Dynamics AX and NAV, as well as IFS enterprise resource planning (ERP) systems.

Cubeware Adds STAS CONTROL for Manufacturing to BISTRO BI App Store to Boost Factory Production and Efficiency to Compete in Global Market

Cubeware announced the addition of STAS CONTROL for manufacturing applications to its BISTRO business intelligence (BI) applications store. STAS GmbH, which develops business planning and analysis solutions, designed the STAS CONTROL application for industrial companies. The application provides industrial companies with the tools necessary to analyze and optimize manufacturing processes to boost productivity and efficiency while enabling customers to compete and thrive in today's global manufacturing market.

Going forward...

During the year under review Cubeware forged aggressively ahead to capture e-based business intelligence market by launching the Bistrotm BI App Store which promises to transform the way BI applications are sold, deployed, maintained and operated. BISTRO accelerates the BI deployment process by offering a combination of pre-defined applications that run on a wide range of data platforms along with industry- and market-specific feature sets that can be quickly assembled. By using pre-configured templates, reports and apps, BI integrators and resellers can dramatically reduce the time needed for customization so customers more quickly reap the benefits they need from their BI solution. Cubeware plans to aggressively market these solutions in the mature and emerging markets and reap the early bird benefits of this initiative. Cubeware also plans to expand its market reach to other parts of the world for these BI products and solutions by establishing both direct and indirect offices, partnerships and alliances.

Systat Software Inc. (SSI)

Headquartered in San Jose, California, USA, Systat Software Inc. (SSI) provides specialized scientific software products and services for the environment sciences, life sciences, behavioral sciences, medical research and engineering. SSI is dedicated to providing effective solutions to the scientific and engineering community to compress the time intensive process of data analysis and presentation, thus enhancing productivity.

Product launches

Systat Software announces SigmaPlot™ Software Version 12.5

Systat Software, Inc., a leading developer and supplier of award-winning scientific software and services, announced SigmaPlot Version 12.5 a free downloadable update to the latest version of their most advanced scientific data analysis and graphing software package SigmaPlot version 12. This update provides researchers increased system stability, ease of use and new features to quickly analyze data and create exact, publication-quality graphs that best present research results for presentation, publication or the web.

Going Forward...

Systat Software plans to invest further into technical upgrades of its products, marketing and infrastructural strengths. It also plans to create and upgrade its consulting and customization business by creating developers libraries and partnering with technology players. During the upcoming year Systat Software also plans to launch its vertical specific product modules to specific growth sectors thus capturing larger market share.

SWOT Analysis Overview

Strengths

Although the organization underwent financial and business uncertainty and down sides, it has managed to hold forth and attain organization sustainability and operational efficiencies. The Company today continues to leverage on its expertise, experience and domain knowledge in the fields of Vocational Training, Engineering Services and Business Analytics to grow forward and achieve new grounds. By anticipating and addressing the needs of the Industry, the Company has built a dominant position in sectors of automotive, life sciences, pharma, telecom, and consumer research.

Threats

The Company's balance sheet has been strongly leveraged through secured and unsecured debts. The Company remains in active discussions with both secured and unsecured lenders for appropriate restructuring of debt, and



has already secured certain favorable settlements in the year under review. The Company is confident that a significant part of these loans will be settled/ restructured by the end of the current financial year.

Opportunities

Opportunities are in plenty in an aggressively growing and high-demand environment. The industry today is experiencing a definite shift from fundamental IT enabled business automation to flexible, sustainable real-time solutions in heterogeneous IT environments such as Cloud, tablets, mobile phones etc. The Company has identified and is working on higher-end easy-to-operate but yet powerful and flexible business applications for the BI environment. During the year under review the Company has launch its powerful BI application for using the SAAS model and has made its BI solutions available on the Cloud.

In the India centric prospective, India Inc. has seen dramatic change in this sector especially in the vocational training and K12 market. Recognizing a large opportunity in the vocational education market, the Company plans to leverage its experience and expertise of over fifteen years to gain higher ground. During the year under review, the Company expanded its operations in this business by establishing a new state-of-the-art Embedded and DSP training and knowledge center with advanced capabilities and newly defined courses for Engineering students.

The Road Ahead

Going forward, the Company plans to establish itself in the educational sector. To achieve this, the Company has made substantial changes to its India centric operation by means of upgrading its facility, improving faculty exposure, incorporating specialized training programs to address the dynamics need of the software sector. To take this one step further the Company plans to venture into online education which would include online training, university programs, sale of proprietary products for the educational market, and corporate training.

The Company, in the mean while, will continue taking necessary steps to improve the operational efficiencies and effectiveness of the organization and to grow the business across the world. Technologically, the Company plans to continuously upgrade its technical capabilities by actively including new developments such as Mobile, Social-BI, Collaboration, SaaS, Cloud, Analytical Databases, Column based and In-Memory technology into the corporate product strategy at the right times. This will be apart from continuously upgrading and updating its existing scientific, engineering and business intelligence products to serve existing customers and establishing new markets.

FINANCIAL PERSPECTIVE

Analysis of movements in significant heads are given below :

EQUITY AND LIABILITIES

Source of Funds:

Share Capital

The Company's authorized share capital is Rs. 330 million constituting of 165 million equity shares of Rs. 2/- each and 200,000 preference shares of Rs. 100/- each. There were no capital structure changes during the period under review.

Reserves and Surplus

The Company's total reserves and surplus for fiscal 2012-13 stood at Rs. 510 million, decreasing by Rs. 2,721 million from Rs. 3,231 million in the previous fiscal year. The net decrease is mainly attributable to the losses reported in the year.

Non Current Liabilities:

Long Term Borrowings

The net total borrowing position (Long Term + Short Term + Current Maturities of Borrowings + Loans repayable on Demand) moved from Rs 8,420 million to Rs 9,055 million. This increase is largely on account of restatement of Euro liability on account of the FCCBs, and the INR position as at the end of the year.



Our strategic investor, Mr. Ziaullah Sheriff continues to support us with his investments through his affiliated companies. The amounts received from the investor has been regarded under "Other Advances" under the head 'Other Current Liabilities'.

Long Term Provisions

Provisions made for Gratuity and Leave Encashment during the year served to enhance the provision.

Current Liabilities :

Short Term Borrowings

Already commented on along with Long Term Borrowings

Trade Payables

Reduced to Rs 637 million from Rs. 667 million at close of the previous year.

Other Current Liabilities

Largely and significantly commented upon under the head 'Long Term Borrowings' since the matter is interlinked

Short Term Provisions

The amount was largely due to provision Tax (Net of advance tax and TDS) for the given year.

Application of Funds:

ASSETS

Non-current assets:

Fixed Assets

There has been minimal Research and Development in view of the Business conditions noted above. The noted change is only on account of depreciation charged on the higher asset base.

Other Non Current Investments

The Company's investments remained static at Rs 1.7 million

Current assets:

Inventories

The Company's inventory position representing stock of traded goods decreased from Rs 48 million to Rs 19 million, reflective of the improved prospects of sale in the forthcoming fiscal year. With economic prospects improving globally, conscious effort was made to build stocks so that the environment could be taken advantage of immediately, despite the heavy liquidity crunch.

Trade Receivables

After providing for Rs 1,480 million of potential Doubtful Debts, Sundry debtors at the close of FY 2013 were at Rs.1,708 million compared to Rs 2,918 million a year ago.

Cash and Bank Balances

Cash and Bank balances have reduced to Rs. 104 million compared to Rs. 167 million last year.

Short Term Loans and Advances

Decreased marginally from Rs 314 million to Rs 300 million.

Operating Results

Revenue

The Company on a consolidated basis reported total revenue of Rs. 3,099 million. Sale of Hardware Products and Software Product Licenses contributed substantially to the bulk of this; Services revenue being only Rs. 80 million



In addition, Other Income of Rs 208 million, which includes Exchange fluctuation (Rs 163 million) and Liabilities no longer required written back (Rs 9 million) served to depict a Total Income of Rs 3,308 million.

Expenditure:**Cost of Goods**

Cost of goods stood at Rs 1,495 million largely represents the cost of shrink-wrapped software products sold in India for third parties through the Company's multiple distribution alliances together with direct costs involved in the manufacture and logistics of distribution of proprietary products.

Personnel Costs

Personnel costs increased from Rs 920million to Rs. 986 million and represented 31% of total revenues. This is primarily due to increase in contractual business in the international operations.

Other Expenses

Other expenses increased substantially to Rs 2111million from Rs 1,754million, including on account of extraordinary and one-time effect of Bad Debts Provisions (Rs 1480 million).

Depreciation

Depreciation charged during FY2013 decreased to Rs. 542 million, from Rs 857million.

Financing Costs

Financing cost is at high levels and continues to be of concern to the management. As noted above, the Company expects to keep this situation under control with active discussions and ongoing progress on restructuring debt and related one-time settlements with secured and unsecured lenders.

Extraordinary Items

Largely on account of Prior period tax adjustments

Profit Analysis

The total loss for the year under review stood at Rs 2,794 million compared to Rs 1,249 million the previous year. This has largely been analyzed on individual accounts above.

Internal Control Systems

Having grown to a sizeable operation, the management has focused on augmenting its internal control systems and processes to support further growth opportunities. To this effect, the Company is certified under ISO 9001 standards in FY2002 and later the company was assessed at SEICMM Level 5 during FY 2005. The Company has also obtained certification under ISO 27001 Information Security Management System in FY 2006 and was also awarded SEI-CMMi Level 5 assessment for its processes.

Safe Harbor

Certain statements in this release concerning our growth prospects are forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties, including government actions; local political or economic developments; technological risks; risks inherent in the Company's growth strategy; dependence on certain customers and business partners; dependence on availability of technical consultants and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. The Company undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



CORPORATE GOVERNANCE REPORT

Annexure to Directors' Report

The Corporate Philosophy, as enshrined in its mission statement of "Exploring for a Better Tomorrow" is to optimize and increase the value to all stakeholders, creditors, employees and the society at large through adherence to corporate values, codes of conduct and other standards of behaviour. The Company seeks to ensure professionalism and proper transparency and disclosures in all its dealings. The Board believes in conforming to, and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.

Board of Directors:

The composition of the Board is as follows:

Promoter Group :	Non- Executive Directors :
Asif Khader	Richard Gall
Mukkaram Jan	Dr. Peter Ryser
Mueed Khader	

Details of Board Meetings held during the year:

The Board met 5 times during the year, as follows :

During the quarter ended June 30, 2012	15th May, 2012 13th June, 2012
During the quarter ended September 30, 2012	14th August, 2012
During the quarter ended December 31, 2012	14th November, 2012
During the quarter ended March 31, 2013	14th February, 2013

Details of attendance at Board Meetings, last AGM and details of memberships in other Boards and Board Committees:

The Board being represented by members from various parts of the world, it may not be possible for all to be physically present at all Board Meetings; such Directors who are unable to be present invariably participate in the proceedings through telephonic and vide conference calls.

Name of the Director	Date of Appointment	No. of Board Meetings attended ¹	Whether attended last AGM	Membership in other Board ²	Committees ³	
					Membership	Chairmanship
Asif Khader	30th April, 2002	5	Y	6	3	2
Mukkaram Jan	30th April, 2002	3	N	7	1	-
Mueed Khader	30th April, 2002	5	Y	6	1	-
Richard Gall	16th May, 2002	5	Y	-	2	1
Dr. Peter Ryser	29th March, 2005	4	N	-	1	-

Audit Committee :

The scope of reference of the committee, inter alia, includes:

- Review of audit with Statutory Auditors & Internal Auditors.
- Limited Review of quarterly accounts with Statutory Auditors.
- Review of annual financial statements with auditors and management before submission to the Board.
- Review of adequacy of internal control systems and internal audit function.
- Other matters as set out in the Listing Agreement and Section 292A of the Companies Act, 1956.

¹Attendance via web presentation and Telephone call has been considered as having attended the Board Meeting.

²Excludes companies exempted under Sec 278 of the Companies Act, 1956 and Foreign Companies.

³Membership in Audit Committee, Remuneration Committee and Investor Grievance Committee only considered.



The Committee consists of the following Directors :

Richard Gall	-	Chairman
Asif Khader	-	Member
Dr. Peter Ryser	-	Member

The Committee met five times during the year. The dates of the meetings with details of attendance of the directors there at is given below:

Name of the Director	15-05-2012	14-08-2012	14-11-2012	14-02-2013
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	No	Yes

The Statutory Auditors attended all the meetings.

Share Holder Grievance Committee:

The Company has a Shareholder Grievance Committee consisting of Mukkaram Jan and Asif Khader to look into the grievances of investors. There were no unresolved grievances from the investors / shareholders as on March 31, 2013.

The Company has designated an email id exclusively for redressal of Investor Grievances, viz., investor.grievances@cranesoftware.com in compliance with clause 47(f) of the listing agreement for speedy redressal of investor grievances.

Remuneration Committee:

The Board has constituted a 'Remuneration Committee' under the provisions of Schedule XIII of the Companies Act, 1956 to finalize and propose the remuneration for Whole time Directors and Managing Director. The committee consists of Mr. Asif Khader, Mr. Richard Gall and Mr. Mueed Khader. The committee met on 14th August, 2012 to consider terms to the Whole-time Directors and Managing Director. All the committee members were present for the meeting and no changes were proposed to the terms of remuneration. It was proposed that the Managing Director be re-appointed on the same terms for a period of 3 years at the AGM of 2012. The Company pays remuneration by way of salary, perquisites and allowances and a commission to the Whole-time Directors and Managing Director.

For Non-Executive Directors:

No fixed remuneration is paid to the Non-executive Directors, they are paid commission as a percentage of the net profits, as decided by the Board but within the limits set under the provisions of the Sec 309 of the Companies Act, 1956. The payment of commission was approved by the shareholders at the AGM held on September 11, 2006. The basis of determining the specific amount of commission payable to these directors is related to their attendance at meetings, contribution at meetings as perceived by the Board and the extent of consultations with them outside the meetings. No commission was paid out to the Non-executive Directors for the year under review.

The Non Executive Directors do not hold any shares of the company in their names.

Annual General Meetings:

Details of last three Annual General Meetings and the Special Resolutions passed there at are as under:

Date of AGM	Time	Venue	Special Resolutions passed
30th December, 2010	9.30 a.m.	Dr. B.R. Ambedkar Bhavana, Millers Road, Vasanthanagar, Bangalore - 560 052	Raising of additional long-term funds through further issuance of securities in the Company.
14th November, 2011	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560 052	Raising of additional long-term funds through further issuance of securities in the Company.
28th September, 2012	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560 052	NIL

For AGM 2013, the Company does not have any proposal for postal ballot.

**Disclosures :**

During the year the Company did not enter into any transactions of material nature with any of the Promoters, Directors, Management or relative etc., which may have potential conflict with the interest of the Company.

