

ANNUAL REPORT

2 0 1 3 - 2 0 1 4

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. 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 2013 - 2014



REPORT OF THE BOARD OF DIRECTORS

To,
The Members of
Cranes Software International Limited,

Your Directors are pleased to present this Twenty-ninth Annual Report together with the audited accounts of the Company and its below-noted Subsidiary Companies for the year ended March 31, 2014.

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, 2014 which incorporate Audited Accounts for the above-noted Subsidiary Companies per relevant regulations.

Financial Performance

(Rs. in Million)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Sales and Operating Revenues	197.3	214.9	3,392.3	3,099.6
Profit / (Loss) before tax	(1,918.1)	(2,645)	(2,007.7)	(2,758.8)
Taxes	918.4	109.3	978.0	140.1
Profit / (Loss) after tax	(999.7)	(2,535.7)	(1,029.7)	(2,618.7)

Business

During the year, your Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 197.3 million, down from Rs. 214.9 million. The after tax position was a loss of Rs. 999.7 million, on Standalone basis, as compared to loss of Rs 2,535.7 million in the previous year. This reduction in loss, was primarily due to items classified as 'Extraordinary Items' (largely write back of bank liabilities no longer needed - Rs 685.4 million), 'Exceptional Items' (largely prior period income items - Rs 11 million, compared to Rs 0.7 million of previous year), Deferred Tax Asset accrual (Rs 931 million as compared to Rs 144.5 million previous year) and other minor variances in expenditure.

On a consolidated basis, during the year, your Company together with its subsidiaries, achieved a Sales and Operating Revenue of Rs. 3,392.3 million, up from Rs. 3,099.6 million of the previous year.

Operations

As outlined in detailed in the Management Discussion and Analysis Annexure, Company management has worked earnestly over the past three 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 the 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 many 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 2013-14, in order to conserve cash.

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>1. Redemption of Foreign currency convertible bond amounting to Rs. 34,682.13 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet.</p>	<p>While it is accepted that redemption has not taken place, there have been transactions, the Company is aware of, between various Bond Holders who originally subscribed to the issue and others. A large number of the new Bond Holders, the Company believes, have considerable faith in its business soundness and would like to support the Company in its endeavours to rebuild its business</p>
<p>2. Legal proceeding under Sec. 138 of the Negotiable Instruments Act have been initiated by various Banks against the Company. These Banks have applied to the Debt Recovery Tribunal / Hon'ble Courts, etc. for recovery of dues. These proceeding are in various stages of disposal before the "DRT" and respective Hon'ble Courts.</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 while reaching settlements with some, expects to reach favourable settlements with others in due course.</p>
<p>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.</p>	



<p>4. An Advance of Rs. 23,950.68 lakhs is due from a party for an inordinate period and in our opinion recovery of the same is doubtful. However, the Company continues to classify 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.</p>	<p>During the year, considerable sets of actions were concluded on Book Debt Receivables since amounts were larger and needed more focused action. Complete resolution has by and large been possible on this account and adequate provision has been made, as auditors itself believe. It is the belief of the Company that 'Value will be received' from the party to whom the advance was paid and referred to by the Auditor; the matter will be dealt with in the current year and until further clarity, it is believed that the matter can continue to be classified as 'Good'</p>
<p>5. Attention of the members is invited to Note no. 3.11 of the Notes regarding recognition of deferred tax credit on account of unabsorbed losses and allowances aggregating to Rs. 22,559.89 lakhs (year ended March 31, 2013 Rs. 13,249.77 lakhs) This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22</p>	<p>The Company has in the past year made planned efforts and progress in rebuilding its businesses and moving towards 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>6. The Subsidiary Company M/s Systat Software Inc. has out of amounts due to the Company, written back a sum of 2.6 Million USD equivalent to Rs 1,562.60 lakhs during the year under reference. The Company has created a provision in the Statement of Profit and Loss for a similar amount in the books of the Company. The Company is yet to apply to the Reserve Bank of India seeking its approval for write off of this amount in accordance with the provisions of the Foreign Exchange Management Act, 1999</p>	<p>Necessary application to the Foreign Exchange Management Authorities is under preparation to close this matter.</p>
<p>7. 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. 35,469.53 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.</p>	<p>We believe that there is no reduction in the value of its IP assets and that the attainable value would be at least equal to the carrying value. During the year under review, the management has put its efforts in product planning and is confident of continuing the development of these products and also convinced that such developed products will contribute substantially towards increased revenues.</p> <p>The Company, has implemented several measures to improve its business potential as outlined in the Management Discussion and Analysis annexed to this report, including debt restructuring and substantial progress towards resumption of normal operations. Hence, we are highly confident that the concept of 'Going Concern' continues to apply without doubt.</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>8. Further to the above, we would like to draw the attention of the members to Note no. 3.28 regarding default of payments to various statutory authorities.</p>	<p>The Company is in the process of discharging these liabilities and is confident of clearing the entire dues in due course.</p>

Deposits

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

Directorate

Dr. Peter Ryser and Mr. Richard Holden Gall retire by rotation in the forthcoming Annual General Meeting. Dr. Peter Ryser and Mr. Richard Holden Gall, being eligible, offer themselves for re-appointment.

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 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 2013-14 is Rs. 76.4 million and foreign exchange outgoing is Rs. 170.3 million during the year.

Employees

Information as per Sec 217(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, 2014 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 30, 2014

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, 2014.

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.

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 30, 2014

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, 2014, 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, 2014.

For Cranes Software International Ltd.,

Bengaluru
August 30, 2014

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), is a global scientific & engineering products and solutions provider. The Company's business interests straddle software products (proprietary products and product alliances), Solutions (Engineering design & CAE R&D) and Services (training in niche domain areas). The Company is dedicated to excellence and recognized leadership in technical software products and training services.

