

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

BOARD OF DIRECTORS

Dr. Rudra Pratap	Chairman
Shri Asif Khader	Managing Director
Shri Mukkaram Jan	Director
Shri Mueed Khader	Director
Shri Richard Gall	Director
Ms. Vidya Ramchandran	Director

COMPANY SECRETARY

R. Srinivasan

BANKERS

The Jammu & Kashmir Bank Limited
Infantry Road Branch
Bangalore.

AUDITORS

S. Janardhan & Associates
Apt. No. 104 & 203
Embassy Centre
No.11, Crescent Road,
Bangalore - 560 001.

Web : www.cranessoftware.com

REGISTERED OFFICE

605, Garden View,
X-13, Shastri Nagar,
Andheri (West)
Mumbai - 400 053.

HEAD OFFICE

29, 7th Cross,
14th Main, Vasanthanagar,
Bangalore - 560 052.

REGISTRARS

M/s Alpha Systems Private Limited
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram,
Bangalore - 560 003.

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CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

DIRECTORS' REPORT

To The members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2002.

FINANCIAL RESULTS:

Rs. In Lacs		
Particulars	Year ended 31.3.2002	Year ended 31.3.2001
Total Revenues	3274.69	602.40
Profit Before Tax	1127.45	9.21
Provision for Tax	109.20	2.41
Profit After Tax	1018.25	6.80

The Scheme of amalgamation of Eider Commercials Limited (ECL) and Cranes Software International Limited (CSIL) was approved by the Hon'ble High Court of Mumbai and Karnataka with effect from 1st October 2000, the appointed date. The break up of income given effect to in the profit and loss account for the year ended 31st March 2002 is stated below.

Rs. In Lacs				
Particulars	Details of erstwhile CSIL for the period from 1.10.2000 to 31.3.2001	Details of erstwhile CSIL for the period from 1.4.2001 to 31.3.2002	Details of ECL for the period from 1.4.2001 to 31.3.2002	Total
Revenues	955.08	2,319.08	0.53	3,274.69
Expenditure	660.67	1,486.16	0.41	2,147.24
Profit Before Tax	294.41	832.92	0.12	1,127.45

In view of the aforesaid amalgamation w.e.f. 1st October 2000, the figures for the current year are not comparable to those of the previous year.

REVIEW OF OPERATIONS AND BUSINESS PROSPECTS:

Your Company has maintained satisfactory progress during the year. Your company management is continuously progressing in market penetration both in national and international markets.

The Company's sales performance in MATLAB products to software industries, educational institutions/sectors and financial segments is increasing consistently. The MATLAB family of products has increased due to addition of several toolboxes into new markets like test & measurement, data acquisition and embedded systems. There is a moderate increase in the sales of products of dSPACE & VERTEL.

dSPACE is used for control engineering applications for rapid control prototype and hardware in the loop simulation. Its been popularly used in development of controls in the areas of automotive, locomotive, avionics, robotics, industrial controls, etc.

The company has entered into an agreement with Metaware, Inc. for distributing their products. Metaware has products such as compilers and debuggers for embedded processors. Further it provides complete suit for embedded developments.

Embedded software is one of the emerging markets in India. Towards this scenario, the sales of Nucleus, a Real Time Operating System used in the embedded application, has increased during the previous year.

Further your company has ventured into a business alliance with Advent, Inc. as their distributor and system integrator. Advent has world recognized array of products for end to end networking management solution. Further the arrangement was made with Radioscape Ltd., UK to distribute RadioLab 3G in India. It is a layer one system level design tool set for designing third generation hand set and base stations.

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

The Training division of your company, Cranes Varsity has excelled in training students and officials of Various Corporates, Educational & Research Institutes and Public Sector Units, etc. in the areas of Digital Signal Processing (DSP), Real Time Operating System (RTOS), Mathematical Modeling & Simulation (MM&S) and Telecommunications. The training division is well equipped with latest software and hardware tools required for training. Your company was appointed as the Sole Authorised Representative of Texas Instruments DSP University Program in India. Over 50 TI DSP labs were set up in different colleges all over India during the previous financial year. Under this program a seminar conducted on "Careers in DSP & RTOS" at IISc., Bangalore, for the benefit of engineering college students was a huge success with participations from various engineering colleges all over Karnataka.

The Services and Solutions Division (SSD) of your Company has offered solutions to major corporates in India and abroad in the areas of Mathematical Modeling & Simulation and Software Development. This division's accomplishments are into two areas – services and product development. Services cover projects which have been carried out for customers and products cover Cranes in-house developed software/hardware for commercial purposes.

The Board of Directors is doing all it can, despite the recessionary conditions. It is looking at various opportunities for improving current year performance. The Company is strengthening its technical/ marketing team and other resources and the Board expects the current year performance to be an improvement over the previous year.

CHANGE IN THE NAME AND OBJECTS OF THE COMPANY

The name of your Company has been changed to Cranes Software International Limited and to this effect fresh certificate of incorporation consequent on change of name has been obtained from The Registrar of Companies, Maharashtra, Mumbai. Further The Registrar has issued the certificate of Registration for alteration of Objects Clause of the Company.

DIVIDEND:

With a view to conserve funds, the Board has not recommended any dividend on equity shares for the year under review. A fixed dividend of 12% on Preference Shares of Rs.2,00,00,000/- payable for the year ended March 31, 2002 to The Jammu & Kashmir Bank Limited, as per the terms of issue of preference shares has been declared and paid by the Board of erstwhile CSIL, and the members may take note of the payment of preference dividend.

SUBSIDIARY COMPANY ACCOUNTS:

The audited statement of accounts for the year ended 31st March 2002 of the subsidiary Companies and other documents, are attached along with the Balance Sheet of the Company.

DIRECTORS:

Ms Vidya Ramchandran, retires by rotation, and being eligible offers herself for re-appointment.

Mr Asif Khader, Mr Mukkaram Jan & Mr Mueed Khader were appointed as additional directors of the Company w.e.f. 30th April 2002. Mr Richard Gall was appointed as additional director of the Company w.e.f. 16th May 2002 and Dr Rudra Pratap was appointed as an additional director of the Company w.e.f. 21st June 2002.

The Company has received notice u/s 257 of the Act from members proposing candidature of all the above for the office of directors in the Company.

Mr Sudhir Goel and Mr Shailesh Daga had resigned from the Board w.e.f. 16th May 2002.

AUDITORS:

Pursuant to the scheme of amalgamation M/s S Janardhan & Associates were appointed as Statutory Auditors of the Company in place of M/s A J Baliya & Associates with effect from the effective date and they retire at the conclusion of the ensuing Annual General Meeting. The Board recommends them for re-appointment.

DEMATERIALISATION OF SHARES

With a view to providing better investors service, the Company has admitted its equity shares in the depository system of "Central Depository Services (India) limited" (CDSL) and National Securities Depository Ltd (NSDL). The ISIN number allotted to the Company is "INE234B01015".

REGISTRAR & SHARE TRANSFER AGENT:

Your Company has appointed M/s Alpha Systems Private Limited, Bangalore as its Registrar of the Company for providing share transfer as well as demat connectivity with NSDL and CDSL.

DEPOSITS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed:

- (i) That the preparation of the accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts for the financial year ended 31st March 2002 on a going concern basis.

AUDIT COMMITTEE/CORPORATE GOVERNANCE:

The Board of Directors have constituted an Audit Committee, comprising three directors viz. Mr Richard Gall, Dr Rudra Pratap and Mr Mueed Khader as per the requirements under Section 292A of the Companies Act, 1956.

Clause 40 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance will be applicable to the Company with effect from the current financial year, i.e., 2002-03.

PARTICULARS REQUIRED TO BE DISCLOSED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The information required to be furnished on above is given in Annexure-I and forms part of this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees required to be furnished, under Section 217(2A) of the Companies act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure-II and forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to thank the shareholders, customers, suppliers, bankers, the State Government and other Government and business agencies for their continued support during the year. Your directors also place on record their appreciation of the dedicated services of the employees at all levels who have enabled the Company to achieve consistent growth.

For and on behalf of the Board

Dr Rudra Pratap
Chairman

DATE : 28.06.2002

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

Annexure I to Directors Report

A. Disclosure of particulars with respect to conservation of energy

Eventhough the operations of your Company are not energy-intensive, adequate measures have been taken to reduce energy consumption by using efficient equipment. As energy cost forms a very small part of total cost, the impact on cost is not material.