Insider Trading :

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for prevention of insider trading and the required disclosure practices.

Means of Communication:

The quarterly results are published generally in "The Hindu - Business Line" & "Sanjevani" (Kannada). The results are also updated on the corporate website (www.cranesssoftware.com). The quarterly results and the shareholding pattern are uploaded in the website of the Stock Exchanges.

GENERAL SHAREHOLDER INFORMATION

A	28th Annual General Meeting	
	Date and Time	30th September, 2013 at 10-30 am
	Venue	Shri Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052
B	Financial Calendar	
	Audited Annual Results - 2012-13	30th May, 2013
	Unaudited results for the quarter ending June 30, 2013	14th August, 2013
	Unaudited results for the quarter ending September 30, 2013	Second week of November, 2013
	Unaudited results for the quarter ending December 31, 2013	Second week of February, 2014
	Audited Annual Results - 2013-14	Last week of May, 2014
C	Book closure date	25th September 2013 to 30th September 2013
D	Dividend payment date	No Dividend declared
E	Listing of Equity shares	
	Name and Address of Stock Exchange	Stock Code
	Bombay Stock Exchange Ltd. (BSE)	512093
	P J Towers, Dalal Street, Mumbai - 400001	
	National Stock Exchange Ltd. (NSE)	CRANESSOFT - EQ
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	Trading of shares currently suspended
	The Listing Fee has been paid to all the Stock Exchanges	
F	Website of the Company	www.cranesssoftware.com
G	Registrar and Transfer Agents	M/s Integrated Enterprises (India) Ltd (formerly known as Alpha Systems Pvt Ltd - since merged), No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003
H	Demat ISIN Number allotted to the Company	INE234B01023



The Company came out with a Euro 42 million, 2.50 Foreign Currency Convertible Bond (FCCBs) issue during 2005-06, the FCCBs are listed at the Singapore Stock Exchange. The FCCBs are convertible into shares or GDRs and the GDRs would be listed at the Luxembourg Stock Exchange and the shares with BSE & NSE in India. As of date no FCCB conversions have taken place.

Share Price Data:

The Share price data on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the year 2012-13 is given below :

Month	BSE	
	High (Rs.)	Low (Rs.)
Apr - 2012	3.10	2.40
May - 2012	2.83	2.07
Jun - 2012	2.65	2.29
Jul - 2012	4.15	2.4
Aug - 2012	3.51	2.43
Sep - 2012	2.77	2.24
Oct - 2012	3.25	2.29
Nov - 2012	3.24	2.32
Dec - 2012	3.68	2.88
Jan - 2013	3.72	2.93
Feb - 2013	3.30	2.63
Mar - 2013	3.15	2.17

Trading of shares was suspended on the NSE effective September 2, 2010, due to non-compliances by the Company during the year, which have largely been addressed by the Company

Registrar & Transfer Agents :

Share Transfer work is being done by M/s Integrated Enterprises (India) Ltd. (formerly known as Alpha Systems Pvt Ltd - since merged), No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 who are SEBI registered Registrars & Transfer Agents for both physical and demat shares.

Share Transfer System :

The power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee. Share transfers are processed within 15 days from their receipt.

Secretarial Audit :

As required by SEBI Circular No. D&CC/FITTC/CIR-16/2002 dt. 31.12.2002, Secretarial Audit was carried out by a Practicing Company Secretary on quarterly basis to reconcile the total admitted capital with both the depositories and the total issued and listed capital. The total number of shares in physical form and the total number of dematerialized shares held with the depositories were in agreement with the total issued / paid-up capital.

Compliance with Corporate Governance Norms :

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions wherever necessary.

A Certificate from the Managing Director on the Financial Statements was placed before the Board.

The Company has complied with all mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the listing agreements with stock exchanges. The Company has obtained a certificate from the statutory auditors of the Company regarding compliance with the provisions of the above clause and the same is attached hereto.


Distribution of Shareholdings as on March 31, 2013:

No. of Shares Held	Share Holders		Shares	
	Number	% to Total	Number	% to Total
(1)	(2)	(3)	(4)	(5)
up to 500	26,993	62.28	59,36,637	5.04
501 to 1,000	6,924	15.98	59,64,737	5.06
1,001 to 2,000	4,284	9.88	68,79,429	5.84
2,001 to 3,000	1,649	3.80	43,49,624	3.69
3,001 to 4,000	800	1.85	29,28,295	2.49
4,001 to 5,000	712	1.64	34,16,201	2.90
5,001 to 10,000	1,081	2.49	81,06,568	6.88
10,001 & above	897	2.07	8,01,85,359	68.09
	43,340	100.00	11,77,66,850	100.00

Pattern of Share Holding as on March 31, 2013

Holders	% of Holding
Promoters	6.38%
Banks	15.73%
Insurance Companies	0.76%
FII	0.10%
Foreign corporate Bodies	0.07%
Bodies Corporate	19.50%
Resident	52.77%
Trust	0.00%
Clearing Members	1.26%
NRI	3.43%
Total	100.00%

Dematerialisation of Shares :

The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2013 about 97% of the Company's shares are held in dematerialised form.

Office Locations :

The Company has its product development center, corporate office and various branches at Bangalore.

Address for Communication :

- To the Company:**
 Mr. P. Phaneendra
 Compliance Officer,
 Cranes Software International Ltd.
 # 2, Tavarekere, Bannerghatta Road, BTM Layout,
 1st Stage, 1st Phase, Bangalore - 560 029.
- To the Registrar & Transfer Agent – for Share Transfers / Transmissions etc.**
 Mr. Vijay Gopal
 Vice President
 Integrated Enterprises (India) Ltd
 (formerly known as Alpha Systems Pvt Ltd - since merged)
 No. 30, Ramana Residency
 4th Cross, Sampige Road
 Malleswaram, Bangalore – 560 003.



AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members of Cranes Software International Limited,

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of corporate Governance by Cranes Software International Limited for the year ended 31st March 2013, as stipulated in clause 49 of the Listing agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, conducted in the manner described in the "Guidance Note on certification of Corporate Governance" issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

for S.JANARDHAN & ASSOCIATES
Chartered Accountants
Firm Registration No. 005310S

Vijay Bhatia
Partner
Membership No.201862

Seattle, USA
May 30, 2013



INDEPENDENT AUDITOR'S REPORT

To,
The members of **Cranes Software International Limited**

1. We have audited the accompanying financial statements of Cranes Software International Limited, which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss and Cash flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In Making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. ***The attached Balance Sheet as at 31st March, 2013 is drawn on the basis of the Principle of "Going Concern". We opine as follows in this connection :***
 - 6.1 ***A winding up petition has been filed by the Trustees of Foreign Currency Convertible Bond holders against the Company u/s 434 of the Companies Act, 1956 before the Hon'ble high Court of Karnataka for non-payment of principal (due for redemption in March 2011) and the accrued interest thereon.***
 - 6.2 ***Cases are filed u/s 138 of the Negotiable Instruments Act by various Banks against the company. These Banks have applied to the Debt Recovery Tribunal / Hon'ble Courts, etc for recovery of dues and provisions of SARFAESI have also been invoked against the company. These cases are in various stages of disposal before the respective Hon'ble Courts.***
 - 6.3 ***In our opinion the securities provided to Banks are not adequate to cover the amounts outstanding to them as on the date of Balance Sheet.***
 - 6.4 ***There are several overdue Trade Receivables and Advances recoverable from parties for an inordinate period and however, the company has classified such amounts as 'Good'. However, no evidence has been given to us to consider those amounts as recoverable as on the date of Balance Sheet. In this connection, a sum of Rs. 21,300 lakhs has been provided in the books of account as provision for bad and doubtful debts against Trade Receivable, which in our opinion is inadequate and further provision to the extent of Rs. 10,974.50 lakhs on account of Trade Receivables and a sum of Rs. 23,610.83 lakhs on account of advances have not been made in the accounts.***
 - 6.5 ***Attention of the members is invited to note 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs. 11,802.46 lakhs (year ended March 31,2012 Rs. 11,953.94 lakhs) (Total amount utilized for the year ended March 31, 2013 amounts to Rs. 151.48 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.***



- 6.6 Reference is drawn to note no. 3.34 of the notes regarding the amounts classified under “Fixed Assets” including “Intangible Assets Under Development” amounting to Rs. 36,914.80 lakhs. No evidence has been produced before us for testing its impairment and in the absence of the same, we are unable to express any opinion on the impairment to such asset. In our opinion, such test of impairment as on the date of Balance Sheet is mandatory, especially in view of the higher degree of the obsolescence of software which is stated to be under various stages of development, though no further developments have been carried out during the recent years. In the light of the above, the appropriateness of the ‘Going Concern’ concept based on which the accounts have been prepared is interalia dependent on the Company’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.**
- 7. Further to the above, we would like to draw the attention of the members to the following**
- i) Note No. 3.28 regarding default of payments to various statutory authorities;**
 - ii) Note No. 3.46 regarding default in payment of dividend**
- 8. We further report that, except for the effect, if any, of the matters stated in paragraphs 6.6 above, whose effect are not ascertainable, had the observations made in paragraphs 6.4 and 6.5 above been considered, the loss after tax for the year ended March 31, 2013 would have been higher by Rs. 46,378.80 lakhs.**
9. In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and subject to our observations as stated in para 6 and para 8 as above give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
10. As required by the Companies (Auditor’s Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
11. As required by section 227(3) of the Act, we report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance sheet, the Statement of Profit and Loss and the Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to Para No. (6.5) as stated above regarding recognition of Deferred Tax Asset on account of Carried forward losses and Para No. (6.6) as stated above regarding impairment test of Fixed Assets both tangible and intangible along with intangible assets under Development.
 - e) On verification of records and documents available with the company we report that all of the Directors have been disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
Firm Registration No. 005310S

Vijay Bhatia
Partner
Membership No.201862

Seattle, USA
May 30, 2013



ANNEXURE

1.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed Assets have been physically verified by the management during the year.
 - (c) The Company has not disposed off any substantial part of the fixed assets during the year.
2.
 - (a) The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii) (b), (c), (d), (f) and (g) of the said order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5.
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lakhs in respect of any party during the year, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
7. **In our opinion, the company's in house internal audit system needs to be further strengthened to render it commensurate with the size and nature of its business.**
8. The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9.
 - (a) **According to the information and explanations given to us, there have been delays and defaults in depositing of undisputed statutory dues including, Provident Fund, Investors Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, and Cess with the appropriate authorities. As of 31st March, 2013, the following amounts are still to be deposited on account of statutory liabilities:**



(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount to be Deposited
Employee`s Provident Fund & Miscellaneous Provisions Act	Provident Fund	75.08
Commercial Taxes Act	Professional Tax	23.80
Employee State Insurance Act	ESI	2.80
Income Tax Act	Withholding Taxes	770.27
Service Tax	Service Tax	103.60
Commercial Taxes Act	Sales Tax/Value Added Tax	55.39
Income Tax Act	Self Assessment Tax	696.96
Wealth Tax Act	Wealth Tax	0.88
Income Tax Act	Dividend Distribution Tax	273.88
Income Tax Act	Fringe Benefit Tax	0.41
Investor Education Protection Fund	Unclaimed Dividend	0.96

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable except in the following cases which are still due for payment:

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount Due
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	62.37
Commercial Taxes Act	Professional Tax	22.35
Employees State Insurance Act	ESI	1.99
Income Tax Act	Withholding Taxes	722.2
Service Tax Act	Service Tax	84.65
Commercial Taxes Act	Sales Tax/Value Added Tax	23.05
Income Tax Act	Self Assessment Tax	607.94
Wealth Tax Act	Wealth Tax	0.88
Income Tax Act	Dividend Distribution Tax	273.88
Income Tax Act	Fringe Benefit Tax	0.41
Investor Education Protection Fund	Unclaimed Dividend	0.60

(c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth Tax, and Cess, which have not been deposited on account of any dispute except in respect of the following:

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Disputed Amount	Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2459.72	2008 - 09	Income Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax	756.02	2004 - 05 to 2007 - 08	Customs, Excise and Service Tax Appellate Tribunal



10. The Company has accumulated losses, as at March 31, 2013. The Company has also incurred cash losses of Rs. 22,565.33 lakhs in the financial year ended on that date and Rs. 3,920.17 lakhs cash losses in the immediate preceding financial year.
11. **There are defaults in repayment of dues to some financial institution and banks as at the balance sheet date. The amount of defaults and the period are tabulated below:**

(Rs. in Lakhs)

Name of the Banks & Financial Institutions	Amount of default (including accrued interest)	Period of default
Bank of India	20,673.04	From 2009 till date
Allahabad Bank	3,258.58	From 2009 till date
Canara Bank	4,768.37	From 2009 till date
Industrial Development Bank of India	3,527.20	From 2009 till date
State Bank of India	10,361.31	From 2009 till date
State Bank of Mysore	3,228.52	From 2009 till date
Bank of India	4,750.31	From 2009 till date
State Bank of Travancore	4,257.37	From 2009 till date

The company has not issued any Debentures during the year

12. *According to information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares and debentures.*
13. *In our opinion, the company is not a chit fund or a Nidhi / Mutual Benefit fund / Society. Therefore the provisions of clause (xiii) of para 4 of the Order are not applicable.*
14. *According to the information and explanations given to us, the company is not dealing in or trading in any shares and securities and hence the provisions of para (xiv) of the order are not applicable.*
15. *According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.*
16. *In our opinion and according to the information and explanations given to us, the term loan(s) have been applied for the purpose for which they were raised.*
17. *According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long terms investments.*
18. *The company has not made any preferential allotment of shares during the year and hence the provisions of clause (xviii) of para 4 of this Order are not applicable.*
19. *The company has not issued any debentures during the year and hence the provisions of clause (xix) of para 4 of this Order are not applicable.*
20. *The company has not raised any money by way of public issues during the year and hence the provisions of clause (xx) of para 4 of this Order are not applicable.*
21. *During the course of our examination of the books of accounts carried on in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have been informed of such case by the management.*

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
Firm Registration No. 005310S

