

10 February 2014

CMP: Rs.4.75

Industry: IT- Software products

BSE group: T

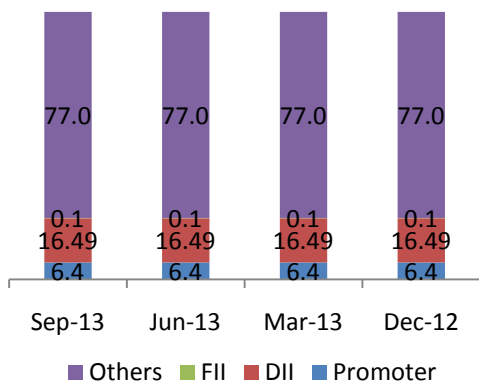
Promoters

Aseef Khader and family

Key Data (as on 11Nov' 13)

BSE	512093
ISIN	INE234B01023
Face Value (Rs.)	2.0
Mkt Cap (Rs. mn)	559.4
Current P/E	negative
Current P/BV	1.7
52 week low-high	1.14-6.02
30 days avg daily trading volume	46514
Equity capital (Rs mn)	235.5
Net worth (Rs mn)	330.5

Shareholding Pattern (%)



Promoter shareholding is low at 6.4%. The market Price and market Cap are totally unrelated to fundamentals and investors are cautioned on this count.

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equity.research@outlook.com

Company business

Cranes Software International Ltd. was co-founded by Asif Khader and Mukarram Jan in 1991. The Company started as a distributor of anti-virus software in Bangalore and moved on to become the sole authorised distributor of MATLAB (mathematical modeling software) in South Asia in 1993. Subsequently, it followed a strategy of 'acquire, enhance, and expand' and began to identify software products with commercial potential in the statistics, engineering simulation and mathematical modeling space, acquire these products, improve them through its own investments in R&D and market them using its established distribution network (having a presence in 39 countries). It had bought out the SYSTAT and Sigma – products from SPSS Inc. The business of distribution of MATLAB was terminated in FY10 – leading to a loss of a revenue stream of Rs. 450 mn. The company raised an FCCB issue of Euro 42 mn in 2006. It defaulted on its redemption in March 2011, and the Bank of New York Mellon has made a petition for winding up of the company. The company has been making losses for the last three years and has lost 98.6% of its market value from its peak in December 2007. The stock was suspended from trading on NSE on 3 September 2010 because of non-compliance with the listing agreement (in respect of timely disclosure of financial results). The company's stock is under surveillance in the BSE – it trades in the T-group.

Financials

Particulars (Rs in mn)	Jul '13 to Sep '13	Jul '12 to Sep '12	% Change ¹	Apr'13 to Jun '13	% Change ²
Total income	107	209.46	(48.91%)	34.4	508.8%
Total operating expenditure	65	40.97	58.65%	356.4	(88%)
EBIDTA	42	168.49	(74%)	(322)	-
EBIDTA margin	39.25%	80.44%	-	negative	-
PBT	(275.20)	(156.01)	-	(671.8)	-
PAT	22.1	(120.2)	-	(548.8)	-
PAT margin	5.46%	negative	-	negative	-
Cash accruals	114.7	(19.9)	-	(456.2)	-
EPS	0.2	(1.0)	-	(4.7)	-

¹ compared to corresponding quarter in the previous year

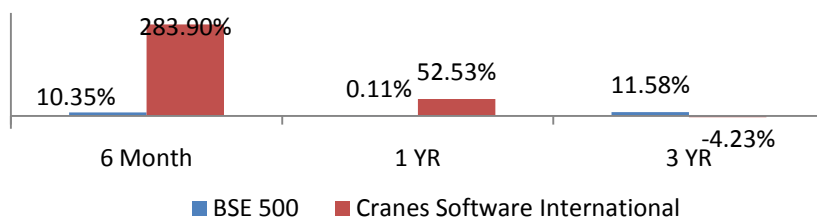
² sequential comparisons

Source: Money control, Company

Financial Performance

In the quarter ended September 2013, the other income decreased by 69% on account of which the total income of the company decreased from Rs 209.46mn (July-Sept'12) to Rs 107mn (July-Sept'13). Operating expenditure has increased from Rs 40.97mn to Rs 65mn due to which the EBIDTA reduced from Rs 168.49mn to Rs 42mn. Losses before taxes have increased from Rs (156.01) mn to Rs (275.20). PAT turned positive this year, from a loss of Rs. 120.2 mn in the corresponding quarter last year to a profit of Rs. 22.1 mn in September 2013 on account of tax credit of Rs 297.31mn. Accumulated losses increased over the years as a result of which the company's networth eroded to Rs 330.5mn from Rs 2866.2mn in FY12. The company's debt levels are high at RS 8874.8 in FY13 (Rs 8213mn in FY 12).

Share Price Performance



Financials

P&L (Rs. mn)	FY11	FY12	FY13
Total income	280.1	1,782.4	392.4
EBIDTA	(28.8)	1,495.5	125.6
EBIDTA margin	negative	84%	32%
Depreciation	490.0	482.2	423.8
EBIT	(518.8)	1,013.3	(298.2)
Interest	793.9	1,887.6	2,382.1
PBT	(1,312.7)	(874.3)	(2,680.3)
Tax	(59.0)	(610.9)	(144.6)
PAT	(1,253.7)	(263.4)	(2,535.7)
PAT Margin	negative	negative	negative

Balance Sheet (Rs. mn)	FY11	FY12	FY13
Share Capital	235.5	235.5	235.5
Share application money, warrants	0.0	0.0	0.0
Reserves & Surplus	2,894.1	2,630.7	95.0
Net worth	3,129.6	2,866.2	330.5
Borrowings	9,282.1	8,213.0	8,874.8
Current Liabilities and provisions	1,546.4	3,237.7	5,061.3
Net deferred tax Liabilities	388.4	240.6	124.1
Total liabilities	14,346.5	14,557.5	14,390.7
Fixed assets	1,837.4	1,364.7	941.6
Non-current Investments	800.9	800.9	800.9
Loans and Advances	4,221.5	4,390.8	4,505.0
Current Assets	3,775.4	3,830.1	3,940.9
Total assets	14,346.5	14,557.5	14,390.7

Valuation ratios	FY11	FY12	FY13
P/E	(0.3)	(0.1)	(0.2)
P/BV	0.2	0.1	0.8

Cash Flow (Rs.mn)	FY11	FY12	FY13
PBT	(1,312.7)	(874.3)	(2,680.3)
CF from Operation	292.3	385.6	959.7
CF from Investment	15.2	(6.2)	(1.8)
CF from Financing	(313.3)	(370.2)	(965.3)
Inc/(dec) Cash	(5.8)	9.2	(7.4)
Closing Balance	10.9	20.1	12.7

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