B. Disclosure of particulars with respect to Technology Absorption, Research and Development

Research and Development (R&D)		
1.	Specific areas in which R&D is carried out by the company	The Company in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science, Bangalore to build a Micro-Electro-Mechanical Systems (MEMS) design and testing lab to design, simulate, build and test MEMS technologies for commercial product development.
2.	Benefits derived as a result of the above R&D	The Lab will develop tools and technology for design and simulation as well as testing design concepts.
3.	Future plan of action	The project is initially for a period of three years. However, it is the intention of concerned parties to extend the project on mutually beneficial grounds after the initial period of three years and work closely on research that leads to commercial products.
4.	Expenditure on R&D a) Capital b) Recurring c) Total d) Total R&D expenditure as a percentage of total turnover	Rs.26,00,000/- - Rs.26,00,000/- 0.79%
Technology absorption, adaptation and innovation		
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	MEMS sensor technology promises to span all aspects of current technological areas such as communication, controls, biomedical applications, space exploration, defence, environmental monitoring and manipulation, etc.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	The entire research work in MEMS technology development is basically motivated by commercial applications. However, there is a lot of work required before the designs of commercial products emerge. The current proposal is aimed at facilitating the development work that precedes product development.
3.	In case of imported technology information needs to be furnished	NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, the Company has incurred expenditure in foreign currency of Rs. 14,97,822/- (previous year : Nil) and the earnings in foreign exchange is Rs. 1,00,47,600/- (previous year : Nil).

Annexure II to Directors Report

Particulars as required under Section 217 (2A) of the Companies Act, 1956 and the Rules framed thereunder:

Name of the Employee Age Yrs.	Designation	Total Remuneration (Rs.)	Date of commencement of employment	Qualification	Total Experience	Last post held & Designation
Mr Syed Aarif Hashmi 38 yrs	Sr. Vice President	15,27,871/-	15.09.2000	B E	13 years	L & T Information Technology Limited Regional Manager
Mr K S Suresh 34 years	Vice President – Services & Solutions	3,90,490/-*	08.09.2000	B E	12 years	Digital Equipment India Limited Practise Manager

Notes:

Remuneration includes Salary and taxable value of allowances/perquisites.

* Remuneration for the part of the period.

Auditors' Report

We have audited the attached Balance Sheet of M/s.Cranes Software International Limited (Formerly Eider Commercials Limited), as at 31st March,2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining , on a test basis , evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to paragraph 1 above, we report that:
 - 2.1 We have obtained all the information and explanations, which to the best of knowledge and belief were necessary for the purpose of our audit;
 - 2.2 In our opinion proper books of account as required by the law have been kept by the company so far as appears from our examination of those books;
 - 2.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns.
 - 2.4 In Our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act , 1956;
 - 2.5 On the basis of the written representations received from the directors, as on 31st March, 2002 , and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as the Director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.
 - 2.6 In our opinion and to the best of our information and to the explanations given to us, the said Accounts give the information required, by the Companies Act, 1956, in the manner so required, 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 31st March 2002; and
 - B. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For **S. Janardhan & Associates**
Chartered Accountants

Place : Bangalore
Date : 28.06.2002

(Balakrishna S.Bhat)
Partner

ANNEXURE TO THE AUDITORS' REPORT

Re. Cranes Software International Limited
(formerly Eider Commercials Limited)

(Referred to in paragraph 1 of our report of even date)

01. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
02. None of the fixed assets have been revalued during the year.
03. Physical inventory of stock of goods has been taken during the year and at the end of the year by the management. In our opinion, the frequency of verification is reasonable.
04. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
05. In our opinion the discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.
06. In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
07. The Company has not taken / granted any loans, secured or unsecured from / to Companies, Firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub – section of Section 3 of the Companies Act 1956 provision of this Section are not applicable to the Company on or after 31 – 10 – 1998.
08. The Company has not granted any loans or advances in the nature of loans except interest free staff advances are which being recovered as stipulated.
09. 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 purchase of goods and other assets and with regard to the sale of goods.
10. In our opinion and according to information and explanations given to us, the transactions of purchases of goods and materials, and sale of goods, materials or services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of Companies Act, 1956 and aggregating to Rs. 50,000/- or more during the year in respect of each party, have made at prices which are reasonable having regard to the prevailing market prices for such goods or materials have been made with other parties.
11. As explained to us, the company has a regular procedure for determination of unserviceable or damaged goods. Adequate provisions have been made in accounts for the loss arising on the items so determined.
12. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposit from the public.
13. Since the company does not manufacture any products, there is no scrap or by – products.
14. In our opinion, the company has an inhouse internal audit system commensurate with the size and nature of its business.
15. The Central Government has not prescribed maintenance of cost record as required under section 209 (1) (d) of the Companies Act, 1956.
16. According to the records of Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
17. According to the information and explanations given to us, no undisputed amounts in respect of Income – tax, Wealth – tax, Sales – tax, Customs duty and Excise duty were outstanding as at 31st March, 2002, for more than six months from the date they became payable.
18. According to the information and explanations given to us, no personal expenses of directors or employees have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The Company is not a sick Industrial Company within the meaning of section (3) (1) (O) of Sick industrial Companies (Special Provision) Act, 1985.
20. According to the information and explanations given to us, there is no damaged goods during the year and hence the Provisions of Para 4 (c) (ii) is not applicable.

For **S. Janardhan & Associates**
Chartered Accountants

Place : Bangalore
Date : 28.06.2002

(Balakrishna S.Bhat)
Partner

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

BALANCE SHEET AS AT 31ST MARCH 2002

Sl. No.	PARTICULARS	Sch No.	Year ended 31.3.2002 Rs.	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.	Previous Year 31.3.2001 Rs.
I.	SOURCES OF FUNDS					
1	Shareholders' Funds:					
(a)	Capital	1	104,224,400.00		2,400,000.00	
(b)	Reserves and Surplus	2	165,876,013.95	270,100,413.95	2,949,700.00	5,349,700.00
2	Loan Funds					
(a)	Secured Loans	3	180,704,159.96		0.00	
(b)	Unsecured Loans	4	10,673,373.00	191,377,532.96	0.00	0.00
	TOTAL			461,477,946.91		5,349,700.00
II.	APPLICATION OF FUNDS					
1	Fixed Assets					
(a)	Gross Block	5	212,957,192.71		0.00	
(b)	Less : Depreciation		44,929,827.77		0.00	
(c)	Net Block			168,027,364.94		0.00
(d)	Capital Work in Progress			2,600,000.00		0.00
2	Investments	6		18,409,110.00		5,000.00
3	Current Assets, Loans & Advances:					
(a)	Inventories	7	22,683,000.00		0.00	
(b)	Sundry Debtors	8	185,215,376.61		543,290.00	
(c)	Cash and Bank Balances	9	129,748,796.33		40,642.00	
(d)	Loans and Advances	10	25,300,893.59		5,974,872.00	
			362,948,066.53		6,558,804.00	
	Less : Current Liabilities & Provisions	11				
(a)	Current Liabilities		44,982,391.66		359,904.00	
(b)	Provisions		12,142,454.00		854,200.00	
			57,124,845.66		1,214,104.00	
	Net Current Assets			305,823,220.87		5,344,700.00
4	Deferred Tax (Liability)			(39,095,637.00)		0.00
5	Miscellaneous Expenditure : (To the extent not written off or adjusted)	12		5,713,888.10		0.00
	TOTAL			461,477,946.91		5,349,700.00
	Notes to Accounts & Significant Accounting Policies (Schedule Nos.1 to 19 form an integral part of accounts)	19				

(The results for the year ended 31st March 2002 includes 12 months financials of Eider Commercials Ltd and 18 months financials of the erstwhile Cranes Software International Ltd)

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

PARTICULARS	Sch No.	Year ended 31.3.2002 Rs.	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.	Previous Year 31.3.2001 Rs.
INCOME					
Sales	13	326,960,409.20		58,240,554.00	
Other Incomes	14	508,361.78		1,999,440.00	
			327,468,770.98		60,239,994.00
EXPENDITURE					
Cost of Goods Sold	15	72,633,881.38		57,432,359.00	
Personnel Expenses	16	36,348,954.78		514,268.00	
Administrative Expenses	17	63,708,054.64		1,197,106.00	
Interest and Financial Charges (Net)	18	9,949,466.27		124,960.00	
Depreciation		32,083,610.25		50,264.00	
			214,723,967.32		59,318,957.00
NET PROFIT BEFORE TAX			112,744,803.66		921,037.00
Less : Provision for Income Tax			10,920,000.00		241,000.00
NET PROFIT AFTER TAX			101,824,803.66		0.00
Add /(Less): Income tax relating to earlier years			53,422.00		(23,627.00)
Less : Provision for deferred tax			19,783,552.00		0.00
Less : Preference Dividend			2,400,000.00		0.00
Balance B/f from previous year			2,949,700.00		2,293,290.00
Balance Carried to Balance Sheet			82,644,373.66		2,949,700.00
Notes to Accounts & Significant Accounting Policies (Schedule Nos.1 to 19 form an integral part of accounts)	19				