Seattle, USA
May 30, 2013

Vijay Bhatia
Partner
Membership No.201862



BALANCE SHEET

AS AT MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3.01	235,533,700	235,533,700
(b) Reserves and Surplus	3.02	95,020,772	2,630,746,354
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	309,218,567	393,701,978
(d) Long-term provisions	3.04	8,094,971	2,626,967
(3) Current Liabilities			
(a) Short-term borrowings	3.05	20,273,767	-
(b) Trade Payables	3.06	530,739,896	401,745,435
(c) Other current liabilities	3.07	10,915,052,881	10,002,666,194
(d) Short-term provisions	3.08	22,709,368	-
TOTAL		12,136,643,922	13,667,020,629
II. ASSETS			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	3.09	187,689,581	202,788,927
(ii) Intangible assets		753,858,856	1,162,050,101
(iii) Intangible assets under development		2,749,931,956	2,749,931,956
(iv) Capital work in progress		3,428,500	-
(b) Non-current investments	3.10	800,917,790	800,917,790
(c) Deferred tax assets (net)	3.11	1,324,976,900	1,180,418,000
(d) Long term loans and advances	3.12	4,333,533,932	4,198,759,402
(2) Current assets			
(a) Inventories	3.13	7,727,734	12,600,161
(b) Trade receivables	3.14	1,739,667,478	3,147,343,324
(c) Cash and Bank Balances	3.15	12,707,576	20,102,200
(d) Short-term loans and advances	3.16	222,203,620	192,108,768
TOTAL		12,136,643,922	13,667,020,629
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
Partner
Membership No. 201862

Asif Khader
Managing Director

Mueed Khader
Director

P. Phaneendra
Company Secretary

Seattle, USA
May 30, 2013

Bengaluru
May 30, 2013



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2013	March 31, 2012
Revenue from operations	3.17	214,979,227	260,358,071
Other Income	3.18	177,437,177	82,879,364
Total Revenue		392,416,404	343,237,435
Expenses:			
Cost of Materials consumed		-	-
Purchases of Stock in Trade		40,598,410	55,959,623
Changes in inventories of Stock-in-Trade	3.19	4,475,937	(2,813,005)
Employee Benefit Expenses	3.20	97,685,304	104,676,704
Finance costs	3.21	902,110,438	747,227,701
Depreciation and amortization expenses	3.22	423,751,171	482,293,717
Other expenses	3.23	1,568,126,198	1,220,519,581
Total Expenses		3,036,747,458	2,607,864,321
Loss before exceptional and extraordinary items and tax		(2,644,331,054)	(2,264,626,885)
Exceptional Items	3.24	35,953,428	48,823,670
Loss before extraordinary items and tax		(2,680,284,482)	(2,313,450,555)
Extraordinary Items	3.25	-	1,439,139,925
Loss before tax		(2,680,284,482)	(874,310,630)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		144,558,900	610,931,157
Loss for the period		(2,535,725,582)	(263,379,473)
Earning per equity share:			
(Nominal Value per Share Rs. 2)			
(1) Basic / Diluted (excluding Extra Ordinary Items, net of tax expenses)		(21.53)	(14.46)
(2) Basic / Diluted (including Extra Ordinary Items)		(21.53)	(2.24)
Significant accounting Policies and notes to the accounts	2 & 3		

As per our report of even date
For S.Janardhan & Associates
 Chartered Accountants
 Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

Seattle, USA
 May 30, 2013

Bengaluru
 May 30, 2013



STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash flows from Operating Activities		
Net profit before taxation & Extraordinary Items	(2,680,284,482)	(2,313,450,555)
Adjustments for:		
Foreign Exchange Loss / Gain (Net)	(163,989,238)	486,241,814
Depreciation and amortization	423,751,171	482,293,717
Dividend / interest income (Net)	1,977,246	(195,544)
Interest expense on borrowings	902,110,438	747,227,701
Operating profit before working capital changes	(1,516,434,866)	(597,882,867)
Adjustments for working capital		
Inventories	4,872,427	(2,813,005)
Trade Receivables	1,420,769,070	617,632,093
Short term loans and advances	(30,094,852)	34,706,208
Current liabilities	982,401,586	(1,001,553,078)
Cash generated from operations	861,513,365	(949,910,649)
Adjustments for		
Direct Taxes paid	-	4,013,822
Net cash from Operations before extraordinary items	861,513,365	(945,896,827)
Extraordinary items	-	1,439,139,925
Net cash generated from Operating Activities	861,513,365	493,243,098
Cash flows from Investing Activities		
Purchase of Fixed Assets / Increase in Work In Progress	(3,889,080)	(6,383,875)
Dividend / Interest received	(1,977,246)	195,544
Net cash from Investing Activities	(5,866,326)	(6,188,331)
Cash flows from Financing Activities		
Interest on borrowed funds	(905,259,214)	(747,227,701)
Borrowings	(59,938,125)	377,030,180
Long term loans and advances	73,978,304	(98,151,948)
Long term / short term Provisions	28,177,372	(9,532,723)
Net cash from Financing Activities	(863,041,662)	(477,882,192)
Net increase/(decrease) in Cash and Cash Equivalents	(7,394,623)	9,172,575
Opening cash and cash equivalents	20,102,200	10,929,625
Closing cash and cash equivalents	12,707,577	20,102,200

As per our report of even date
For S.Janardhan & Associates
 Chartered Accountants
 Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

Seattle, USA
 May 30, 2013

Bengaluru
 May 30, 2013



1. BACKGROUND

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides Enterprise Statistical Analytics and Engineering Simulation Software Products and Solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, Graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Germany, UAE and Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of financial statements

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), Companies (Accounting Standards) Rules, 2006 and guidelines issued by the Securities and Exchange Board of India.

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements includes classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

2.3 Revenue Recognition

- (i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.
- (ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.
- (iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract/course.
- (iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects



of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

2.5 Fixed Assets and Capital Work-in-progress

- (i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.
- (ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

2.6 Intangible Assets

- (i) All intangible assets are stated at cost less accumulated amortization.
- (ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.
- (iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.
- (iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.
- (v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

2.7 Research and Development

- (i) The Company in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science, Bangalore has set up a designing and testing laboratory. The Indian Institute of Science and the Company will jointly own the Intellectual Property rights and patents for technologies and products developed by the laboratory.
- (ii) The Company, also in association with Indian Institute of Science, and Society for Innovation and Development has entered into Collaborative Research Programme called "Cranes – I I Sc" Research Programme. The Parties shall be joint owners of any Intellectual Property Rights and Inventions that may be realized through this programme.
- (iii) Research cost relating to the above are charged to Statement of Profit and Loss and the expenditure incurred relating to the Development phase are treated as advances in Capital Work in progress and will be capitalized when the intangible asset is ready for use as per the criteria laid down by the AS-26.

2.8 Depreciation and Amortization

- (i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- (ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated useful life on a straight line basis.
- (iii) Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.



- (iv) Other Intangible assets are amortized over their respective individual estimated useful life on a straight-line basis, commencing from the date the asset is available to the Company for its use.
- (v) After recognition of impairment loss, the depreciation charge for the asset is on the revalued amount prospectively over the remaining useful life of the asset.

2.9 Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) may be impaired more than of a temporary nature. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.10 Inventories

Inventories of the company comprises of Third Party software products. Such software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

2.11 Investments

- (i) Investments are either classified as current or non current based on the management's intention at the time of purchase.
- (ii) Non current investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- (iii) Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the statement of profit & loss.
- (iv) Investments in Foreign Subsidiaries have been reflected at the exchange rates prevailing at the date of transactions.

2.12 Effect of Exchange Fluctuation on foreign currency transactions

- (i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- (iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- (iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.
- (v) Non – Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.
- (vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.

2.13 Employees' Retirement Benefits

- (i) Post-employment benefit plans



Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

(iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

2.14 Income Tax/ Deferred Tax

(i) Current tax is calculated in accordance with the relevant tax regulations.

(ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.

(iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

(iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.

(v) The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

2.15 Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



2.16 Earnings per Share

- (i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- (ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.17 Leases

- (i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- (ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

2.18 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.



3. NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
AUTHORISED		
165,000,000 (Previous Year 165,000,000) Equity Shares of Rs. 2/- each	330,000,000	330,000,000
2,00,000 (Previous Year 2,00,000) Preference shares of Rs.100/ each	20,000,000	20,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
TOTAL	235,533,700	235,533,700

The Company has only one class of shares referred to as equity shares having a par value of Re.2/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the year.

b) Reconciliation of number of shares

(Amount in Rupees)

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet is Nil.

c) Details of Shareholder holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31-03-2013		As at 31-03-2012	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,652,506	10.74%	12,632,506	10.73%
Bank of India	11,291,723	9.59%	11,291,723	9.59%



3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
(a) Securities Premium Account		
Opening Balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing Balance	1,789,826,374	1,789,826,374
(b) FCCB Premium Redemption Reserve		
Opening Balance	240,000,000	240,000,000
Add: Transfer during the year	-	-
Closing Balance	240,000,000	240,000,000
(c) General Reserve		
Opening Balance	1,843,000,000	1,843,000,000
Add: Transfer during the year	-	-
Closing Balance	1,843,000,000	1,843,000,000
(d) Balance in profit and loss account		
Opening balance	(1,242,080,020)	(978,700,547)
Add: Current year Loss	(2,535,725,582)	(263,379,473)
Closing Balance	(3,777,805,602)	(1,242,080,020)
TOTAL	95,020,772	2,630,746,354

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Secured		
Term Loans from Jammu and Kashmir Bank Limited	274,413,519	349,975,066
Unsecured		
Foreign Currency Term Loan from UPS Capital	34,805,048	43,726,912
TOTAL	309,218,567	393,701,978

Term Loans from Jammu and Kashmir Bank Limited is secured by Hypothecation of Current and Fixed Assets of the Company; Pledge of Shares of Wholly Owned Subsidiary Systat Software Inc; Pari passu charge on Property at Bannerghatta Road; Assignment of Intellectual Property Rights of Sigma Plot Product line and Systat; Personal Guarantee of Whole Time Directors.

Rate of Interest is Base rate + 2.25%, which varies between 10.25% to 10.50% during the year. The Loan was restructured during the month of October 2010 with repayment schedule of 16 equal quarterly installments starting from October 2011.

3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Provision for Compensated absence	1,038,837	2,626,967
Provision for Gratuity	7,056,134	-
TOTAL	8,094,971	2,626,967



3.05 SHORT TERM BORROWINGS - UNSECURED

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Cash Credit facilities from Banks		
Jammu & Kashmir Bank	20,273,767	-
TOTAL	20,273,767	-

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Trade payables	36,288,248	35,409,094
Others (Refer Note No. 3.32 regarding disclosure as required under the provisions of MSMED Act)	494,451,648	366,336,340
TOTAL	530,739,896	401,745,435

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Current Maturities of Long-term debt		
- Jammu & Kashmir Bank Ltd	137,600,000	137,600,000
- UPS Capital Business Credit	4,650,345	3,802,229
- Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up) (Refer Note No. 3.37)	2,920,680,000	2,870,280,000
Loans repayable on demand		
Unsecured		
- Term Loans from Banks		
Bank of India	2,067,304,284	1,805,422,902
Allahabad Bank	325,857,920	285,903,308
Canara Bank	476,837,453	410,744,588
Industrial Development Bank of India	352,720,182	302,648,107
State Bank of India	1,036,131,035	920,575,519
State Bank of Mysore	322,852,072	278,976,048
- Cash Credit facilities from Banks		
Bank of India	475,031,440	422,580,362
State Bank of Travancore	425,736,768	377,513,646
Unclaimed Dividend	907,176	962,143
Amounts due and payable to Investor Education and Protection Fund	96,646	60,326
Statutory dues (Including Provident Fund, Withholding and other taxes) (Refer Note No. 3.28)	103,384,920	82,129,434
Director's Current Account	385,482,202	375,893,962
Employee benefits Payable	167,724,283	164,630,181
Dues to related Parties	16,299,887	30,571,940
Advance received from Customers	10,730,572	16,278,156
Unpaid dividend on Equity Shares	23,553,370	23,553,370
Unpaid Dividend Distribution Tax	27,388,281	27,388,281
Other Advances	1,634,084,047	1,461,834,646
Book Overdraft	-	3,317,047
TOTAL	10,915,052,881	10,002,666,194


Defaults in repayment of Loans as at 31st March, 2013

(Amount in Rupees)

PARTICULARS	Period of Default	Amount of Default		
		Principal	Interest	Total
Terms Loans from Banks				
Bank of India	From 2009 to Till Date	1,400,000,000	667,304,284	2,067,304,284
Allahabad Bank	From 2009 to Till Date	250,000,000	75,857,920	325,857,920
Canara Bank	From 2009 to Till Date	250,000,000	226,837,453	476,837,453
Industrial Development Bank of India	From 2009 to Till Date	220,000,000	132,720,182	352,720,182
State Bank of India	From 2009 to Till Date	700,000,000	336,131,035	1,036,131,035
State Bank of Mysore	From 2009 to Till Date	250,000,000	72,852,072	322,852,072
Cash Credit facilities from Banks				
Bank of India	From 2009 to Till Date	300,000,000	175,031,440	475,031,440
State Bank of Travancore	From 2009 to Till Date	300,000,000	125,736,768	425,736,768

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2012	As at 31-03-2011
Provision for Warranty		
Opening Balance	-	70,000,000
Less: Reversal during the year	-	(70,000,000)
Provision for Gratuity	256,444	-
Provision for Compensated absence	102,919	-
Provision for Income Tax (Net of advance tax and TDS)	22,350,005	-
TOTAL	22,709,368	-

3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation			Net Block		
	Cost as on April 1, 2012	Additions	Deletions	Total as on March 31, 2013	Upto April 1, 2012	for the year	Withdrawn	Total Upto March 31, 2013	As on March 31, 2013	As on March 31, 2012
Tangible Assets										
Land & Building	94,712,158	-	-	94,712,158	2,485,145	80,395	-	2,565,540	92,146,618	92,227,013
Furniture & Fixtures	66,823,858	114,500	-	66,938,358	29,951,101	4,150,235	-	34,101,336	32,837,022	36,872,757
Computers	123,493,730	256,623	-	123,750,353	104,499,901	6,575,294	-	111,075,195	12,675,158	18,993,829
Plant & Machinery	64,298,261	89,457	-	64,387,718	17,374,317	3,058,389	-	20,432,706	43,955,012	46,923,944
Vehicle	19,148,149	-	-	19,148,149	11,438,432	1,690,813	-	13,129,245	6,018,904	7,709,717
Technical Books	101,079	-	-	101,079	39,412	4,800	-	44,212	56,867	61,667
Total A	368,577,235	460,580	-	369,037,815	165,788,308	15,559,926	-	181,348,234	187,689,581	202,788,927
Intangible Assets										
Goodwill	387,360,000	-	-	387,360,000	-	-	-	-	387,360,000	387,360,000
Computer Software	4,546,448,001	-	-	4,546,448,001	3,771,757,900	408,191,245	-	4,179,949,145	366,498,856	774,690,101
Total B	4,933,808,001	-	-	4,933,808,001	3,771,757,900	408,191,245	-	4,179,949,145	753,858,856	1,162,050,101
Total (A + B)	5,302,385,236	460,580	-	5,302,845,816	3,937,546,208	423,751,171	-	4,361,297,379	941,548,437	1,364,839,028
Previous Year	5,292,567,251	9,817,985	-	5,302,385,236	3,455,252,491	482,293,717	-	3,937,546,208	1,364,839,028	1,837,314,760