(The results for the year ended 31st March 2002 includes 12 months financials of Eider Commercials Ltd and 18 months financials of the erstwhile Cranes Software International Ltd)

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2002

Particulars	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.
SCHEDULE NO.1 SHARE CAPITAL:		
AUTHORISED:		
90,00,000 Equity Shares of Rs.10/- each (P.Y. 2,50,000 Equity Shares of Rs.10/- each)	90,000,000.00	2,500,000.00
2,00,000 Preference Shares of Rs.100/- each (P.Y. NIL)	20,000,000.00	0.00
	110,000,000.00	2,500,000.00
ISSUED, SUBSCRIBED & PAID-UP:		
84,22,440 Equity Shares of Rs. 10/- each fully paid up. (81,82,440 Equity shares were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd with the Company). (P.Y. 2,40,000 equity Shares of Rs.10/- each fully paid up)	84,224,400.00	2,400,000.00
2,00,000 Preference Shares of Rs.100/- each fully paid up. (2,00,000 preference shares were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd with the Company). (P.Y. NIL)	20,000,000.00	0.00
TOTAL	104,224,400.00	2,400,000.00
SCHEDULE NO.2: RESERVES AND SURPLUS:		
a) General Reserve	0.00	0.00
Add : Transfer on amalgamation	22,090,925.29	0.00
Surplus in P&L Account	82,644,373.66	2,949,700.00
	104,735,298.95	2,949,700.00
Less : Deferred tax provision on initial adoption	19,312,085.00	0.00
	85,423,213.95	2,949,700.00
b) Share Premium Account	80,452,800.00	0.00
TOTAL	165,876,013.95	2,949,700.00
SCHEDULE NO.3: SECURED LOANS:		
(Refer note no.9)		
I. Jammu & Kashmir Bank Ltd.		
(i) Overdraft Account	130,804,675.93	0.00
(ii) Cash Credit Account	47,778,823.03	0.00
II. Kotak Mahindra Primus Ltd.	462,300.00	0.00
III. ICICI Bank Ltd.	446,502.00	0.00
IV. Standard Chartered Bank	1,211,859.00	0.00
TOTAL	180,704,159.96	0.00
SCHEDULE NO.4: UNSECURED LOANS:		
Loan from Scheduled Banks	5,323,373.00	0.00
Inter Corporate Deposit	5,350,000.00	0.00
TOTAL	10,673,373.00	0.00

SCHEDULE NO.5 : FIXED ASSETS

in Rs.

PARTICULARS	GROSS BLOCK					DEPRECIATION BLOCK					NET BLOCK	
	Cost as on 31.3.01	Addition on Amalgamation	Addition during the year	Deletions	Total as on 31.03.2002	Upto 31.3.01	Addition on Amalgamation	For the year	Depreciation Withdrawn	Total upto 31.3.02	As on 31.3.02	As on 31.3.01
LAND	0.00	0.00	26,305,037.00	0.00	26,305,037.00	0.00	0.00	0.00	0.00	0.00	26,305,037.00	0.00
FURNITURE & FIXTURES	0.00	14,831,146.53	1,363,965.00	0.00	16,195,111.53	0.00	1,251,469.51	1,503,484.98	0.00	2,754,954.49	13,440,157.04	0.00
COMPUTERS	0.00	27,184,007.25	9,016,566.53	0.00	36,200,573.78	0.00	4,612,395.75	7,992,815.70	0.00	12,605,211.45	23,595,362.33	0.00
COMPUTER SOFTWARE	0.00	56,744,305.40	62,173,446.50	0.00	118,917,751.90	0.00	6,604,837.50	21,342,901.55	0.00	27,947,739.05	90,970,012.85	0.00
PLANT & MACHINERY	0.00	8,280,892.50	2,389,469.00	33,100.00	10,637,261.50	0.00	431,142.42	599,817.21	8,928.00	1,022,031.63	9,615,229.87	0.00
VEHICLE	0.00	3,368,390.79	3,159,155.00	1,826,088.79	4,701,457.00	0.00	820,785.38	644,590.80	865,485.03	599,891.15	4,101,565.85	0.00
TOTAL	0.00	110,408,742.47	104,407,639.03	1,859,188.79	212,957,192.71	0.00	13,720,630.56	32,083,610.25	874,413.03	44,929,827.77	168,027,364.94	0.00
PREVIOUS YEAR	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

NOTE : Additions as on 1st October 2000 after adjustments, pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd with the company (Refer Note 1 of notes to accounts)

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2002

Particulars	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.
SCHEDULE NO.6: INVESTMENTS: (At cost - non trade - unquoted)		
Long term		
Systat Software, Inc. USA (3,90,000 shares of USD 1/- each fully paid up)	18,404,110.00	0.00
Government Security	5,000.00	5,000.00
TOTAL	18,409,110.00	5,000.00
SCHEDULE NO.7: INVENTORIES: (Valued at lower of cost or market value, as valued and certified by the management)		
Stock-in-trade	22,683,000.00	0.00
TOTAL	22,683,000.00	0.00
SCHEDULE NO.8: SUNDRY DEBTORS: (Unsecured - Considered Good)		
Outstanding for more than six months	57,451,704.15	320,346.00
Others	127,763,672.46	222,944.00
TOTAL	185,215,376.61	543,290.00
SCHEDULE NO.9: CASH AND BANK BALANCES:		
Balances with Scheduled Banks in :		
a) Current Account	3,366,243.67	33,761.00
b) Deposit Account	126,315,146.50	0.00
Cash on Hand	67,406.16	6,881.00
TOTAL	129,748,796.33	40,642.00
SCHEDULE NO.10: LOANS AND ADVANCES: (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	14,742,366.59	5,974,872.00
Deposits	10,558,527.00	0.00
TOTAL	25,300,893.59	5,974,872.00
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS:		
<u>Current Liabilities :</u>		
(i) Sundry Creditors	44,982,391.66	359,904.00
	44,982,391.66	359,904.00
<u>Provisions for :</u>		
(i) Taxation	11,624,200.00	854,200.00
(ii) Gratuity	518,254.00	0.00
TOTAL	57,124,845.66	1,214,104.00
SCHEDULE NO.12: MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	0.00	0.00
Add : Preliminary Expenses	427,857.00	0.00
Amalgamation Expenses	1,396,406.00	0.00
Deferred Revenue Expenditure	5,745,954.13	0.00
	7,570,217.13	0.00
Less : 1/5th written off	1,856,329.03	0.00
TOTAL	5,713,888.10	0.00

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002.

Particulars	Year ended 31.3.2002 Rs.	Previous Year 31.3.2001 Rs.
SCHEDULE NO.13: SALES :		
Product Sales	176,815,092.62	58,240,554.00
Software Services & Solutions		
Exports	86,861,312.08	0.00
Domestic	14,519,254.50	0.00
Software Training	48,764,750.00	0.00
TOTAL	326,960,409.20	58,240,554.00
SCHEDULE NO.14: OTHER INCOME :		
Miscellaneous Income	508,361.78	911,484.00
Dividend	0.00	40,559.00
Profit on sale of Assets	0.00	132,972.00
Profit on sale of Investments	0.00	914,425.00
Sundry Balances Written back	0.00	0.00
TOTAL	508,361.78	1,999,440.00
SCHEDULE NO.15: COST OF GOODS SOLD:		
Consignment & Trading Goods		
Opening Stock	7,000,386.00	2,578,917.00
ADD: Purchases	86,531,317.32	54,790,549.00
	93,531,703.32	57,369,466.00
ADD: Direct Expenses:	1,785,178.06	62,893.00
	95,316,881.38	57,432,359.00
LESS: Closing Stock	22,683,000.00	0.00
TOTAL	72,633,881.38	57,432,359.00
SCHEDULE NO.16: PERSONNEL EXPENSES:		
Salaries	33,626,603.59	502,174.00
Medical Reimbursement	107,902.44	12,094.00
E.S.I Contribution	97,442.75	0.00
Provident Fund Contribution	2,517,006.00	0.00
TOTAL	36,348,954.78	514,268.00
SCHEDULE NO.17: ADMINISTRATIVE EXPENSES:		
Auditors Remuneration	102,900.00	12,000.00
General Expenses	17,100,102.49	925,800.00
Sales Commission	10,344,165.50	0.00
Insurance	60,348.00	17,764.00
Staff Welfare	1,989,497.45	0.00
Office Rent	6,814,879.00	0.00
Rates and Taxes	214,180.72	22,493.00
Remuneration to Directors	2,472,000.00	0.00
Loss on Sale of Car	166,056.60	0.00
Loss on Sale of Office Equipment	19,172.00	0.00
Loss on Sale of Shares	94,400.00	0.00
Travelling and Conveyance	7,798,002.22	65,850.00
Repairs & Maintenance	279,719.40	20,400.00
Preliminary expenses written off	1,856,329.03	0.00
Commission & Brokerage	1,079,875.00	0.00
Hire charges	2,385,949.02	0.00
Sales Promotion Expenses	3,980,028.21	0.00
Sitting Fees	12,000.00	2,100.00
Software Development Expenses	1,263,600.00	0.00
Legal & Professional Charges	4,613,014.00	87,100.00
Postage, Telephone & Telegram	1,061,836.00	43,599.00
TOTAL	63,708,054.64	1,197,106.00
SCHEDULE NO.18: INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loan	3,198,204.05	0.00
Interest - Others	20,307,339.39	124,960.00
	23,505,543.44	124,960.00
Less : Interest received on Fixed Deposit (TDS - Rs.13,97,889.00)	13,556,077.17	0.00
TOTAL	9,949,466.27	124,960.00

SCHEDULE NO. 19 :- NOTES TO ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES.**I. SIGNIFICANT ACCOUNTING POLICIES :-****a) BASIS OF ACCOUNTING**

Generally mercantile system of accounting is followed except for those associated with significant uncertainty and are in accordance with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956.

b) INCOME RECOGNITION

- (i) Sale is recognized on delivery of goods to the Customer.
- (ii) Software Development is recognized on the basis of achievement of prescribed milestone as relevant to each contract or proportionate completion method.
- (iii) Technical Service Contract is recognized over the period of the contract.

c) FIXED ASSETS

Fixed Assets are stated at historical cost of acquisition less accumulated depreciation.

d) DEPRECIATION

- (i) Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the date of installation and put into use, as against the Written down value method followed in earlier years. However, change in method of calculation will have no effect on the profit and loss account since the Company had no fixed assets as on 31st March 2001.
- (ii) Depreciation on assets costing less than Rs.5000 is written off in the year of purchase irrespective of the date of installation.

e) INVENTORY

Software products/Product developed/being developed is stated at cost.

f) INVESTMENTS—LONG TERM

Investment in foreign subsidiary has been reflected at the exchange rate prevailing at the date of transaction. Fall in value of investment, other than temporary is provided for.

g) EXCHANGE FLUCTUATION

- (i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction
- (ii) Gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at the year- end restated as at the year end rate, are recognized in profit and loss account.
- (iii) Exchange rate difference relating to Fixed Assets is adjusted to the cost of the asset.

h) RESEARCH AND DEVELOPMENT:

The Company in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science, Bangalore is in the process of setting up a designing and testing laboratory over a period of three years. The intellectual property rights and patents for technologies and products developed by the lab will be jointly owned by the Indian Institute of Science and the Company. At the end of this process the company will be identifying a fabrication facility for commercial exploitation. Payments made to the institution in respect of the aforesaid activity is capitalized under the head "Capital Work in Progress " and will be written off over the useful life of the intellectual right after the commencement of commercial usage of the same.

i) EMPLOYEE/RETIREMENT BENEFITS

- (i) Provident Fund remittances to the Government are charged against the revenue on accrual basis.
- (ii) Gratuity liability is determined on the assumption that the eligible employees are retiring at the end of every year.

j) DEFERRED TAX

- (i) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (ii) Recognition of deferred tax assets for unabsorbed Capital Losses: Deferred Tax assets are recognized on unabsorbed capital losses only if it is reasonably certain that such deferred tax assets can be realised against future taxable capital gains.

k) TREATMENT OF CONTINGENT LIABILITIES: Contingent liabilities not provided for are reflected in Notes on Accounts.**II. NOTES ON ACCOUNTS: -**

1.1 Pursuant to the Scheme of amalgamation of the erstwhile "Cranes Software International Limited" (CSIL) with the Company as approved by the shareholders in the Court-convened meeting held on 9th April 2001 in respect of shareholders of the erstwhile CSIL and and subsequently sanctioned by the Hon'ble High Courts of Karnataka and Mumbai the assets and liabilities of the erstwhile CSIL were transferred to and vested in the Company with retrospective effect from 1st October 2000 and accordingly the scheme has been given effect to in these accounts.

1.2 The operations of CSIL include Trading and Development of Software and providing training and services in the field of Computer Software.

1.3 The amalgamation has been accounted for under the "purchase method" as prescribed by the Accounting Standard AS-14 issued by the Institute of Chartered Accountants of India. As per the Scheme all Properties, Assets, Debts, Liabilities, Duties and obligations pertaining to CSIL have been transferred to and vested in the Company at book value.

1.4 As provided in the Scheme, the Company shall issue and allot to every Shareholder holding Equity Shares of the CSIL, Equity shares in the ratio of One Equity share of Rs. 10 each credited as fully paid up for every Equity share of Rs.10 each held by them in the erstwhile CSIL. Accordingly the Company has allotted 81,82,440 Equity shares amounting to Rs.8,18,24,400/-to the equity shareholders of erstwhile CSIL and the company shall issue and allot to each shareholder holding preference shares of Cranes Software International Ltd. preference shares of Rs.100/- each credited as fully paid up for every preference share of Rs.100/- each held by them in the erstwhile Cranes Software International Ltd. Accordingly, the company has allotted 2,00,000 preference shares amounting to Rs.2,00,00,000/- to the preference share holders of erstwhile Cranes Software International Ltd.

1.5 Consequent to the approval of the Scheme by the Hon'ble High Courts of Karnataka and Mumbai with retrospective effect from 1st October 2000, the following items have been considered in the Profit and Loss account for the year ended 31st March 2002, which are relating to the period from 1st October 2000 to 31st March 2001.

Turnover : Rs.9,55,08,424
Expenses : Rs. 6,60,67,367
Profit : Rs. 2,94,41,057

1.6 In view of the aforesaid amalgamation with effect from 1st October 2000, the figures for the current year are not comparable to those of the previous year.

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

2. Contingent Liabilities not provided for : Bank Guarantees outstanding Rs. 13,27,555/- (Previous Year Nil).
3. Estimated amount of contracts remaining to be executed on capital works and not provided for Rs.20, 02,500/- (Previous year Nil).
4. Remuneration to Whole-time Directors: Rs. 24,72,000/- (Previous year Nil).
5. Value of imports calculated on CIF basis
Capital Goods: Rs. 3,62,93,383.00 (Previous year Nil)
Trading Goods: Rs. 8,61,47,916.32 (Previous Year Nil)
6. Earnings in Foreign Currency - FOB value of Exports Rs. 1,00,47,600.00 (Previous year Nil).
7. Expenditure incurred in Foreign Currency Rs.14,97,822.00 (Previous year Nil).
8. Exchange fluctuation capitalized to the fixed assets during the year is Rs.1,22,959.29 (Previous Year Nil)
9. I. (a) Bank Overdraft Account is secured by pledge of fixed deposit receipts of Rs.12.49 crores
(b) Cash Credit Account is secured by hypothecation of stocks of consumer software, book debts and document of title of goods.
Both the above loans mentioned in the balance sheet are guaranteed by directors and or collaterally secured by property at Frazer Town, Bangalore.
II. Creditors for finance are secured by hypothecation of vehicles.
10. Some of the Debtors and Creditors balance are subject to confirmation.
11. There are no amounts outstanding to small scale industrial undertaking as ascertained by the management
12. In the opinion of the Board of Directors, all the current assets, Loans and advances have at least the value as stated in the Balance sheet if realised in the ordinary course of the Business.
13. Quantitative Details:

2000-2001

Sales:

Item	Units	Qty.	Rs.
Aluminum ingots	Kgs	57,165	55,66,502.00
Alum. Rolled Products	Kgs	3,59,695	3,90,61,614.00
Sulphur	Kgs	21,83,440	66,64,751.00
Aluminum Extrusions	Kgs	42,777	49,39,264.00
Silicon Metal	Kgs	40,000	20,10,000.00
			5,82,42,131.00

Purchases:

Item	Units	Qty.	Rs.
Aluminium ingots	Kgs	57,165	55,66,502.00
Alum. Rolled Products	Kgs	3,45,262	3,74,78,522.00
Sulphur	Kgs	20,76,610	54,46,361.00
Aluminium Extrusions	Kgs	36,593	42,41,164.00
Silicon Metal	Kgs	40,000	20,58,000.00
			5,47,90,549.00

Opening Stocks:

Item	Units	Qty.	Rs.
Alum. Rolled Products	Kgs	14,433	15,83,115.00
Aluminium Extrusions	Kgs	6,184	6,98,126.00
Sulphur	Kgs	1,06,830	2,97,676.00
			25,78,917.00

2001-2002

Item Description	Stock taken over on amalgamation	Receipts	Issues	Balance as on 31.3.2002
Matlab Media CD Kits	61	503	446	118
Dongles	45	287	315	17
Matlab	41	435	414	62
Simulink	32	292	239	85
Toolboxes	656	2,340	1,832	1,164
Total	835	3,857	3,246	1,446

The company has no manufacturing operations and hence licensed and installed capacity are not applicable for the year ended 31st March 2002.

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

14. Repairs and Maintenance includes :

	Year ended 31.3.02 (In Rs.)	Previous Year 31.3.01 (In Rs.)
Repairs to Building	72,032.00	10,103.00
Repairs to Machinery	83,603.00	6,250.00
Repairs to Others	1,24,084.40	4,047.00
	2,79,719.40	20,400.00

15. Auditors remuneration is for

	Year ended 31.3.02 (In Rs.)	Previous Year 31.3.01 (In Rs.)
Statutory Audit	98,400.00	12,000.00
Service Tax	4,500.00	0.00
	1,02,900.00	12,000.00

16. Deferred Tax

i. Reserves and surplus include Deferred Tax Liabilities of Rs.1,93,12,085.00 adjusted on account of initial adoption.

ii. Deferred Tax as at the year end are attributable to the following

Deferred Tax asset

a) Carry forward Capital Loss Rs. 33,591/-

b) Expenses allowable for tax purposes when paid Rs. 1,86,179/-

Deferred Tax Liability:

a) Depreciation Rs. 3,79,49,364/-

b) Expenses yet to be written off in the books Rs. 13,66,043/-

Deferred tax of Rs.1,97,83,552 for the year ended 31st March 2002 is shown separately in the Profit & Loss Account for the year ended 31st March 2002.

17. Earnings per share :

Calculation of EPS - Basic & diluted

1. Net Profit before deferred tax and preference dividend Rs. 10,18,21,803.66

2. Net Profit after deferred tax and preference dividend Rs. 7,96,41,251.66

3. Total No. of equity shares 84,22,440 Nos.

4. EPS before deferred tax and preference dividend Rs. 12.09

5. EPS after deferred tax and preference dividend Rs. 9.46

18. Related party Disclosures as ascertained by the management :

Particulars	Subsidiaries	Associates (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total Related Parties (Rs.)
Purchases of Goods/services/software		33,39,755			33,39,755
Purchase of consumables and others		45,079			45,079
Sales of Goods					0
Purchase of Fixed Assets		37,35,837			37,35,837
Investment in Subsidiary	1,84,04,110				1,84,04,110
Sale of Fixed Assets					0
Rendering of Services					0
Receiving of Services					0
Agency arrangements					0
Leasing or hire purchase arrangements					0
Transfer of research and development					0
License agreements					0
Finance(including loans and equity contributions in cash or kind)					0
Guarantees and collaterals					0
Management contracts including for deputation of employees					0
Directors Remuneration		24,72,000			24,72,000
Balance as on 31.03.02 receivable					0
Balance as on 31.03.02 payable	26,994	1,04,240			1,31,234

Note:

Names of related parties and description of relationship:

Holding Company	-	Other Related Parties	
Subsidiaries	: Systat Software, Inc.	Pennar Hotel and Resorts Private Limited	Green Paradise Land Development Limited
Key Management Personnel	: Mr.Asif Khader	Soverign Granites Private Limited	Cranes Consulting Private Limited
	Mr.Mukkaram Jan	East coast Jansons Engineering Private Limited	Orca Infotech Private Limited
	Mr.Mueed Khader	Jansons Investments Private Limited	SPSS South Asia Private Limited
Relatives of Key Management Personnel	: Nil	Jansons Telecom Private Limited	Sameesha Technologies
		Greenways Land Development Limited	Jansons
		Jansons Land and Property Development Private Ltd.	Systat Software Asia Pacific Private Limited
		High Green Land Development Limited	Keysoft Solutions Private Limited.

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

19. Segment Reporting:

i) Primary Segment Information :

Rs. in lacs

Sl. No.	Particulars	Year ended 31.03.02 Audited	Sl. No.	Particulars	Year ended 31.03.02 Audited
1.	Segment Revenue :		2.	Segment Results	
	a) Product Division	1768.15		(Profit+/-) Loss(-) before tax and interest from each segment	
	b) Training Division	487.64		a) Product Division	663.49
	c) Services & Solutions Division	1013.81		b) Training Division	183.09
	Total	3269.60		c) Services & Solutions Division	380.36
	Less : Inter segment Revenue	-		Total	1226.94
	Net Sales	3269.60		Less : i) Interest	99.49
	Add : Other unallocable Income	5.09		ii) Other unallocable expenditure net off unallocable income	-
	Total Income	3274.69		Total Profit Before Tax	1127.45
			3.	Capital Employed (Segment assets – Segment liabilities)	
				a) Product Division	1666.78
				b) Training Division	459.68
				c) Services & Solutions Division	955.77
				Total	3082.23

ii) Secondary Segment Information :

Geographical Segment :

Rs. in lacs

Particulars	Domestic Operations	International Operations	Total
Segment Revenue	3,274.69	121.51	3,396.20
Carrying amount of segment assets	4,332.63	1,308.42	5,641.05
Additions to Fixed and intangible assets	1,044.07	-	1,044.07

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<p>I. Registration Details</p> <p>Registration No. 034886</p> <p>State Code : 11</p> <p>Balance Sheet Date : 31 03 02 Date Month Year</p> <p>II. Capital raised during the year (Amount in Rs. Thousands)</p> <p>Public Issue -</p> <p>Rights Issue -</p> <p>Bonus Issue -</p> <p>Private Placement -</p> <p>III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)</p> <p>Total Liabilities 461478</p> <p>Total Assets 461478</p> <p>Sources of funds</p> <p>Paid up Capital 104224</p> <p>Reserves & Surplus 165876</p> <p>Secured Loans 180704</p> <p>Unsecured Loans 10674</p> <p>Application of funds</p> <p>Net fixed assets* 170627</p> <p>Investments 18409</p> <p>Net current assets** 266728</p> <p>Misc. expenditure 5714</p> <p>Accumulated Losses -</p> <p>*Include capital work in progress ** Including Deferred Tax liability</p>	<p>IV. Performance of Company (Amount in Rs. Thousands)</p> <p>Turnover 327469</p> <p>Total expenditure 214724</p> <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">+</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">✓</td> <td style="text-align: center;"></td> </tr> </table> <p>(Please tick appropriate box + for profit, - for loss)</p> <p>Profit/Loss before tax 112745</p> <p>Profit/Loss after tax 101825</p> <p>Earning per share in Rs. 12.09</p> <p>Dividend rate % -</p> <p>V. Generic names of three principal products/services of company (as per monetary terms)</p> <p>Item Code No.(ITC Code) 85249009</p> <p>Product Description SOFTWARE</p>	+	-	✓	
+	-				
✓					