3.10 INVESTMENT

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Long-Term : Trade Investment (Unquoted - at cost)		
Subsidiaries :		
Systat Software Inc. USA 974,166 Equity shares of face value USD 1/- each fully paid up (Previous year 974,166 Equity shares of face value USD 1/- each fully paid up)	185,117,768	185,117,768
Systat Software Asia Pacific Limited 380,000 Equity Shares of Rs.10/- each fully paid up (Previous year 380,000 Equity shares of Rs.10/- each fully paid up)	3,800,000	3,800,000
Systat Software GmbH-Germany 1 Equity Share of 25,000 Euros fully paid up (Previous year 1 Equity share of 25,000 Euros fully paid up)	1,447,500	1,447,500
Cranes Software International Pte Limited - Singapore 165,692 Equity shares of Singapore Dollars 1/- each fully paid up. (Previous year 165,692 Equity shares of Singapore Dollars 1/- each fully paid up)	4,430,582	4,430,582
Cranes Software Inc (erstwhile NISA Software Inc) 26,91,855 Equity shares of USD 1 each fully paid up (Previous year 26,91,885 Equity shares of USD 1 each fully paid up)	450,072,825	450,072,825
Tilak Auto Tech Private Limited 1,000 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 1,00,000 Equity shares of Rs.10/- each fully paid up)	5,162,487	5,162,487
Analytix Systems Private Limited 20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 20,000 Equity shares of Rs.10/- each fully paid up)	63,000,000	63,000,000
Caravel Info Systems Pvt Ltd 1,20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 1,20,000 Equity shares of Rs.10/- each fully paid up)	36,233,187	36,233,187
Proland Software Pvt Ltd 4,840 Equity Shares of Rs. 100/- each fully paid up (Previous Year - 4,840 Equity shares of Rs.100/- each fully paid up)	31,889,280	31,889,280
Esqube Communication Solutions Private Limited 8,942 Equity shares of Rs.10/- each fully paid up (Previous Year - 8,942 Equity shares of Rs.10/- each fully paid up)	17,977,989	17,977,989
OTHERS		
Cranes Software Middle East LLC - UAE 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	800,917,790	800,917,790



3.11 DEFERRED TAX ASSETS (NET)

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Deferred Tax Asset Attributable to :		
Brought forward losses	1,180,245,700	1,195,394,000
Provision for Retirement Benefits	2,612,400	812,000
Expenses allowable on payment	266,231,500	224,861,000
Less:		
Deferred Tax Liability Attributable to :		
Difference between Book and Tax Depreciation	(124,112,700)	(240,649,000)
TOTAL	1,324,976,900	1,180,418,000

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Unsecured, considered Good		
Earnest Money Deposits	4,411,940	4,804,292
Other Deposits	2,155,012	2,107,002
Rent Deposits	6,423,000	10,098,000
Security Deposits	529,474	497,574
Disputed Tax Payments	14,992,086	14,492,086
Loans & Advances:		
- Related Parties (Subsidiaries)	1,943,938,978	1,782,422,828
- Others	2,361,083,442	2,384,337,620
TOTAL	4,333,533,932	4,198,759,402

3.13 INVENTORY

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Stock in Trade	7,727,734	12,203,671
Goods in transit	-	396,490
TOTAL	7,727,734	12,600,161

3.14 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Debts overdue for a period exceeding six months		
Unsecured, considered good		
From Subsidiaries	535,343,452	457,614,756
From Others	3,224,023,368	3,227,450,353
Less: Provision for doubtful debts	(2,130,000,000)	(650,000,000)
A	1,630,366,820	3,035,065,109
Other Debts		
Unsecured, Considered good		
From Subsidiaries	58,863,529	53,869,101
From Others	50,437,129	58,409,114
B	109,300,658	112,278,215
TOTAL (A + B)	1,739,667,478	3,147,343,324

**3.15 CASH AND BANK BALANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Cash and Cash Equivalents:		
Cash on hand	32,802	1,999
Bank balances:		
In Current Accounts	1,658,164	8,999,344
Other Bank Balances:		
Balances with Bank held as Margin		
Money with maturity of 3 to 12 Months	10,060,753	10,126,529
Unpaid Dividend Account	955,856	974,328
TOTAL	12,707,576	20,102,200

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Prepaid Expenses	114,105	302,334
Advance to Employee & Suppliers	7,894,854	2,318,218
Other Current Assets	50,694,660	-
MAT Credit Entitlement	163,500,000	163,500,000
Balances with Revenue Authorities		
- Income Tax (Net of provisions)	-	7,617,859
- Service Tax	-	18,370,357
TOTAL	222,203,620	192,108,768

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
(a) Sale of Products		
- Hardware Products	36,414,612	63,335,107
- Software Licences	124,831,931	123,772,361
(b) Sale of Services	53,732,684	73,250,603
TOTAL	214,979,227	260,358,071

3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
(a) Interest received	1,977,246	195,544
(b) Liabilities written back to the extent no longer required	9,680,210	82,636,856
(c) Exchange Fluctuation gain	163,989,238	-
(d) Other Income	305,271	46,964
(e) Excess provision for leave encashment reversed	1,485,211	-
TOTAL	177,437,177	82,879,364



3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Stock at the end of the year	7,727,734	12,203,671
Stock at the beginning of the year	12,203,671	9,390,666
Increase / (Decrease) in stock	4,475,937	(2,813,005)

3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Salaries and Wages	87,819,110	102,488,588
Contribution to provident and other funds	1,559,226	1,472,435
Staff Welfare Expenses	994,390	715,681
Gratuity	7,312,578	-
TOTAL	97,985,304	104,676,704

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Interest on long term borrowings	62,781,663	71,252,483
Other borrowing costs	834,818,782	675,975,218
Interest on Statutory Dues	4,509,993	-
TOTAL	902,110,438	747,227,701

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Depreciation on Tangible Assets	15,559,926	17,046,565
Amortization on Intangible Assets	408,191,245	465,247,152
TOTAL	423,751,171	482,293,717

**3.23 OTHER EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Payment to Auditor		
- As Audit Fee	600,000	600,000
- As Reimbursement of Expenses	23,475	22,450
Power and fuel	4,738,147	4,695,441
Rent	6,426,888	10,242,684
Repairs and Maintenance		
- Buildings	-	59,419
- Machinery	122,358	266,746
- Others	2,015,382	2,476,028
Insurance	235,802	565,594
Rates and Taxes, excluding taxes on income	26,453,517	31,119
Provision for Bad and Doubtful Debts	1,480,000,000	650,000,000
Marketing Expenses	22,765,175	29,714,552
Bad Debts	33,493	4,161,959
Travelling and Conveyance	11,034,744	9,289,753
Communication Expenses	3,120,774	3,516,188
Exchange Fluctuations (Net)	-	486,241,814
Legal & Professional Charges	2,684,202	9,671,244
Miscellaneous expenses	7,872,240	8,964,589
TOTAL	1,568,126,198	1,220,519,581

3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Prior period Tax adjustment	35,241,956	-
Prior period expenses	711,472	48,823,670
TOTAL	35,953,428	48,823,670

3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Amounts written back on one time settlement		
- Trade Payables	-	73,888,596
- Loan amounts from Banks	-	1,193,996,966
- Interest liabilities to Banks	-	171,254,363
TOTAL	-	1,439,139,925



3.26 EARNINGS PER SHARE

(Amount in Rupees)

Particulars	For the Year March 31, 2013		For the Year March 31, 2012	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit after tax (in Rs.)	(2,535,725,582)	(2,535,725,582)	(1,702,519,398)	(263,379,473)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(21.53)	(21.53)	(14.46)	(2.24)
(b) Diluted				
Profit after tax (in Rs.)	(2,535,725,582)	(2,535,725,582)	(1,702,519,398)	(263,379,473)
Adjusted net profit for the year	(2,535,725,582)	(2,535,725,582)	(1,702,519,398)	(263,379,473)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(21.53)	(21.53)	(14.46)	(2.24)
Face value per share (in Rs.)	2.00	2.00	2.00	2.00

3.27 CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	245,972,000	123,579,740
(b) Service Tax matters	75,602,762	75,798,122
(c) Guarantees and Counter Guarantee	10,014,960	10,126,529
(d) Others	5,515,000	5,515,000
TOTAL	460,690,151	215,019,391

3.28 UNDISPUTED STATUTORY DUES REMAINING UNPAID AS AT 31ST MARCH, 2013

(Amount in Rupees)

Name of the Statute	Nature of dues	Total Liability as at	
		31.03.2013	31.03.2012
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	7,508,164	7,270,540
Commercial Taxes Act	Professional Tax	2,380,630	2,285,230
Employees State Insurance Act	ESI	280,184	35,793
Income Tax Act	Withholding Taxes	77,026,822	67,586,065
Service Tax Act	Service Tax	10,360,015	-
Karnataka State Commercial Taxes Act	Sales Tax/Value Added Tax	5,539,000	4,620,257
Income Tax Act	Self Assessment Tax	69,696,284	60,794,420
Wealth Tax Act	Wealth Tax	88,000	80,000
Income Tax Act	Dividend Distribution Tax	27,388,281	27,388,281
Income Tax Act	Fringe Benefit Tax	41,304	-



3.29 CASE FILED AGAINST THE COMPANY FOR RECOVERY OF DUES AND PENDING FOR DISPOSAL BEFORE VARIOUS COURTS

(Amount in Rupees)

Name of Institution	Amount of Claim	In which Forum
A. Under Section 434 of Companies Act, 1956		
1. Bank of New York (Trustee of Foreign Currency Convertible Bondholders)	3,321,896,643	High Court, Karnataka
B. Under Section 138 of Negotiable Instruments Act, 1881		
1. IDBI Bank	43,200,000	} Metropolitan Court, Bangalore
2. Allahabad Bank	7,000,000	
3. State Bank Mysore	250,000,000	
4. Canara Bank	70,000,000	
5. State Bank of India	60,000,000	
C. Under Debt Recovery Act, 1993		
1. Canara Bank	293,337,614	} Debt Recovery Tribunal
2. Bank of India	1,968,848,033	
3. State Bank of Mysore	310,797,206	
4. State Bank of Travancore	321,230,671	
5. IDBI Bank	221,143,301	
6. Allahabad Bank	271,700,836	
7. State Bank of India	860,041,527	

3.30 ACTIVITIES IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Earnings in Foreign Currency – FOB value of exports	101,535,009	98,403,431
Expenditure incurred in Foreign Currency	172,989,906	172,994,691
Trading Goods (valued on CIF basis)	7,800,208	3,294,226
Travelling, Boarding & Lodging Expenses	2,053,884	536,291
Marketing Expenses	21,749,918	28,455,272
Interest	141,146,658	140,703,719
Others	239,238	5,182

3.31 TRADE RECEIVABLES INCLUDE, DUES FROM SUBSIDIARY COMPANIES AS UNDER

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Dunn Solutions Group Inc	6,582,985	6,192,048
Systat Software Inc, USA	577,487,367	493,656,879
Systat Software GmbH,	8,863,189	11,634,929
Proland Software Pvt. Ltd.	1,273,440	-
TOTAL	594,206,981	511,483,857

**3.32 DUES TO MICRO AND SMALL ENTERPRISES**

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

The above information is prepared based on the information available with the Management.

3.33 In the opinion of Board of Directors, all assets, investments have atleast the value as stated in the Balance Sheet, if realised in the ordinary course of business

3.34 IMPAIRMENT OF ASSETS

Pursuant to Accounting Standard AS 28 : Impairment of Assets issued by the Companies Accounting Standard Rules, 2006, the company assessed its fixed assets for impairment as at 31st March 2013 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

3.35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY INSTRUMENTS

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2013 amounts to Rs. 6,94,46,67,707/- (Previous Year : Rs. 9,11,44,75,587/-)



Particulars of unhedged foreign currency exposure as at the reporting date.

PARTICULARS	CURRENCY	Current Year	Previous Year
Receivables	US Dollars	46,899,503	96,210,177
	Euro	13,738,689	13,108,020
	Sterling Pound	8,151	-
	Arab Emirates Dhiram	185,083	296,835
	Australian Dollar	-	124,791
	Singapore Dollar	633,796	1,490,354
Payables	US Dollars	1,010,493	1,239,123
	Euro	48,121,064	46,105,063
	Sterling Pound	31,536	111,735
	Arab Emirates Dhiram		
	Australian Dollar	58,120	21,620
	Singapore Dollar	1,236	808
		recognised @ Rs	recognised @ Rs
	US Dollars	54.39	51.16
	Euro	69.54	68.34
	Sterling Pound	82.32	81.80
	AED	14.79	15.07
	AUD	56.62	49.44
	SGD	43.81	41.24

3.36 Confirmation of balances in respect of Trade Receivables and Trade Payables has not been obtained in a few cases.

3.37 FOREIGN CURRENCY CONVERTIBLE BONDS

The Foreign Currency Convertible Bonds carry coupon rate 2.50%, payable half yearly. In case of default of payment of interest the coupon rate stands increased to 4.80%.

During March 2011, the convertible foreign currency bonds had become due for conversion to Equity Shares and none of the bond holders have exercised their option for conversion. Correspondingly, the amounts had become due for payment as on the closure of such exercise and is yet to be redeemed as on the date of the balance sheet.

3.38 LOANS AND ADVANCES INCLUDES, DUES FROM COMPANIES UNDER THE SAME MANAGEMENT, AS UNDER
(Disclosure required by Clause 32 of the Listing Agreement)

(Amount in Rupees)

PARTICULARS	Current Year	Maximum Amount outstanding during the year	Previous Year	Maximum Amount outstanding during the previous year
Cranes Software International Pte Ltd-Singapore	82,471,034	86,224,143	59,709,598	82,330,000
Cranes Software Inc	234,334,552	303,023,843	282,980,721	383,120,000
Tilak Auto Tech Pvt. Ltd	20,189,041	20,189,041	20,189,041	20,189,041
Systat Software GmbH	889,016,618	923,651,876	873,551,564	879,810,000
Systat Software Inc USA	632,600,766	638,436,918	458,812,466	627,620,000
Proland Software Pvt Ltd	4,141,218	16,888,244	9,340,787	9,340,787
Esquebe Communication Solutions Pvt. Ltd.	23,478,500	23,840,824	23,750,514	23,750,514
Caravel Info System Pvt Ltd	7,463,449	14,323,798	4,198,637	8,090,000
Systat Software Asia Pacific Limited	-	-	2,284,824	23,650,000
Cubeware GmbH	50,243,800	50,999,024	47,604,677	50,500,000
TOTAL	1,943,938,978	2,077,577,711	1,782,422,829	2,108,400,341



3.39 DETAILS OF AUDITORS REMUNERATION

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	600,000	600,000
Out of Pocket Expenses	23,475	22,450
TOTAL	623,475	622,450

3.40 GRATUITY & LEAVE ENCASHMENT

(Amount in Rupees)

PARTICULARS	Current Year		Previous Year	
	Gratuity	Compensated absence	Gratuity	Compensated absence
(I) Change in Benefit Obligations:				
Projected Benefit Obligation, beginning of the year (April 1, 2012)	5,550,976		3,030,000	12,159,690
Service Cost	633,347	1,141,756	548,125	2,626,967
Interest Cost	471,833		250,160	
Actuarial (gain) / loss on obligations	20,717,538		3,920,416	
Benefits (paid / Reversals)	(20,061,116)		(2,199,970)	(12,159,690)
Projected Benefit Obligation, at the end of the year	7,312,578	1,141,756	5,548,731	2,626,967
(II) Change in Plan Assets:				
Fair value of Plan Assets, beginning of the year (April 1, 2012)	6,092,861		7,770,000	
Expected return on Plan Assets	523,986		641,224	
Employer's contributions	19,172,374		-	
Benefit paid	(20,061,116)		(2,199,970)	
Actuarial (gain) / loss on Plan Assets	295,341		(120,810)	
Fair value of Plan Assets, at the end of the year	6,023,446	-	6,090,444	-
Excess of (obligation over plan assets) / plan assets over Obligation	(1,289,132)		541,713	
(Accrued Liability) / Prepaid Benefit	(1,289,132)	(1,141,756)	541,713	(2,626,967)
(III) Net cost for the year ended March 31, 2013				
Service Cost	633,347		548,125	
Interest on Defined Benefit Obligation	471,833		250,160	
Expected return on Plan Assets	(523,986)		(641,224)	
Net Actuarial (gain) / loss recognized in the year	20,422,197		4,041,226	
Net Gratuity and other cost	21,003,391		4,198,287	
Actual Return on Plan Assets	819,327		520,414	
(IV) Category of Assets as at March 31, 2013				
Insurer Managed Funds	6,023,446		6,092,861	
Total	6,023,446		6,092,861	
(v) Assumptions used in accounting for the Gratuity Plan				
Discount Rate	8.00%	8.00%	8.50%	8.50%
Salary escalation rate	4.00%	4.00%	4.00%	4.00%
Expected rate of return on Plan Assets	8.70%	8.50%	8.60%	8.50%

**3.41 OBLIGATIONS TOWARDS LONG TERM, NON-CANCELLABLE OPERATING LEASES**

The Company has taken various offices, vehicles, computers, furniture and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

The rental expenses in respect of operating leases recognized in the statement of profit and loss are Rs. 64,26,888/- for the year ended March 31, 2013. (Previous year Rs. 1,02,42,684/-)

Lease rentals due for the period not exceeding period of 1 year	Rs. 9,61,324/-
Lease rentals due for the period 1 to 5 years	Nil
Lease rentals due for the period exceeding 5 years	Nil

3.42 RESEARCH & DEVELOPMENT

Research & development expenditure recognized as expenses during the year amounted to Rs. Nil. (Previous year Rs. Nil)



3.42 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	For the Year 31st March 2013	For the Year 31st March 2012
Sale of goods	Direct Subsidiary	Systat Software Inc	44,087,370	53,280,112
	Direct Subsidiary	Systat Software GmbH	15,897,582	20,056,504
	Direct Subsidiary	Cranes Software International Pte Ltd	121,780	95,851
	Indirect Subsidiary	Systat Software UK Ltd	9,421,230	-
			69,527,962	73,432,467
Purchase of goods	Indirect Subsidiary	Engineering Technology Associates Inc	27,192	326,802
	Direct Subsidiary	Cranes Software Pte Ltd	2,150,000	2,376,498
			2,177,192	2,703,300
Receiving of services	Direct Subsidiary	Systat Software Inc	21,731,772	28,429,948
			21,731,772	28,429,948
Remuneration paid	Key Managerial Personnel	Asif Khader	2,400,000	-
			2,400,000	-

(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	For the Year	
			31st March 2013	31st March 2012
Loans taken	Key Managerial Personnel	Mr. Asif Khader & Mr. Mukkaram Jan	-	1,020,436
	Direct Subsidiary	Systat Software Inc	101,178,691	80,783,420
	Direct Subsidiary	Systat Software GmbH	16,618,217	39,493,256
	Direct Subsidiary	Cranes Software Inc	56,828,549	-
	Indirect Subsidiary	Cubeware	-	2,900,000
	Direct Subsidiary	Esquebe Communication Solutions Pvt Ltd	1,052,107	756,284
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	14,982,590	6,375,058
	Direct Subsidiary	Analytix Systems Pvt Ltd	12,746,615	79,812,732
	Direct Subsidiary	Systat Software Asia Pacific Ltd	32,551,051	56,342,206
	Direct Subsidiary	Proland Software Pvt Ltd	20,728,946	-
			256,686,766	267,483,392
Loans given	Direct Subsidiary	Systat Software Inc	140,047,207	80,378,177
	Direct Subsidiary	Systat Software GmbH	-	109,154
	Direct Subsidiary	Cranes Software Inc	-	25,192,660
	Direct Subsidiary	Cranes Software International Pte Ltd	9,921,583	18,938,153
	Direct Subsidiary	Esquebe Communication Solutions Pvt Ltd	780,093	613,810
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	18,247,402	2,483,214
	Direct Subsidiary	Analytix Systems Pvt Ltd	15,582,821	77,169,135
	Direct Subsidiary	Systat Software Asia Pacific Ltd	24,875,012	42,550,785
	Direct Subsidiary	Proland Software Pvt Ltd	15,529,377	2,331,325
	Direct Subsidiary	Tilak Autotech Pvt Ltd	-	659,103
			224,983,496	250,425,516
Trade Receivables	Direct Subsidiary	Systat Software Inc	577,487,367	493,656,879
	Direct Subsidiary	Systat Software GmbH	8,863,189	11,634,929
	Direct Subsidiary	Proland Software Pvt Ltd	1,273,440	-
	Indirect Subsidiary	Dunn Solutions Group Inc	6,582,985	6,192,048
			594,206,981	511,483,858



(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	As at 31st March 2013	As at 31st March 2012
Payable at the year end	Other related party	K & J Holdings Pvt Ltd	-	13,236,202
	Direct Subsidiary	Analytix Systems Pvt Ltd	1,045,438	3,881,644
	Indirect Subsidiary	Dunn Solutions Groups Inc	4,351,200	4,092,800
	Indirect Subsidiary	Engineering Technology Associates Inc	407,109	753,850
	Direct Subsidiary	Systat Software Inc	-	8,607,444
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	2,461,750	-
	Indirect Subsidiary	Systat Software UK Ltd	2,393,174	-
	Indirect Subsidiary	Dunn Solutions India Pvt Ltd	250,000	-
	Direct Subsidiary	Systat Software Asia Pacific Ltd	5,391,215	-
	Key Management Personnel		385,482,202	375,893,962
			401,782,089	406,465,901
Receivable at the year end	Direct Subsidiary	Caravel Info Systems Pvt Ltd	7,463,449	4,198,637
	Direct Subsidiary	Cranes Software Inc	234,334,552	282,980,721
	Direct Subsidiary	Cranes Software International Pte Ltd	82,471,034	59,709,598
	Direct Subsidiary	Esquebe Communication Solutions Pvt. Ltd.	23,478,500	23,750,514
	Direct Subsidiary	Proland Software Pvt Ltd	4,141,218	9,340,787
	Direct Subsidiary	Systat Software Asia Pacific Limited	-	2,284,824
	Direct Subsidiary	Systat Software GmbH	889,016,618	873,551,564
	Direct Subsidiary	Systat Software Inc	632,600,766	458,812,466
	Direct Subsidiary	Tilak Auto Tech Private Ltd.	20,189,041	20,189,041
	Indirect Subsidiary	Cubeware GmbH	50,243,800	47,604,677
			1,943,938,978	1,782,422,828



List of Related Parties

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries	Other related party
Mr. Asif Khader	Systat Software Inc, USA	Dunn Solutions Group Inc,	Orca Infotech Private Limited
Mr. Mukkaram Jan	Systat Software Asia Pacific Limited	Engineering Technology Associates Inc with	K & J Holdings Private Limited
Mr. Mueed Khader	Cranes Software International Pte Ltd., Singapore	its subsidiary, Engineering Technology Associates (Shanghai) Inc, China	K & J Telecom Private Limited
	Systat Software GmbH, Germany	Cubeware GmbH and its subsidiaries in	Jansons Land & Property
	Cranes Software Inc	Austria and Switzerland	Development Pvt Ltd
	Analytix Systems Private Limited	Dunn Solutions India Pvt Ltd	SPSS South Asia Private Limited
	Tilak Autotech Private Limited	Systat Software UK Ltd	Keysoft Solutions Private Limited
	Caravel Info Systems Pvt Ltd		Spice Capital Fund Private Limited
	Proland Software Pvt Ltd		Sea Equity Private Limited
	Esquebe Communication Solutions Pvt Ltd		Samra Investments Bangalore Private Limited
			Source Majeure Software Private Limited
			Predictive Analytics Solutions Private Limited

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from / to them



3.43 SEGMENT REPORTING

The Company has identified geographic segments as its primary segment and business segments as its secondary segments.

Primary Segments- a) Exports
b) Domestic

Secondary Segments- a) Proprietary Products and Services
b) Product Alliances

PRIMARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENT

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	101,535,009	113,444,218	214,979,227	98,403,431	161,954,640	260,358,071
2	Segment Results	(444,542,044)	(1,511,069,178)	(1,955,611,222)	(79,785,671)	(130,176,622)	(209,962,293)
	Other Income			177,437,177			82,879,364
	Operating Profit			(1,778,174,045)			(127,082,929)
	Interest Expenses			902,110,438			747,227,701
	Profit before tax			(2,680,284,482)			(874,310,630)
	Tax Expenses			144,558,900			610,931,157
	Profit after tax			(2,535,725,582)			(263,379,473)
3	Segments Assets	7,572,950,275	2,524,316,758	10,097,267,033	10,248,193,959	3,416,064,653	13,664,258,612
	Total Assets			10,097,267,033			13,664,258,612
	Segment liabilities	2,188,698,391	729,566,130	2,918,264,521	2,961,884,709	987,294,903	3,949,179,612
	Total Liabilities			2,918,264,521			3,949,179,612
	Segments Capital Employed (Segment Assets-Segment Liabilities)	5,384,251,884	1,794,750,628	7,179,002,512	7,286,309,250	2,428,769,750	9,715,079,000
4	Capital Expenditure	182,574	278,006	460,580	3,891,849	5,926,136	9,817,985
5	Depreciation	199,120,675	224,630,496	423,751,171	226,629,817	255,663,899	482,293,716

SECONDARY SEGMENT INFORMATION - BUSINESS SEGMENT

(Amount in Rupees)

Sl. No.	Particulars	Current Year		Previous Year	
		Proprietary products and services	Product Alliances	Proprietary products and services	Product Alliances
1	Segment Revenue	157,767,790	57,211,437	177,508,525	82,849,546
2	Segment Result	(1,934,340,741)	(21,270,481)	(103,064,256)	(24,018,674)
3	Segment Assets	9,088,550,057	1,008,716,977	12,297,832,752	1,366,425,861
4	Capital Expenditure	336,223	124,357	7,735,590	2,082,395



3.44 PAYMENT OF DIVIDEND DECLARED IN MEMBERS' MEETING HELD ON 29TH SEPTEMBER, 2009

At the meeting of the Members of the Company held on 29th September, 2009, it was resolved that Dividend on Ordinary Shares at the rate of Rs 0.20 per share will be distributed to Members in the rolls as on the Record Date, 23rd September, 2009. Owing to the liquidity position of the Company, it has not been possible to make this payment. Liability of this amount continues to exist as on 31st March, 2013.

3.45 A Sum of Rs. 148 Crore has been provided in the books of accounts as provision for bad and doubtful debts. Application is made to the concern statutory authority to write off these debts and their approval awaited.

3.46 Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable.

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
Partner
Membership No. 201862

Asif Khader
Managing Director

Mueed Khader
Director

P. Phaneendra
Company Secretary

Seattle, USA
May 30, 2013

Bengaluru
May 30, 2013



CRANES SOFTWARE INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2012-2013





INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Members of Cranes Software International Limited,

1. We have examined the attached Consolidated Balance Sheet of M/s. Cranes Software International Limited, Bangalore, (the Company) and its subsidiaries as at 31st March 2013, and Consolidated Statement of Profit and loss and Consolidated Cash flow Statement for the year ended on that date annexed thereto.
2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We would like to opine as follows :
 1. **Our audit report has to be read along with the observations and qualifications as appearing in our audit report of even date in respect of the standalone financials of Cranes Software International Limited.**
 2. **Consolidated accounts of the Company includes, "unaudited financials of Cranes Software International Pte Limited, Singapore and not audited financials.**
7. We did not audit the financial statements of Subsidiary Companies, whose financial statements reflect total assets of Rs. 42,164 Lakhs as at March 31, 2013 and total revenues (including other income) of Rs. 30, 102 Lakhs for the year then ended and expenditure amounting to Rs. 31,239 Lakhs. These financial statements have been audited by other Auditors (except for those stated above) whose reports have been furnished to us, and in our opinion, insofar as it relates the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other Auditors (except for those stated above).
8. In our opinion and to the best of our information and according to the explanations given to us, subject to note no. 6 above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance sheet, of the state of affairs of the Company as at March 31, 2013:
 - b) in the case of the Consolidated. Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) in the case of the Consilidated Cash Flow Statement, of the cash flows for the year ended on that date

for **S.JANARDHAN & ASSOCIATES**

Chartered Accountants

Firm Registration No. 005310S

Vijay Bhatia

Partner

Membership No.201862

Seattle, USA
May 30, 2013



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	Note No.	As at 31-03-2013	As at 31-03-2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3.01	235,533,700	235,533,700
(b) Reserves and Surplus	3.02	510,116,778	3,231,035,532
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	418,191,298	517,056,368
(b) Long-term provisions	3.04	9,923,424	4,398,981
(4) Current Liabilities			
(a) Short-term borrowings	3.05	92,068,567	86,629,492
(b) Trade Payables	3.06	637,595,311	667,490,546
(c) Other current liabilities	3.07	11,254,026,777	10,164,407,418
(d) Short-term provisions	3.08	22,709,368	-
TOTAL		13,180,165,223	14,906,552,037
II. ASSETS			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	3.09	208,158,236	223,358,094
(ii) Intangible assets		3,669,235,022	4,058,716,549
(iii) Intangible assets under development		3,218,648,039	3,219,892,943
(iv) Capital work in progress		3,428,500	-
(b) Non-current investments	3.10	1,786,172	1,786,172
(c) Deferred tax assets (net)	3.11	1,503,849,667	1,301,867,390
(d) Long term loans and advances	3.12	2,442,221,010	2,653,349,669
(2) Current assets			
(a) Inventories	3.13	19,591,905	48,049,845
(b) Trade receivables	3.14	1,708,567,921	2,918,296,349
(c) Cash and Bank Balances	3.15	104,112,458	167,057,882
(d) Short-term loans and advances	3.16	300,566,293	314,177,144
TOTAL		13,180,165,223	14,906,552,037
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date
For S.Janardhan & Associates
 Chartered Accountants
 Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