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2002

	31.03.2002 Rs.	31.03.2001 Rs.
PROFIT BEFORE TAX	112,744,803	921,037
<u>Adjustments for</u>		
Depreciation	32,083,609	50,264
Interest receipts (Net)	9,949,465	96,884
exchange rate difference	(1,067,814)	62,893
Dividend Income		(40,559)
(Profit)/Loss on sale of assets (Net)	185,228	(132,972)
Profit on sale of investments	94,400	(914,425)
Miscellaneous expenditure written off	1,856,329	
Adjustment relating to earlier years	53,422	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	155,899,442	43,122
<u>Adjustments for</u>		
Inventories	(15,682,614)	2,578,917
Debtors	(146,954,826)	18,877,353
Loans and advances	8,111,230	
Miscellaneous expenditure	(7,180,449)	
Liabilities excluding Interest accrued and dividend	26,963,194	(25,055,546)
NET CHANGES IN WORKING CAPITAL	(134,743,465)	(3,599,276)
CASH GENERATED FROM OPERATION	21,155,977	(3,556,154)
Interest paid	(23,505,542)	(124,960)
Interest receipts	11,945,011	28,076
Direct taxes paid	(4,122,008)	(553,533)
NET CASH FROM OPERATING ACTIVITIES (A)	5,473,438	(4,206,571)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	(104,914,211)	
Sale of fixed assets	799,547	1,345,340
Dividend Received		40,559
Sale of Investment	354,000	1,487,211
Purchase of investment	(18,404,110)	
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(122,164,774)	2,873,110
FOREIGN EXCHANGE DIFFERENCE (C)		(62,893)
CASH FLOW FROM FINANCIAL ACTIVITIES		
Net Increase/(Decrease) in borrowings	148,892,091	
Increase in Share Capital	25,635,200	
Share premium	8,452,800	
Unsecured Loans	(2,149,556)	
CASH GENERATED FROM FINANCING ACTIVITIES (D)	180,830,535	0
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	64,139,199	(1,396,354)
Opening Balance - Cash & Cash equivalents	64,139,199	(1,396,354)
Opening Balance - Cash & Cash equivalents	65,609,596	1,436,996
Closing balance - Cash & Cash Equivalents	129,748,795	40,642

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Cranes Software International Ltd. (formerly Eider Commercials Ltd.) derived from the Audited Financial Statements for the year ended 31st March 2002 and 31st March 2001 and found the same to be drawn in accordance therewith and also with the requirement of clauses 32 of the Listing Agreement with Stock Exchanges.

For Janardhan & Associates
Chartered Accountants

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

- | | |
|--|---------------------------------|
| 1. Name of Subsidiary Company | Systat Software, Inc. |
| 2. The Financial year of the Subsidiary Company ended on | March 31, 2002 |
| 3. a. Number of shares held | 3,90,000 shares of USD 1/- each |
| b. Extent of interest of holding company at the end of financial year of the subsidiary company | 100% |
| 4. The net aggregate amount of the subsidiary company (profit/loss) so far as it concerns the members of the holding company | |
| a. Not dealt within the holding company's accounts | |
| i. For the financial year ended 31 st March 2002 | (Rs.29.65 Lacs) |
| ii. For the previous financial years of the subsidiary companies since it became the holding Company's subsidiary | - |
| b. Dealt in holding Company's accounts: | |
| i. For the financial year ended 31 st March 2002 | - |
| ii. For the previous financial years of subsidiary companies since it became the holding company's subsidiary | - |

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

Consolidated Auditors' Report

We have examined the attached Consolidated Balance Sheet of M/s Cranes Software International Limited, Bangalore and its subsidiary as at 31st March, 2002, and the Consolidated Profit and Loss Account for the year then ended.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of US\$ 651,189 as at 31st March, 2002 and total revenues of US\$ 254,315 for the year then ended. These financial statements have been audited by other Auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of M/s Cranes Software International Limited and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of M/s Cranes Software International Limited and its aforesaid subsidiary, we are of the opinion that:

- a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s Cranes Software International Limited and its subsidiary as at 31st March, 2002; and
- b. the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operations of M/s Cranes Software International Limited and its subsidiary for the year then ended.

For **S. Janardhan & Associates**
Chartered Accountants

Place : Bangalore
Date : 28.06.2002

(Balakrishna S.Bhat)
Partner

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

BALANCE SHEET AS AT 31ST MARCH 2002

Sl. No.	Particulars	Sch No.	Year ended 31.3. 2002 Rs.	Year ended 31.3. 2002 Rs.
I.	SOURCES OF FUNDS			
1	Shareholders' Funds:			
(a)	Capital	1	104,224,400.00	
(b)	Reserves and Surplus	2	165,352,665.47	269,577,065.47
2	Loan Funds			
(a)	Secured Loans	3	180,704,159.96	
(b)	Unsecured Loans	4	10,673,373.00	191,377,532.96
	TOTAL			460,954,598.43
II.	APPLICATION OF FUNDS			
1	Fixed Assets			
(a)	Gross Block	5	237,414,112.75	
(b)	Less : Depreciation		48,703,158.45	
(c)	Net Block			188,710,954.30
(d)	Capital Work in Progress			2,600,000.00
2	Investments	6		5,000.00
3	Current Assets, Loans & Advances:			
(a)	Inventories	7	22,683,000.00	
(b)	Sundry Debtors	8	186,254,123.97	
(c)	Cash and Bank Balances	9	132,667,064.13	
(d)	Loans and Advances	10	31,191,197.59	
			372,795,385.69	
	Less : Current Liabilities & Provisions	11		
(a)	Current Liabilities		58,631,427.34	
(b)	Provisions		12,142,454.00	
	Net Current Assets		70,773,881.34	302,021,504.35
4	Deferred Tax (Liability) / Asset			(38,096,748.32)
5	Miscellaneous Expenditure : (To the extent not written off or adjusted)	12		5,713,888.10
	TOTAL			460,954,598.43
	Notes to Accounts & Significant Accounting Policies (Schedule Nos.1 to 19 form an integral part of accounts)	19		

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

Particulars	Sch No.	Year ended 31.3. 2002 Rs.	Year ended 31.3. 2002 Rs.
INCOME			
Sales	13	336,244,779.90	
Other Incomes	14	3,361,577.00	
			339,606,356.90
EXPENDITURE			
Cost of Goods Sold	15	72,633,881.38	
Personnel Expenses	16	39,749,982.96	
Administrative Expenses	17	75,344,730.30	
Interest and Financial Charges (Net)	18	9,963,322.47	
Depreciation		32,134,065.93	
			229,825,983.04
NET PROFIT BEFORE TAX			109,780,373.86
Less : Provision for Income Tax			10,920,000.00
NET PROFIT AFTER TAX			98,860,373.86
Add : Prior period adjustment			53,422.00
Less : Provision for deferred tax			18,784,663.32
Less : Preference Dividend			2,400,000.00
Balance B/f from previous year			3,918,200.60
Balance Carried to Balance Sheet			81,647,333.14
Notes to Accounts & Significant Accounting Policies (Schedule Nos.1 to 19 form an integral part of accounts)	19		

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Place : Bangalore
Date : 28.06.2002

Balakrishna S. Bhat
Partner

R. Srinivasan
Company Secretary

Mukkaram Jan
Director

Asif Khader
Managing Director

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2002

Particulars	Year ended 31.3.2002 Rs.
SCHEDULE NO.1 SHARE CAPITAL:	
AUTHORISED:	
90,00,000 Equity Shares of Rs.10/- each (P.Y. 2,50,000 Equity Shares of Rs.10/- each)	90,000,000.00
2,00,000 Preference Shares of Rs.100/- each (P.Y. NIL)	20,000,000.00
	110,000,000.00
ISSUED, SUBSCRIBED & PAID-UP:	
84,22,440 Equity Shares of Rs. 10/- each. (81,82,440 Equity shares were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd with the Company).	84,224,400.00
(P.Y. 2,40,000 equity Shares of Rs.10/- each fully paid up in cash)	
2,00,000 Preference Shares of Rs.100/- each (2,00,000 preference shares were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd with the Company) (P.Y. NIL)	20,000,000.00
TOTAL	104,224,400.00
SCHEDULE NO.2: RESERVES AND SURPLUS:	
a) General Reserve	0.00
Add : Transfer on amalgamation	22,090,925.29
Surplus in P&L Account	81,647,333.14
	103,738,258.43
Less : Deferred tax provision on initial adoption	19,312,085.00
	84,426,173.43
b) Share Premium Account	80,452,800.00
c) Capital Reserve	473,692.04
TOTAL	165,352,665.47
SCHEDULE NO.3: SECURED LOANS:	
(Refer note no.6)	
I. Jammu & Kashmir Bank Ltd.	
(i)Overdraft Account	130,804,675.93
(ii)Cash Credit Account	47,778,823.03
II. Kotak Mahindra Primus Ltd.	462,300.00
III. ICICI Bank Ltd.	446,502.00
IV. Standard Chartered Bank	1,211,859.00
TOTAL	180,704,159.96
SCHEDULE NO.4: UNSECURED LOANS:	
Loan from Scheduled Banks	5,323,373.00
Inter Corporate Deposit	5,350,000.00
TOTAL	10,673,373.00

in Rs.