Seattle, USA
 May 30, 2013

Bengaluru
 May 30, 2013



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	Note No.	For the Year Ended 31st March 2013	For the Year ended 31st March 2012
Revenue from operations	3.17	3,099,689,317	2,699,459,018
Other Income	3.18	208,673,644	101,451,632
Total Revenue		3,308,362,961	2,800,910,650
Expenses:			
Cost of Materials consumed		-	-
Purchases of stock-in-trade		1,467,590,764	1,165,948,118
Changes in inventories of Stock-in-Trade	3.19	28,043,453	(21,578,783)
Employee benefit expense	3.20	986,092,227	920,685,879
Financial costs	3.21	931,396,015	760,204,200
Depreciation and amortization expenses	3.22	542,177,554	857,737,896
Other expenses	3.23	2,111,179,945	1,754,621,260
Total Expenses		6,066,479,959	5,437,618,570
(Loss) before exceptional and extraordinary items and tax		(2,758,116,998)	(2,636,707,920)
Exceptional Items	3.24	35,953,428	-
Loss before extraordinary items and tax		(2,794,070,426)	(2,636,707,920)
Extraordinary Items (Net of taxes)	3.25	-	1,387,429,405
Loss before tax		(2,794,070,426)	(1,249,278,515)
Tax expense:			
(1) Current tax		(18,711,061)	(9,251,882)
(2) Deferred tax		194,336,555	657,241,814
(3) Income tax for earlier year		270,174	-
Loss for the period		(2,618,715,105)	(601,288,583)
Less: Share of Minority Interests		61,140	160,115
(Loss) for the period		(2,618,653,965)	(601,128,468)
Earning per equity share:			
(1) Basic / Diluted excluding extraordinary items, net of tax expense		(22.24)	(16.89)
(2) Basic / Diluted including extraordinary items		(22.24)	(5.10)
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date

For S.Janardhan & Associates

Chartered Accountants

Firm Registration No. 005310S

For and on behalf of the Board**Vijay Bhatia**

Partner

Membership No. 201862

Seattle, USA
May 30, 2013**Asif Khader**

Managing Director

Bengaluru
May 30, 2013**Mueed Khader**

Director

P. Phaneendra

Company Secretary

**STATEMENT OF CASH FLOWS**

AS AT MARCH 31, 2013

(Amount in Rupees)

PARTICULARS	Current year	Previous Year
Cash flows from Operating Activities		
Net profit before taxation and extraordinary items	(2,794,070,426)	(2,636,707,920)
Adjustments for:		
Foreign Exchange Loss (Net)	61,724,459	488,964,681
Depreciation and amortization	542,177,554	857,737,896
Interest expense on borrowings	931,396,015	760,204,200
Operating profit before working capital changes	(1,258,772,398)	(529,801,143)
Adjustments for working capital		
Inventory	28,457,940	(21,578,783)
Trade Receivable	1,196,635,204	(773,171,146)
Short term Loans and advances	13,610,851	(56,764,373)
Current liabilities	335,092,447	1,654,468,093
Cash generated from operations	315,024,045	1,489,441,245
Adjustments for		
Net cash from Operations before extraordinary items	315,024,045	1,489,441,245
Extraordinary items	-	1,387,429,405
Net cash generated from Operating Activities	315,024,045	(102,011,840)
Cash flows from Investing Activities		
(Increase)/Decrease in Work in Progress	-	18,169,129
Acquisition of property, fixed assets (including advances)	(139,679,764)	(183,067,770)
Net cash from Investing Activities	(139,679,764)	(164,898,641)
Cash flows from Financing Activities		
Interest on borrowed funds	(931,396,015)	(760,204,200)
Borrowings Long Term	476,453,209	1,132,915,515
Long term loans and advances	211,128,659	(48,193,147)
Long term Provisions	5,524,443	(9,825,209)
Net cash from Financing Activities	(238,289,704)	314,692,959
Net increase/(decrease) in Cash and Cash Equivalents	(62,945,423)	47,782,477
Opening cash and cash equivalents	167,057,881	119,275,404
Closing cash and cash equivalents	104,112,458	167,057,881

As per our report of even date

For S.Janardhan & Associates

Chartered Accountants

Firm Registration No. 005310S

For and on behalf of the Board**Vijay Bhatia**

Partner

Membership No. 201862

Seattle, USA

May 30, 2013

Asif Khader

Managing Director

Bengaluru

May 30, 2013

Mueed Khader

Director

P. Phaneendra

Company Secretary



1. BACKGROUND

Cranes Software International Limited (CSIL) was incorporated on 22nd December, 1984. CSIL is a Company that provides Enterprise Statistical Analytics and Engineering Simulation Software Products and Solutions across the globe. Presently, CSIL has developed IP's and products in data Integration & visualization, engineering simulations, Graphing, plotting and designing modules. The Company is head quartered in Bangalore and has offices in India, United States of America, United Kingdom, Germany and Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of financial statements

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), Companies (Accounting Standards) Rules, 2006 and guidelines issued by the Securities and Exchange Board of India.

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates & assumptions that affect the reported balance of assets & liabilities and disclosures relating to Contingent assets & liabilities as on the date of Financial Statement and reported amounts of Income & expenditure during the period. Actual results could differ from these estimates, differences if any between the actual results and estimates are recognized in the period in which the results are known or materialized.

Presentation and disclosure of financial statements during the year ended March 31, 2013 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed by the Company for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All the assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2.2 Principles of consolidation

The Financial Statements of the Subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The Consolidated financial statements have been prepared on the following basis:

- i. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements.
- ii. The Consolidation of the financial statements of the holding company and its Subsidiaries is done to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses; inter group transactions, balances and unrealized inter company profits have been eliminated in the process of consolidation.
- iii. The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statement.
- iv. The accounts of foreign Subsidiaries are classified as non-integral foreign operations and are translated into Indian Rupees (Reporting Currency) for Balance Sheet items using the currency exchange rates in effect at the Balance Sheet date. For revenues, cost and expenses using the simple average of the average monthly rates prevailing during the reporting period has been used.



- v. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net asset and net income.

2.3 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include classification of assets and liabilities into current and non-current, estimates of the economic useful lives of fixed assets, provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

2.4 Revenue Recognition

- (i) Revenue from sale of products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.
- (ii) Revenue on Software Development services comprises revenue priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.
- (iii) Revenue from Technical Service, Training, support and other services is recognized as the related services are performed over the duration of the contract/course.
- (iv) Dividend is recognized when the right to receive the dividend is established at the balance sheet date.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

2.6 Fixed Assets and Capital Work-in-progress

- (i) Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.
- (ii) Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.

2.7 Intangible Assets

- (i) All intangible assets are stated at cost less accumulated amortization.
- (ii) The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred to bring the intangible asset for its intended use.
- (iii) Internally generated intangible assets are valued at cost which were incurred during the development phase of intangibles which comprises of expenditure on materials and services used or consumed, salaries and other employment related cost of personnel engaged in development of intangible asset, other direct expenditures and overheads that are necessary for the generation of the intangible asset and that can be allocated on a reasonable basis.
- (iv) Interest on borrowed money allocated to and utilized for intangible assets, pertaining to the period up to the date the intangible asset is ready for its intended use, is capitalized in accordance with Accounting Standard-16.
- (v) Amount paid towards the acquisition of intangible assets, which is not put to use as at reporting date and the cost of intangible assets not ready for its intended use before such date is disclosed under Capital Work-in-progress.

2.8 Research and Development

Research cost are charged to Profit and Loss account and expenditure incurred relating to the development



phase are treated as advances in Capital Work in progress and will be capitalized when the intangible assets in ready for use

2.9 Depreciation and Amortization

- (i) Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- (ii) The Management estimates the useful life of Customized software/commercial rights procured for specific application as 3 years and accordingly amortizes over their estimated useful life on a straight line basis.
- (iii) Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.
- (iv) Other Intangible assets are amortized over their respective individual estimated useful life on a straight-line basis, commencing from the date the asset is available to the Company for its use.
- (v) After recognition of impairment loss, the depreciation charge for the asset is on the revalued amount prospectively over the remaining useful life of the asset.

2.10 Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) may be impaired more than of a temporary nature. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.11 Inventories

Inventories of the company comprises of Third Party software products. Such software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

2.12 Investments

- (i) Investments are either classified as current or non-current based on the management's intention at the time of purchase.
- (ii) Non-current investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- (iii) Current investments are carried at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the statement of profit & loss.
- (iv) Investments in Foreign Subsidiaries have been reflected at the exchange rates prevailing at the date of transactions.

2.13 Effect of Exchange Fluctuation on foreign currency transactions

- (i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- (iii) Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- (iv) Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recognized in the statement of profit and loss.



- (v) Non – Monetary assets & liabilities are translated at the rate prevailing on the date of transaction.
- (vi) Foreign currency translation differences relating to liabilities incurred for acquiring fixed assets are recognized in Statement of Profit and Loss.
- (vii) For the purpose of translation of financial statement of foreign subsidiaries, the same are classified as non-integral foreign operations. In case of non-integral foreign operation accounts, all assets and liabilities both monetary and non-monetary are translated at the closing rate. Items of income and expenses are translated at the average exchange rate for the period. Resulting exchange rate difference is accumulated in 'Foreign currency translation reserve' as a separate component of shareholder's funds', until the disposal of "Net investment in non-integral foreign operation".

2.14 Employees' Retirement Benefits

(i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the statement of profit and loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

(iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

2.15 Income Tax/ Deferred Tax

- (i) Current tax is calculated in accordance with the relevant tax regulations.
- (ii) Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of profit and loss in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- (iii) Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future



economic benefit associated with it will flow to the Company and the asset can be measured reliably.

- (iv) Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- (v) The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

2.16 Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Earnings per Share

- (i) Basic Earnings per share is calculated by dividing the net earnings available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- (ii) Diluted Earnings per share is calculated by dividing the net earnings available to existing and potential Equity Shareholders by aggregate of the weighted average number of Equity Shares considered for deriving basic earnings per share. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

2.18 Leases

- (i) Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- (ii) Lease payments under operating lease are recognized as an expense in the statement of profit and loss.

2.19 Derivative Instruments and Hedge Accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30).

The use of hedging instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the statement of profit and loss for the period.

However, the company has no outstanding hedged transaction nor entered into any hedging transaction during the year.



3. CONSOLIDATED NOTES ON ACCOUNTS

FOR THE YEAR ENDED MARCH 31, 2013

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31.3.2013	As at 31.3.2012
AUTHORISED		
165,000,000 (Previous Year 165,000,000) Equity Shares of Rs. 2/- each	330,000,000	330,000,000
2,00,000 (Previous Year 2,00,000) Preference shares of Rs.100/ each	20,000,000	20,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
117,766,850 (Previous year 117,766,850) Equity shares of Rs.2/- each fully paid up	235,533,700	235,533,700
Total	235,533,700	235,533,700

The Company has only one class of shares referred to as equity shares having a par value of Re.2/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Dividend, if approved, is payable to the shareholders in proportion to their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company has not declared dividend during the year.

b) Reconciliation of number of shares

(Amount in Rupees)

Equity Shares	As at 31.3.2013		As at 31.3.2012	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	117,766,850	235,533,700	117,766,850	235,533,700
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	117,766,850	235,533,700	117,766,850	235,533,700

The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date.

Details of equity shares allotted as fully paid up without payment being received in cash during the period of five years immediately preceding the balance sheet date is NIL.

c) Details of Shareholder holding more than 5% of the aggregate shares in the company

Name of the Shareholder	As at 31-03-2013		As at 31-03-2012	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,652,506	10.74%	12,632,506	10.73%
Bank of India	11,291,723	9.59%	11,291,723	9.59%

**3.02 RESERVES AND SURPLUS**

(Amount in Rupees)

PARTICULARS		As at 31-03-2013	As at 31-03-2012
(a)	Capital Reserve A	596,500,212	548,925,710
(b)	Securities Premium Account		
	Opening Balance	1,789,826,374	1,789,826,374
	Add: Receipts during the year	-	-
	Closing Balance B	1,789,826,374	1,789,826,374
(c)	FCCB Premium Redemption Reserve		
	Opening Balance	240,000,000	240,000,000
	Add: Transfer during the year	-	-
	Closing Balance C	240,000,000	240,000,000
(d)	General Reserve		
	Opening Balance	1,843,000,000	1,843,000,000
	Add: Transfer during the year	-	-
	Closing Balance D	1,843,000,000	1,843,000,000
(e)	Foreign Currency Translation Reserve E	215,578,683	365,417,974
(f)	Balance in profit and loss account		
	Opening balance	(1,556,134,526)	(955,006,058)
	Add: Current year Loss	(2,618,653,965)	(601,128,468)
	Closing Balance F	(4,174,788,491)	(1,556,134,526)
	TOTAL	510,116,778	3,231,035,532

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS		As at 31-03-2013	As at 31-03-2012
	Secured Loan		
	Term Loans from Jammu and Kashmir Bank Limited	274,413,519	349,975,066
	Unsecured Loan		
	Foreign Currency Term Loan from UPS Capital	143,777,779	167,081,302
	TOTAL	418,191,298	517,056,368

Term Loans from Jammu and Kashmir Bank Limited is secured by Hypothecation of Current and Fixed Assets of the Company; Pledge of Shares of Wholly Owned Subsidiary Systat Software Inc; Charge on Property at Bannerghatta Road; Assignment of Intellectual Property Rights of Sigma Plot Product line; Creation of Charge of Intellectual Property rights of Systat Software Inc, USA; Personal Guarantee of Directors

Rate of Interest is Base rate + 2.25%, which varies between 10.25% to 10.50% during the year. The Loan was restructured during the month of October 2010 with repayment schedule of 16 equal quarterly installments starting from October 2011.

3.04 LONG TERM PROVISIONS

(Amount in Rupees)

PARTICULARS		As at 31-03-2013	As at 31-03-2012
	Gratuity	8,422,429	1,310,106
	Provision for Compensated absence	1,500,995	3,088,875
	TOTAL	9,923,424	4,398,981



3.05 SHORT-TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Secured Loan	62,548,500	70,242,680
Unsecured Loan	29,520,067	16,386,812
TOTAL	92,068,567	86,629,492

Secured loan includes one revolving line of credit in Cranes software Inc. with a financial institution secured by general assets of the Company.

The revolving line of credit carries an interest rate of 2% above the prime rate.

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Trade payable	-	-
- Related Party	-	-
Trade Payables	637,595,311	667,490,546
TOTAL	637,595,311	667,490,546

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Current Maturities of Long Term Loan	3,062,930,345	3,011,682,229
Loans Repayable on Demands	5,482,471,154	4,804,364,480
Unpaid dividend	907,176	962,143
Amounts due and payable to Investor Education and Protection Fund	96,646	60,326
Statutory dues (Including Provident Fund, Withholding and other taxes) (Refer Note No. 3.27)	194,565,640	113,442,456
Director Current Account	385,482,202	375,893,962
Employees benefit payable	228,343,291	-
Dues to related Parties	16,299,887	13,236,202
Advance received from customers	11,708,587	28,973,628
Outstanding Expenses	93,206,856	71,249,886
Unpaid dividend on Equity Shares	23,553,370	23,553,370
Unpaid dividend on dividend distribution tax	27,388,281	27,388,281
Other Advances	1,727,073,342	1,690,283,408
Book Overdraft	-	3,317,047
Total	11,254,026,777	10,164,407,418

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Provision for Warranty		
Opening Balance	-	70,000,000
Provision for Gratuity	256,444	-
Provision for Compensated absence	102,919	-
Provision for Income Tax(Net of advance tax and TDS)	22,350,005	-
Less: Reversal during the year	-	70,000,000
TOTAL	22,709,368	-



3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block					Depreciation / Amortisation					Net Block	
	Cost as on 01-04-2012	Additions	Adjustments	Deletions	Total as on 31-03-2013	Upto 01-04-2012	For the year	Adjustments	Withdrawn	Total Upto 31-03-2013	As on 31-03-2013	As on 31-03-2012
TANGIBLE ASSETS												
LAND AND BUILDING	94,712,158	-	-	10,738	94,712,158	2,485,145	80,396	-	-	2,565,540	92,146,618	92,227,013
FURNITURE & FIXTURES	83,844,890	708,222	-	592,525	83,971,326	45,475,527	4,551,286	-	592,525	49,434,288	34,537,038	38,369,363
COMPUTERS	175,779,683	4,891,104	403,289	507,264	180,566,991	150,033,457	10,478,499	-	507,264	160,004,692	20,562,299	25,746,402
PLANT & MACHINERY	93,360,181	288,380	397,557	-	94,046,118	34,769,514	4,828,167	46,367	-	39,644,048	54,402,071	58,590,668
VEHICLE	21,502,099	-	-	-	21,502,099	13,077,451	1,914,438	-	-	14,991,889	6,510,210	8,424,648
Total A	469,199,192	5,887,705	800,846	1,110,528	474,798,692	245,841,094	21,852,785	46,367	1,099,789	266,640,456	208,158,236	223,358,094
GOOD WILL	2,459,299,707	-	61,748,119	-	2,521,047,826	240,511,673	-	-	-	240,511,673	2,280,536,153	2,218,788,034
COMPUTER SOFTWARE	6,314,385,587	3,098,189	67,131,719	774,635	6,383,840,860	4,474,457,072	520,324,770	1,134,784	774,635	4,995,141,990	1,388,698,869	1,839,928,515
Total B	8,773,685,294	3,098,189	128,879,838	774,635	8,904,888,686	4,714,968,744	520,324,770	1,134,784	774,635	5,235,653,663	3,669,235,022	4,068,716,549
TOTAL A+B	9,242,884,485	8,985,894	129,680,684	1,885,163	9,379,687,377	4,690,809,838	542,177,554	1,181,151	1,874,424	5,502,294,119	3,877,393,258	4,282,074,643
PREVIOUS YEAR	8,510,128,170	592,910,814	139,845,498	-	9,242,884,481	4,109,722,958	857,737,896	(6,651,016)	-	4,960,809,839	4,282,074,642	4,400,405,211



3.10 NON CURRENT INVESTMENTS

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Cranes Software Middle East LLC - UAE : 147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)	1,786,172	1,786,172
TOTAL	1,786,172	1,786,172

3.11 DEFERRED TAX ASSETS (NET)

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Deferred Tax Asset Attributable to :		
Brought forward losses	1,355,696,635	1,316,765,012
Provision for Retirement Benefits	2,612,400	812,000
Expenses allowable on payment	266,231,500	224,861,000
Less:		
Deferred Tax Liability Attributable to :		
Difference between Book and Tax Depreciation	(120,690,868)	(240,570,622)
TOTAL	1,503,849,667	1,301,867,390

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Unsecured, considered Good		
Earnest Money Deposits	4,851,940	5,244,292
Other Deposits	4,396,152	27,218,622
Rent Deposits	6,603,000	10,278,000
Security Deposits	546,969	520,082
Disputed Tax Payments	14,992,086	14,492,086
Loans & Advances - Others	2,410,830,863	2,595,596,587
TOTAL	2,442,221,010	2,653,349,669

3.13 INVENTORIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Stock in Trade	19,591,905	47,635,355
Goods in transit	-	414,490
TOTAL	19,591,905	48,049,845

**3.14 TRADE RECEIVABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Debts overdue for a period exceeding six months		
Unsecured, considered good	2,255,503,297	3,392,219,770
Less: Provision for doubtful debts	(656,236,033)	(656,027,182)
A	1,599,267,264	2,736,192,588
Other Debts		
Unsecured, Considered good	-	-
B	109,300,658	182,103,761
TOTAL (A + B)	1,708,567,921	2,918,296,349

3.15 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Cash and Cash Equivalents:		
Cash on hand	50,643	11,767
Bank balances:		
In Current Accounts	90,698,982	154,310,158
In Deposit Accounts	2,346,224	1,635,100
Other Bank Balances:		
Balances with Bank held as Margin Money with maturity of 3 to 12 Months	10,060,753	10,126,529
In Dividend Accounts	955,856	974,328
TOTAL	104,112,458	167,057,882

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
Prepaid Expenses	57,541,167	58,830,037
Advance to Employee & Suppliers	15,748,522	32,548,046
MAT Credit Entitlement	163,500,000	163,500,000
Balances with Revenue Authorities	1,008,513	17,204,768
Others	62,768,091	42,094,293
TOTAL	300,566,293	314,177,144

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
(a) Sale of Products		
- Hardware Products	2,918,734,258	2,558,495,881
- Software Licences	100,722,474	93,964,406
(b) Sale of Services	80,232,585	46,998,731
TOTAL	3,099,689,317	2,699,459,018



3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
(a) Interest received	5,361,141	419,433
(b) Liabilities written back to the extent no longer required	9,680,201	82,636,856
(c) Exchange Fluctuation gain	163,989,247	-
(d) Other Income	28,157,844	18,395,343
(e) Excess provision for leave encashment reversed Income	1,485,211	-
TOTAL	208,673,644	101,451,632

3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Stock at the end of the year	19,591,902	47,653,355
Stock at the beginning of the year	47,635,355	26,074,572
Increase / (Decrease) in stock	28,043,453	(21,578,783)

3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Salaries and Wages	971,847,721	917,320,706
Contribution to provident and other funds	5,905,433	2,559,741
Staff Welfare Expenses	1,026,495	805,432
Gratuity	7,312,578	-
TOTAL	986,092,227	920,685,879

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Interest on long term borrowings	91,958,427	84,191,502
Other borrowing costs	834,927,595	676,012,698
Interest on Statutory dues	4,509,993	-
TOTAL	931,396,015	760,204,200

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Depreciation on Tangible Assets	24,526,142	25,400,708
Amortization on Intangible Assets	517,651,412	832,337,188
TOTAL	542,177,554	857,737,896

**3.23 OTHER EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Payment to Auditor		
-As Audit Fee	1,761,136	1,549,020
-As Reimbursement of Expenses	23,475	22,450
Power and fuel	15,841,196	7,886,077
Rent	85,063,644	61,936,878
Repairs and Maintenance		
- Buildings	22,731	59,419
- Machinery	211,682	700,960
- Others	2,946,784	3,367,220
Insurance	18,103,821	14,063,505
Rates and Taxes, excluding taxes on income	32,342,526	2,568,370
Provision for Bad and Doubtful Debts	-	650,000,000
Marketing Expenses	31,538,300	26,050,784
Sales Commission	74,804,227	74,896,707
Bad Debts	1,480,079,965	5,827,850
Travelling Expenses	47,359,306	37,436,776
Communication Expenses	15,579,941	14,415,082
Exchange Fluctuations	640,564	488,964,681
Prior period expenses	-	48,950,378
Legal & Professional Charges	38,196,441	51,500,822
Miscellaneous expenses	266,664,206	264,424,281
TOTAL	2,111,179,945	1,754,621,260

3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Prior period Tax Adjustment	35,241,956	-
Prior Period expenses	711,472	-
TOTAL	35,953,428	-

3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2013	For the Year March 31, 2012
Amounts written back on one time settlement		
-Trade Payables	-	73,888,596
- Loan amounts from Banks	-	1,193,996,966
- Interest liabilities to Banks	-	171,254,363
Loss on Investment	-	(51,710,520)
TOTAL	-	1,387,429,405



3.26 EARNINGS PER SHARE

Particulars	For the year 31.03.2013		For the year 31.03.2012	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit after tax	(2,618,653,965)	(2,618,653,965)	(1,988,557,873)	(601,128,468)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(22.24)	(22.24)	(16.89)	(5.10)
(b) Diluted				
Profit after tax	(2,618,653,965)	(2,618,653,965)	(1,988,557,873)	(601,128,468)
Adjusted net profit for the year	(2,618,653,965)	(2,618,653,965)	(1,988,557,873)	(601,128,468)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(22.24)	(22.24)	(16.89)	(5.10)
Face value per share	2.00	2.00	2.00	2.00

3.27 PARTICULARS OF THE SUBSIDIARY COMPANIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND THEIR REPORTING DATES

Sl. No.	Name of Company	Country of incorporation	% of voting Power held	Reporting date as at
i.	Systat Software Inc., USA	USA	100%	31-Mar-13
ii.	Systat Software Asia Pacific Limited	India	100%	31-Mar-13
iii.	Systat Software GmbH	Germany	100%	31-Mar-13
iv.	Cranes Software International Pte. Ltd.	Singapore	100%	31-Mar-13
v.	Cranes Software Inc., (Earlier known as NISA Software Inc)	USA	100%	31-Mar-13
vi.	Analytix Systems Private Limited	India	100%	31-Mar-13
vii.	Tilak Autotech Pvt Ltd	India	100%	31-Mar-13
viii.	Dunn Solutions Group Inc.,	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-13
ix.	Caravel Info Systems Pvt Ltd	India	100%	31-Mar-13
x.	Proland Software Pvt Ltd	India	100%	31-Mar-13
xi.	Engineering Technology Associates Inc. USA	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-13
xii.	Engineering Technology Associates Inc. (Shanghai)	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	31-Mar-13
xiii.	Esqube Communicaton Solutions Pvt Ltd	India	76%	31-Mar-13
xiv.	Cubeware GmbH, with its Wholly owned subsidiaries in Austria and Switzerland	Germany	Wholly owned subsidiary of Systat Software GmbH	31-Mar-13
xv.	Dunn Solutions India Pvt Ltd.	India	Wholly owned subsidiary of Dunn Solutions Group Inc	31-Mar-13

**3.28 CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Claims against the Company not acknowledged as debts		
(a) Income tax matters	245,972,000	123,579,740
(b) Service Tax matters	75,602,762	75,798,122
(c) Guarantees and Counter Guarantee	12,361,185	11,761,629
(d) Others	5,515,000	5,515,000
Commitments		
TOTAL	339,450,947	216,654,491

3.29 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

Particulars		Key Management Personnel	Other Related Parties
Remuneration Paid	Current Year	2,400,000	-
	Previous Year	-	-
Payable at the year end	Current Year	385,482,202	-
	Previous Year	375,893,962	13,236,202

NAME OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

Key Management Personnel	Mr.Asif Khader Mr.Mukkaram Jan Mr.Mueed Khader
Other Related parties	Orca Infotech Private Limited K & J Holdings Private Limited K & J Telecom Private Limited Jansons Land & Property Development Pvt Ltd SPSS South Asia Private Limited Keysoft Solutions Private Limited Spice Capital Fund Private Limited Sea Equity Private Limited Samra Investments Bangalore Private Limited Source Majeure Software Private Limited Predictive Analytics Solutions Private Limited

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from / to them



3.30 SEGMENT REPORTING

The Company has identified geographic segments as its primary segment and business segments as its secondary segments.

Primary Segments- a) Exports and b) Domestic

Secondary Segments- a) Proprietary Products and Services b) Product Alliances

Primary Segment Information - Geographical Segment

(Amount in Rupees)

Sl. No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	2,961,718,659	137,970,658	3,099,689,317	2,567,461,000	131,998,018	2,699,459,018
2	Segment Results	(361,602,058)	(1,292,939,057)	(2,071,348,055)	(1,899,840,912)	(4,010,615,144)	(2,110,774,232)
	Other Income	-	-	208,673,644	-	-	101,451,632
	Operating Profit			(1,862,674,411)			(2,009,322,600)
	Interest Expenses			931,396,015			760,204,200
	Profit before tax			(2,794,070,426)			(1,249,118,400)
	Tax Expenses			175,625,494			647,989,932
	Profit after tax			(2,618,444,932)			(601,128,468)
	Adjustments relating to earlier years			270,174			-
	Net Profit			(2,618,715,106)			(601,128,468)
3	Segments Assets	6,737,786,765	2,245,928,922	8,983,715,687	9,356,569,609	3,118,856,536	12,475,426,145
	Total Assets			8,983,715,687			12,475,426,145
	Segment liabilities	1,684,320,355	561,440,118	2,245,760,473	2,339,124,859	779,708,286	3,118,833,145
	Total Liabilities			2,245,760,473			3,118,833,145
	Segments Capital Employed (Segment Assets-Segment Liabilities)	5,053,466,411	1,684,488,804	6,737,955,214	7,017,444,750	2,339,148,250	9,356,593,000
4	Capital Expenditure	8,266,124	719,770	8,985,894	545,477,900	47,432,900	592,910,800
5	Depreciation	501,508,816	40,668,738	542,177,554	793,407,550	64,330,346	857,737,896

Secondary Segment Information - Business Segment

(Amount in Rupees)

Sl.No.	Particulars	Current Year		Previous Year	
		Proprietary Products and Services	Product Alliances	Proprietary Products and Services	Product Alliances
1	Segment Revenue	3,042,477,881	57,211,436	2,664,559,018	34,900,000
2	Segment Result	(2,006,730,281)	(64,617,774)	(2,178,741,162)	(67,966,930)
3	Segment Assets	7,986,613,083	997,102,604	11,229,131,073	1,246,295,072
4	Capital Expenditure	8,773,414	212,480	579,214,561	13,696,239

3.31 Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable.