SCHEDULE NO.5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK			
	Cost as on 31.3.01	Addition on Amalgamation	Addition during the year	Deletions	Total as on 31.03.2002	Upto 31.3.01	Addition on Amalgamation	For the year	Depreciation Withdrawn	Total upto 31.3.02	As on 31.3.02	As on 31.3.01
FURNITURE & FIXTURES	0.00	14,831,146.53	1,363,965.00	0.00	16,195,111.53	0.00	1,251,469.51	1,503,484.98	0.00	2,754,954.49	13,440,157.04	0.00
COMPUTERS	0.00	27,184,007.25	32,972,471.65	0.00	60,156,478.90	0.00	4,612,395.75	11,734,487.46	0.00	16,346,883.21	43,809,595.69	0.00
COMPUTER SOFTWARE	0.00	56,744,305.40	62,173,446.50	0.00	118,917,751.90	0.00	6,604,837.50	17,620,628.47	0.00	27,948,340.97	90,969,410.93	0.00
PLANT & MACHINERY	0.00	8,280,892.50	2,890,483.92	33,100.00	11,138,276.42	0.00	431,142.42	630,874.21	8,928.00	1,053,088.63	10,085,187.79	0.00
VEHICLE	0.00	3,368,390.79	3,159,155.00	1,826,088.79	4,701,457.00	0.00	820,785.38	644,590.80	865,485.03	599,891.15	4,101,565.85	0.00
LAND	0.00	0.00	26,305,037.00	0.00	26,305,037.00	0.00	0.00	0.00	0.00	0.00	26,305,037.00	0.00
TOTAL	0.00	110,408,742.47	128,864,559.07	1,859,188.79	237,414,112.75	0.00	13,720,630.56	32,134,065.93	874,413.03	48,703,158.45	188,710,954.29	0.00
PREVIOUS YEAR	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

NOTE :

Additions as at 1st October 2000, after adjustments, pursuant to the Scheme of amalgamation of the erstwhile Cranes Software International Ltd with the Company (Refer No.7.1 of notes to accounts)

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2002

Particulars	Year ended 31.3.2002 Rs.
SCHEDULE NO.6: INVESTMENTS: (At cost - unquoted - non trade) Long term Systat Software, Inc. USA(3,90,000 shares of USD 1/- each)	0.00
Government Security	5,000.00
TOTAL	5,000.00
SCHEDULE NO.7: INVENTORIES: (Valued at lower of cost or market value, as valued and certified by the management) Stock-in-trade	22,683,000.00
TOTAL	22,683,000.00
SCHEDULE NO.8:SUNDRY DEBTORS: (Unsecured - Considered Good) Outstanding for more than six months Others	57,705,446.15 128,548,677.82
TOTAL	186,254,123.97
SCHEDULE NO.9: CASH AND BANK BALANCES: Balances with Scheduled Banks in : a) Current Account b) Deposit Account Cash on Hand	3,366,243.67 126,315,146.50 2,985,673.96
TOTAL	132,667,064.13
SCHEDULE NO.10: LOANS AND ADVANCES: (unsecured, considered good) Advances recoverable in cash or in kind or for value to be received Deposits	20,632,670.59 10,558,527.00
TOTAL	31,191,197.59
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS: <u>Current Liabilities :</u> (i) Sundry Creditors <u>Provisions for :</u> (i) Taxation (ii) Gratuity	58,631,427.34 58,631,427.34 11,624,200.00 518,254.00
TOTAL	70,773,881.34
SCHEDULE NO.12: MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) Add : Preliminary Expenses Amalgamation Expenses Deferred Revenue Expenditure Less : 1/5th written off	0.00 427,857.00 1,396,406.00 5,745,954.13 7,570,217.13 1,856,329.03
TOTAL	5,713,888.10

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

Particulars	Year ended 31.3.2002 Rs.
SCHEDULE NO.13: SALES:	
Product Sales	186,099,463.32
Software Services & Solutions	
Exports	86,861,312.08
Domestic	14,519,254.50
Software Training	48,764,750.00
TOTAL	336,244,779.90
SCHEDULE NO.14: OTHER INCOME:	
Miscellaneous Income	3,361,577.00
Dividend	0.00
Profit on sale of Assets	0.00
Profit on sale of Shares	0.00
Sundry Balances Written off/back	0.00
TOTAL	3,361,577.00
SCHEDULE NO.15: COST OF GOODS SOLD:	
Consignment & Trading Goods	
Opening Stock	7,000,386.00
ADD: Purchases	86,531,317.32
	93,531,703.32
ADD: Direct Expenses:	1,785,178.06
	95,316,881.38
LESS: Closing Stock	22,683,000.00
TOTAL	72,633,881.38
SCHEDULE NO.16: PERSONNEL EXPENSES:	
Salaries	37,027,631.77
Medical Reimbursement	107,902.44
E.S.I Contribution	97,442.75
P.F. Contribution	2,517,006.00
TOTAL	39,749,982.96
SCHEDULE NO.17: ADMINISTRATIVE EXPENSES:	
Auditors Remuneration	102,900.00
General Expenses	17,678,909.41
Sales Commission	10,344,165.50
Insurance	60,348.00
Staff Welfare	19,89,497.45
Office Rent	10,153,458.72
Rates and Taxes	365,356.64
Remuneration to Directors	2,472,000.00
Loss on Sale of Car	166,056.60
Loss on Sale of Office Equipment	19,172.00
Loss on Sale of Shares	94,400.00
Travelling and Conveyance	10,747,031.60
Repairs & Maintenance	279,719.40
Preliminary expenses written off	5,527,792.01
Commission & Brokerage	1,079,875.00
Hire charges	2,385,949.02
Sales Promotion Expenses	3,980,028.21
Sitting Expenses	12,000.00
Software Development Expenses	1,263,600.00
Legal & Professional Charges	5,398,660.54
Postage, Telephone & Telegram	1,223,810.20
TOTAL	75,344,730.30
SCHEDULE NO.18: INTEREST & FINANCIAL CHARGES :	
Interest on Fixed Loan	3,198,204.05
Interest - Others	20,321,195.59
	23,519,399.64
Less : Interest received on Fixed Deposit (TDS - Rs.13,97,889.00)	13,556,077.17
TOTAL	9,963,322.47

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

SCHEDULE NO.19 : NOTES TO ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS:-

1. Basis of Consolidation:

- * The consolidated financial statements of M/s Cranes Software International Limited and its subsidiary are prepared under historical cost convention in accordance with the generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidation of Financial Statements issued by the Institute of Chartered Accountants of India.
- * The financial statements of the Company, its subsidiary company have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits or losses.
- * 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.
- * The benefit over the actual cost of its investment in subsidiary is treated as a Capital Reserve.
- * The translation of foreign currencies into Indian Rupees (reporting currency) is performed for assets and liabilities using the current exchange rates in effect at the Balance Sheet date, for revenues, cost and expenses using the simple average of the monthly closing rates prevailing during the reporting period. For Share Capital exchange rate at the date of the transaction has been adopted.

2. Fixed Assets

Fixed Assets are reflected at historical cost less accumulated depreciation.

3. Depreciation

- (i) Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the date of installation and put into use, as against the Written down value method followed in earlier years. However, change in method of calculation will have no effect on the profit and loss account since the Company had no fixed assets as on 31st March 2001.
- (ii) Depreciation on assets costing less than Rs.5,000 is written off in the year of purchase irrespective of the date of installation.

4. Inventories

Software products/Product developed/being developed is stated at cost.

5. Exchange Fluctuation

- i. Foreign Currency transactions are accounted at the exchange rates prevailing at the date of the transaction.
- ii. Gains and Losses resulting from the settlement of Foreign Currency transaction and from the translation of monetary assets and liabilities denominated in Foreign Currencies at the year end, restated at the year end rate are recognised in the Profit and Loss account.
- iii. Exchange differences relating to Fixed Assets are adjusted in the Cost of the Asset.

6.1. Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

6.2. Recognition of deferred tax assets for unabsorbed capital losses

Deferred Tax assets are recognised on unabsorbed capital losses only if it is reasonably certain that such deferred tax assets can be realised against future taxable capital gains.

7. Leases:

In respect of assets taken on finance lease, the same is capitalized at their cash price and the same is depreciated over the shorter of the estimated useful life of the asset or the lease term.