As per our report of even date
For S.Janardhan & Associates
 Chartered Accountants
 Firm Registration No. 005310S

For and on behalf of the Board

Vijay Bhatia
 Partner
 Membership No. 201862

Asif Khader
 Managing Director

Mueed Khader
 Director

P. Phaneendra
 Company Secretary

Seattle, USA
 May 30, 2013

Bengaluru
 May 30, 2013



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANYS' INTEREST IN
SUBSIDIARY COMPANIES:**

FOR THE YEAR ENDED MARCH 31, 2013

Name of the Subsidiary Company	Systat Software GmbH (Consolidated with Cubeware GmbH)	Systat Software Inc	Systat Software Asia Pacific Ltd	Cranes Software International Pte Ltd	Caravel Info Systems Pvt. Ltd.	Cranes Software Inc (Consolidated with Dunn Solutions Group Inc, Engineering Technology Associate Inc & China)	Tilak Autotech Pvt. Ltd.	Analytix Systems Pvt. Ltd.	Proland Software Pvt. Ltd.	Esquebe Communication Solutions Pvt. Ltd.
Reporting Currency	EURO	USD	INR	SGD	INR	USD	INR	INR	INR	INR
Financial period ended	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013	31.3.2013
a) No. of shares held	1	974,166	380,000	165,692	120,000	2,691,855	1,000	20,000	4,840	8,942
b) Face value of per share	25,000	1	10	1	10	1	100	10	100	10
c) Extent of interest as at year end	100%	100%	100%	100%	100%	100%	100%	100%	100%	76%
The Net aggregate amount of Profits / (losses) of the subsidiary for the current period so far as it concerns the members of the holding company	516,932	(1,919,403)	(15,588)	(53,424)	4,210,772	(282,103)	(41,021)	(32,136)	(947,186)	(254,748)
a) dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	-	(4,846,789)	1,563,010	(1,930,184)	(18,609,454)	(2,536,231)	(18,343,095)	(490,164)	(11,117,277)	(10,031,189)
Net aggregate Profits / (losses) for the previous financial years of the Subsidiary so far as it concerns the members of the holding company	-	-	-	-	-	-	-	-	-	-
a) dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	(4,010,198)	(4,846,789)	1,563,010	(1,930,184)	(18,609,454)	(2,536,231)	(18,343,095)	(490,164)	(11,117,277)	(10,031,189)

For and on behalf of the Board

Asif Khader
Managing Director

Mueed Khader
Director

Place : Bengaluru
Date : May 30, 2013



NOTICE OF ANNUAL GENERAL MEETING

It is hereby notified that the **28th Annual General Meeting** of the shareholders of **Cranes Software International Limited.**, will be held at **10:30 AM on Monday, 30th September, 2013** at Shri Devaraj Urs Bhavan, No. 16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052, to transact the following business :

Ordinary Business :

1. To consider and adopt the Balance Sheet as at 31st March 2013, the Profit and Loss account for the financial year ended on 31st March 2013 along with relevant annexures, notes on accounts, policies and the reports of the Auditors and Directors' thereon.
2. To appoint statutory auditors of the Company M/s. S Janardhan & Associates., to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and fix their remuneration, as may be determined by the Board.

Special Business:

3. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-**

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby given, for the re-appointment of Mr. Mueed Khader, as the Whole Time Director, of the Company for a period of three years, with effect from 17th May, 2013 on the following terms and conditions and remuneration:-

Salary	Rs. 2,00,000 per month
Perquisites :	
1. Contribution to Provident / Superannuation Fund	As per rules of the Company (non taxable portion only)
2. Gratuity	As per the rules of the Company not exceeding half month's salary, for each completed year of service
3. Encashment Earned / Privilege Leave	As per rules of the Company
4. Telephone	Free use of Telephone at Residence
5. Provision of Car	Free use of Car with Driver on Company's business.
6. Personal Accident Insurance	For self as per rules of the Company.

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Director, he will be paid remuneration not exceeding the limits specified in Section II of PART II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-**

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company, be and is hereby given for the re-appointment of Mr. Mukkaram Jan, as the Whole Time Director, of the Company for a period of three years, with effect from 17th May, 2013 on the following terms and conditions and remuneration:-



Salary	Rs. 2,00,000 per month
Perquisites :	
1. Contribution to Provident / Superannuation Fund	As per rules of the Company (non taxable portion only)
2. Gratuity	As per the rules of the Company not exceeding half month's salary, for each completed year of service
3. Encashment Earned / Privilege Leave	As per rules of the Company
4. Telephone	Free use of Telephone at Residence
5. Provision of Car business.	Free use of Car with Driver on Company's
6. Personal Accident Insurance	For self as per rules of the Company.

"Resolved further that in the event of there being inadequacy or absence of profits in any financial year, during the currency of tenure of the Director, he will be paid remuneration not exceeding the limits specified in Section II of PART II of Schedule XIII to the Companies Act, 1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

Place : Bengaluru
Date : August 31, 2013

By Order of the Board
For Cranes Software International Ltd

Asif Khader
Managing Director



NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be valid, should be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the company will remain closed from 25.09.2013 to 30.09.2013 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Company's Share-Transfer Agents and notify their permanent account numbers (PAN), to the depository participant / share-transfer agents, as the case may be .
4. Members / bodies corporate / proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of Annual Report to the meeting.
6. To avail the facility of nomination, members are requested to submit to the company the nomination form, which may be supplied on request.
7. Corporate members or shareholders may attend the AGM if authorized in accordance with section 187 of the Companies Act, 1956 and a certified copy of the Board resolution / power of attorney, authorizing the representative, to attend and vote at the AGM, has been sent to the Company.
8. Members desirous of obtaining any information on any matter pertaining to the AGM may address their queries to the Registered Office of the Company, atleast 12 days, prior to the date of meeting.
9. As part of green initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India, through its circular numbers 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, has allowed companies to send official documents like notice convening general meeting and annual report to their members electronically.

Keeping in view the provisions of the aforesaid circulars issued by MCA, we propose to send documents like the notice convening general meetings, audited financial statements, directors' report, auditors' report, etc. for and from the year ended March 31, 2011, in electronic form, to your email address made available to the Company by you. Please register your email address with us, if not done already and also inform any changes in your email address to your depository participant from time to time.

Following the government directive, the full text of these notices / reports will also be made available on our website, www.cranessoftware.com. Physical copies of the notice and annual report will be available at our registered office for inspection during office hours. In case you desire to receive the documents mentioned above in physical form, please write to us to the aforesaid address or send an email to investor.register@cranessoftware.com by mentioning your reference number.

**Place : Bengaluru
Date : August 31, 2013**

**By Order of the Board
For Cranes Software International Ltd**

**Asif Khader
Managing Director**

**ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956:****For Item # 3 :**

The term of office of Mr. Mueed Khader, as Whole-time Director, of the Company, expired on 16th May, 2012 and the Board of Directors at their meeting, held on 14th August, 2013, decided to re-appoint him, as Whole-time Director, not liable to retire by rotation, for a further period of three years, with effect from 17th May, 2013 on the revised terms and conditions, as set out in the notice. The remuneration payable to Mr. Mueed Khader, has been approved by the remuneration committee of the Board

Mr. Mueed Khader has been deeply associated with the operations of the Company as its whole time Director and under his tenure the Company has shown stability. Keeping in view his contributions, it is in the best interest of the Company to re appoint and accordingly the Board of Directors have re-appointed him as whole time Director, for a further period of three years, subject to the approval of the shareholders in the AGM and the Central Government. The details of Mr. Mueed Khader, relating to other directorships etc., as required under clause 49, of the listing agreement, are attached to this notice.

The draft agreement entered into by the Company with Mr. Mueed Khader in respect of his appointment as a Whole time Director containing the terms and conditions are available at the Registered office of the Company for inspection during working hours on any working day upto the date of the AGM.

Mr. Mueed Khader will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors subject to the supervision, superintendence and control of the Board.

The proposed resolution and this explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Mr. Mueed Khader as Whole time Director in terms of section 302 of Companies Act, 1956.

The Directors recommend the resolution for approval of the members.

None of the Directors, other than Mr. Mueed Khader and Mr. Asif Khader, being related to Mr. Mueed Khader, may be considered as interested in the above resolution.

For Item # 4 :

The term of office of Mr. Mukkaram Jan as Whole-time Director of the Company expired on 16th May, 2012 and the Board of Directors at their meeting held on 14th August, 2013 decided to re-appoint him as Whole-time Director not liable to retire by rotation for a further period of three years, with effect from 17th May, 2013 on the revised terms and conditions, as set out in the notice. The remuneration payable to Mr. Mukkaram Jan has been approved by the remuneration committee of the Board

Mr. Mukkaram Jan has been deeply associated with the operations of the Company as its whole time Director and under his tenure the Company has shown stability. Keeping in view his contributions, it is in the best interest of the Company to re appoint and accordingly the Board of Directors have re-appointed him as whole time Director for a further period of five years, subject to the approval of the shareholders in the AGM and the Central Government. The details of Mr. Mukkaram Jan relating to other directorships etc., as required under clause 49, of the listing agreement, are attached to this notice.

The draft agreement entered into by the Company with Mr. Mukkaram Jan in respect of his appointment as a Whole time Director containing the terms and conditions are available at the Registered office of the Company for inspection during working hours on any working day upto the date of the AGM.

Mr. Mukkaram Jan will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors subject to the supervision, superintendence and control of the Board.

The proposed resolution and this explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Mr. Mukkaram Jan as Whole time Director in terms of section 302 of Companies Act, 1956.

The Directors recommend the resolution for approval of the members.

None of the Directors, other than Mr. Mukkaram Jan, may be considered as interested in the above resolution.

Place : Bengaluru
Date : August 31, 2013

By Order of the Board
For Cranes Software International Ltd

Asif Khader
Managing Director

**ANNEXURE****Information about Directors seeking re-appointment in this Annual General Meeting.**
(in accordance with Clause 49 of the Listing Agreement)**In respect of item No. 3 of the Notice :**

Name of the Director	Mr. Mueed Khader
Father's Name	Syed Abdul Khader
Date of birth	19 October 1970
Educational Qualifications	B.Sc.
Date of appointment	30 April 2002
Other Directorships in Public Limited Companies	Systat Software Asia Pacific Ltd. Analytix Systems Pvt Ltd Caravel Info Systems Pvt Ltd., Proland Softwares Pvt Ltd., Tilak Autotech Pvt Ltd Esqube Communication Solutions Pvt. Ltd.
Committee Memberships in Cranes Software International Ltd.	Remuneration Committee - Member

In respect of item No. 4 of the Notice :

Name of the Director	Mr. Mukkaram Jan
Father's Name	Azam Jan
Date of birth	23 October 1966
Educational Qualifications	B. Com.
Date of appointment	30 April 2002
Other Directorships in Public Limited Companies	Systat Software Asia Pacific Ltd. Analytix Systems Pvt Ltd Caravel Info Systems Pvt Ltd., Proland Softwares Pvt Ltd., Tilak Autotech Pvt Ltd Esqube Communication Solutions Pvt. Ltd.
Committee Memberships in Cranes Software International Ltd.	Shareholder Grievance Committee - Member



CRANES SOFTWARE INTERNATIONAL LIMITED

Registered Office : # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 29

Annual General Meeting at 10.30 a.m. on Monday, 30th September, 2013 at
Sri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall.

Name of First named Shareholder	No. of Shares	Folio No.	If held in dematerialised form	
			D P ID No.	Client ID No.

I certify that I am a registered Shareholder of the Company.

I hereby record my presence at the above **Annual General Meeting** of the Company.

A member/proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy



CRANES SOFTWARE INTERNATIONAL LIMITED

Registered Office : # 2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 29

PROXY FORM

I/We of being a member / members
of **Cranes Software International Limited**, hereby appoint of
..... or failing him
of as my / our proxy to attend and vote for me /us on my/our behalf at the 28th
Annual General Meeting of the Company held at 10:30 AM on Monday, 30th September, 2013

No. of shares	Folio No.	If held in dematerialised form	
		D P ID No.	Client ID No.

Signature
affixing Re. 1.00
Revenue Stamp

NOTE: Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The form duly completed should be deposited at the Registered Office of the Company at Bangalore not less than 48 hours before the commencement of the meeting.

Book - Post

If undelivered please return to :

Cranes Software International Limited

2, Tavarekere, Bannerghatta Road, BTM Layout, 1st Stage, 1st Phase, Bangalore - 560 029 Karnataka, INDIA

Phone: +91 80 4128 1111 Email: info@cranessoftware.com

www.cranessoftware.com

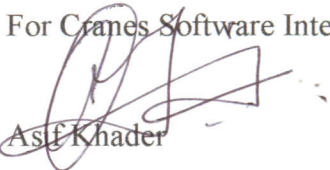
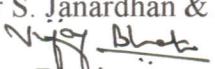

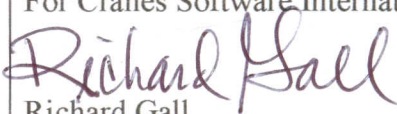


Cranes Software International Limited

Regd. Office :
2, Tavarekere, Bannerghatta Road BTM Layout,
1st Stage, 1st Phase, Bangalore - 560 029, INDIA

Ph +91 80 41281111
Fax: +91 80 41280203
E-mail: info@cranessoftware.com

FORM B

1.	Name of the Company:	Cranes Software International Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit qualification	Subject to the observations as stated in Para 6 and Para 8 of the Independent Auditors Report
4.	Frequency of qualification	Repetitive
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Please refer Page No 5,6 & 7 of the annual report for management response to the Auditors qualifications
6.	Additional comments from the board/audit committee chair:	Regarding default in payment of Dividend As of August 23, 2013, CSIL has established and funded a Shareholders' Dividends Account equipped to pay out all the pending dividends. These payments are currently in process and we are confident that Company shareholders will now receive their dividends payment in due course.
7.	To be signed by- <ul style="list-style-type: none">Managing Director/CFOAuditor of the companyAudit Committee Chairman	<p>For Cranes Software International Limited</p> <p> Asif Khader</p> <p>For S. Janardhan & Associates</p> <p> Vijay Bhatia Partner Membership No. 201862</p> <p></p> <p>For Cranes Software International Limited</p> <p> Richard Gall</p>