8. Treatment of Contingent Liabilities

Contingent Liabilities not provided for are reflected in Notes on Accounts.

II. NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS:-

1. The subsidiary company considered in the consolidated financial statements and their reporting dates are as under:
Companies having same reporting dates as that of the Parent Company

Name of Company	Country of Incorporation	% of voting power held	Reporting date as at
Systat Software, Inc.	United States of America	100%	31.03.2002

2. During the period under review, the parent company has invested in its subsidiary – Systat Software, Inc. in United States of America. The Subsidiary has been set up with 100% Interest costing the parent Rs.1.84 Crores. The said subsidiary's products are primarily used by the organizations to integrate and analyse data in the process of formulating strategies more effectively. This process is commonly known as "Data Mining" or "Data analysis using advance analytical techniques".
3. Estimated amount of contracts remaining to be executed on Capital Works and not provided for is Rs 20,02,500/-
4. Bank Guarantees outstanding Rs. 13,27,555/- (Previous Year Nil).
5. Cash flow statement is not prepared as previous years figures are not applicable.
6. I. (a) Bank Overdraft Account is secured by pledge of fixed deposit receipts of Rs.12.49 crores
(b) Cash Credit Account is secured by hypothecation of stocks of consumer software, book debts and document of title of goods.
Both the above loans mentioned in the balance sheet are guaranteed by directors and or collaterally secured by property at Frazer Town, Bangalore.
- II. Creditors for finance are secured by hypothecation of vehicles.

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

- 7.1 Pursuant to the Scheme of amalgamation of the erstwhile "Cranes Software International Limited" (CSIL) with the Company as approved by the shareholders in the Court-convened meeting held on 9th April 2001 in respect of shareholders of the erstwhile CSIL and subsequently sanctioned by the Hon'ble High Courts of Karnataka and Mumbai the assets and liabilities of the erstwhile CSIL were transferred to and vested in the Company with retrospective effect from 1st October 2000 and accordingly the scheme has been given effect to in these accounts.
- 7.2 The operations of CSIL include Trading and Development of Software and providing training and services in the field of Computer Software.
- 7.3 The amalgamation has been accounted for under the "purchase method" as prescribed by the Accounting Standard AS-14 issued by the Institute of Chartered Accountants of India. As per the Scheme all Properties, Assets, Debts, Liabilities, Duties and obligations pertaining to CSIL have been transferred to and vested in the Company at book value.
- 7.4 As provided in the Scheme, the Company shall issue and allot to every Shareholder holding Equity Shares of the CSIL, Equity shares in the ratio of One Equity share of Rs. 10 each credited as fully paid up for every Equity share of Rs.10 each held by them in the erstwhile CSIL. Accordingly the Company has allotted 81,82,440 Equity shares amounting to Rs.8,18,24,400/- to the equity shareholders of erstwhile CSIL and the company shall issue and allot to each shareholder holding preference shares of Cranes Software International Ltd. preference shares of Rs.100/- each credited as fully paid up for every preference share of Rs.100/- each held by them in the erstwhile Cranes Software International Ltd. Accordingly, the company has allotted 2,00,000 preference shares amounting to Rs.2,00,00,000/- to the preference share holders of erstwhile Cranes Software International Ltd.
- 7.5 Consequent to the approval of the Scheme by the Hon'ble High Courts of Karnataka and Mumbai with retrospective effect from 1st October 2000, the following items have been considered in the Profit and Loss account for the year ended 31st March 2002, which are relating to the period from 1st October 2000 to 31st March 2001.
- | | | |
|----------|---|-----------------|
| Turnover | : | Rs.9,55,08,424 |
| Expenses | : | Rs. 6,60,67,367 |
| Profit | : | Rs. 2,94,41,057 |

8. Segment Reporting

i) Primary Segment Information :

		Rs. in Lacs
Sl. No.	Particulars	Year ended 31.3.2002 Audited
1.	Segment Revenue :	
	a) Product Division	1768.15
	b) Training Division	487.64
	c) Services & Solutions Division	1013.81
	d) Systat Software Inc., - Subsidiary	121.38
	Total	3390.98
	Less : Inter segment Revenue	-
	Total Revenue	3390.98
	Add : Other unallocable Income	5.09
	Total Income	3396.07
2.	Segment Results	
	Profit(+)/Loss(-) before tax and interest from each segment	
	a) Product Division	663.49
	b) Training Division	183.09
	c) Services & Solutions Division	380.36
	d) Systat Software Inc., - Subsidiary	-29.51
	Total	1197.43
	Less : i) Interest	99.63
	ii) Other unallocable expenditure net off unallocable income	-
	Total Profit Before Tax	1097.80
3.	Capital Employed	
	(Segment assets – Segment liabilities)	
	a) Product Division	1666.78
	b) Training Division	459.68
	c) Services & Solutions Division	955.77
	d) Systat Software Inc., - Subsidiary	168.81
	Total	3251.04

ii) Secondary Segment Information :

Geographical Segment :

Rs. in Lacs

Particulars	Domestic Operations	International Operations	Total
Segment Revenue	3274.68	121.38	3396.07
Carrying amount of segment assets	4332.63	1308.42	5641.05
Additions to Fixed and intangible assets	1044.07	244.57	1288.64

CRANES SOFTWARE INTERNATIONAL LIMITED

(Formerly Eider Commercials Limited)

9. Deferred Tax as at the year end are attributable to the following

Indian Operations :**Deferred Tax asset**

- a) Carry forward Capital Loss Rs.33,591/-
 b) Expenses allowable for tax purposes when paid Rs.1,86,179/-

Deferred Tax Liability:

- a) Depreciation Rs.3,79,49,364/-
 b) Expenses yet to be written off in the books Rs.13,66,043/-

Deferred tax of Rs.1,97,83,552/- for the year ended 31st March 2002, is shown separately in the Profit & Loss account for the year ended 31st March 2002.

US Operations :**Deferred Tax asset**

- a) Carry forward business Loss Rs.10,12,686/-

10. Related party Disclosures (As identified by the Management)

Particulars	Subsidiaries (Rs.)	Associates (Rs.)	Key Mgt. Personnel (Rs.)	Relatives of Key Mgt. Personnel (Rs.)	Total Related Parties (Rs.)
Purchases of Goods/services/software		33,39,755			33,39,755
Purchase of consumables and others		45,079			45,079
Sales of Goods					0
Purchase of Fixed Assets		37,35,837			37,35,837
Investment in Subsidiary	1,84,04,110				1,84,04,110
Sale of Fixed Assets					0
Rendering of Services					0
Receiving of Services					0
Agency arrangements					0
Leasing or hire purchase arrangements					0
Transfer of research and development					0
License agreements					0
Finance(including loans and equity contributions in cash or kind)					0
Guarantees and collaterals					0
Management contracts including for deputation of employees					0
Directors Remuneration			24,72,000		24,72,000
Balance as on 31.03.02 receivable					0
Balance as on 31.03.02 payable		26,994	3,46,240		57,23,234

Note:**Names of related parties and description of relationship:**

Holding Company : Nil
 Subsidiaries : Systat Software, Inc.
 Key Management Personnel : Mr.Asif Khader
 Mr.Mukkaram Jan
 Mr.Mueed Khader
 Mr.Richard Gall

Relatives of Key Management

Personnel : Nil

Other Related Parties :

Pennar Hotel and Resorts Private Limited
 Sovereign Granites Private Limited
 East coast Jansons Engineering Private Limited
 Jansons Investments Private Limited
 Jansons Telecom Private Limited
 Greenways Land Development Limited
 Jansons Land and Property Development Pvt. Ltd.
 High Green Land Development Limited
 Green Paradise Land Development Limited
 Cranes Consulting Private Limited
 Orca Infotech Private Limited
 SPSS South Asia Private Limited
 Sameesha Technologies
 Jansons
 Systat Software Asia Pacific Private Limited
 Keysoft Solutions Private Limited.

In respect of the above parties, there is no provision for doubtful debts as on 31st March, 2002 and no amount has been written off/written back during the year in respect of debts due from/to them.

11. Since the consolidated financial statements have been prepared for the first time, the comparable figures for the previous year could not be given.

As per our report of even date
 For S. Janardhan & Associates
 Chartered Accountants

For and on behalf of the board

Place : Bangalore
 Date : 28.06.2002

Balakrishna S. Bhat
 Partner

R. Srinivasan
 Company Secretary

Mukkaram Jan
 Director

Asif Khader
 Managing Director