Cranes Software is focused on product development, consulting, distribution and training, and has its direct presence in six countries worldwide. Committed to providing its customers the best in technology, Cranes Software is continuing to set new standards in the scientific software and engineering fields.

Global Business Environment

The world economy showed growth last year. Underlying this growth was a revival in consumer confidence, leading to a return of discretionary spending and increased demand from the U.S. and Europe. There has been improvement in macroeconomic indicators in several countries, strengthening of corporate balance sheets and supportive financial market conditions, all leading to a significant rise in per capita incomes across several regions globally.

In the IT sector, fundamental aspects of the business landscape continue to favour offshore outsourcing through the growing trend of global delivery. All this has set the stage for Indian IT exports to grow 13-15 per cent in 2014-15 to reach \$97-99 billion. According to the National Association of Software and Services Companies (NASSCOM), the Domestic revenues for the period will grow at 9-12 per cent and reach Rs. 1,250-1,280 billion this year.

Cranes Software: Business Initiatives

The Company has consolidated its position in the global software products and services segment by undertaking essential business transformation to leverage its product development capability and worldwide presence. In the year under review, the Company has enhanced its position in the areas of Business Intelligence, Engineering Services and Vocational Training. The Company continues to improve operational effectiveness, optimize costs and increase market reach across all businesses. These initiatives have positively impacted the current year business revenues and improved operating margins.

In the year gone by, Cranes furthered its engagement with its clientele by increasing product, service & solution offerings. This includes expanding our product range, partnering with partners to penetrate into new business areas, launching new products upgrades in the Engineering & Business Intelligence products and services area. The Company also forged its presence in the training services space by penetrating further into Engineering Universities and Colleges. Under the College program, Cranes Varsity has continued to train both Students and Faculty in new areas of technology in Partnership with Industry leaders. In the Business Intelligence space the Company launched multiple solutions on BUSINESS INTELLIGENCE STORE REAL-TIME OPERATIONS ("BISTRO"), an applications store. The Company operates in the Business Intelligence area through its subsidiaries; Dunn Solutions Group (DSG), a full service IT consulting firm with Business Intelligence and Application Development practices, and Cubeware, a Company offering a complete, innovative, industry-independent Business Intelligence Product portfolio. A detailed update of new product launches and business initiatives is included below.

On a standalone basis, the Company's Cranes Varsity division has reinforced its position in the training and education market. The Company partnered with a number of engineering colleges for on-campus training to engineering students, under 'Cranes Varsity College Program'. The division re-launched its ITAP program and introduced the Project Oriented Certificate Program for College students. Under the Cranes Varsity University Program banner, the Company released its own product NISA to the Mechanical and Civil departments in engineering colleges this year, hence penetrating further into the engineering segment and reducing its dependency



on third party products. Going forward, the Company plans to further establish its relationships with academia and bring active partnerships from the corporate sector as well.

During the year, the Company, on a standalone basis, achieved a Sales and Operating Revenue of Rs. 197.3 million, down from Rs. 214.9 million. This is largely due to reduction of dependency on third party sales in India. The Company has put in place effective measures to control the cost of goods, optimization of manpower and other overheads. However Other Expenses including provision towards bad debts (Rs 1,143.5 million - compared to previous year's expenses of Rs 1,480 million) and Exchange fluctuation of Rs 327.7 million (compared to nil last year), contributed to a total expenditure of Rs 2,885 million. The after tax position was a loss of Rs. 999.7 million, on Standalone basis, as compared to loss of Rs 2,535.7 million in the previous year. This reduction in loss, was primarily due to items classified as 'Extraordinary Items' (largely write back of bank liabilities no longer needed - Rs 685.4 million), 'Exceptional Items' (largely prior period income items - Rs 11 million, compared to Rs 0.7 million of previous year), Deferred Tax Asset accrual (Rs 931 million as compared to Rs 144.5 million previous year) and other minor variances in expenditure.

On a consolidated basis, during the year, the Company together with its subsidiaries, achieved a Sales and Operating Revenue of Rs. 3,496.5 million, up from Rs. 3,308.3 million of the previous year.

The Company, in the mean while, is also constantly working on improving its balance sheet position by pursuing various means to sustain operational profitability and reduce debt exposure through external funds infusion. 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.

International Subsidiary Performances

ETA (a 100% subsidiary of Cranes Software):

Engineering Technology Associates, Inc. (ETA) provides engineering & development services from Concept to Product. The Company offers a variety of services including product design, complete product development solutions, on-site engineering support, computer aided engineering (CAE) analysis, finite element analysis (FEA) analysis, engineering staffing and IT services. ETA is also the developer of simulation and analysis software tools. The Inventium Suite® is ETA's enterprise product development solution. The suite offers a high performance modeling and post-processing system, with a robust path for the integration of new tools and third party applications.

Product Launches

BSE-in-NX Released

ETA released its Blank Size Engineering module for the NX environment, called BSE-in-NX, at the FABTECH show (November 18, 2013) in Chicago. The solution is a complete toolset for accurately predicting flat blank profiles, optimal nesting layouts and forming feasibility for 3D part models. It is now available for users of Siemens' NX digital product development software, via an icon on the NX toolbar.

DYNAFORM 5.9.2 Released

ETA released DYNAFORM Version 5.9.2 in August of 2014. DYNAFORM is a simulation software solution, which analyzes the entire die system and allows organizations to bypass soft tooling, reducing tryout time, lowering costs and improving overall productivity. This latest release offers many new and improved features, as well as brand new add-ons for Trim Line Development, Rotary Tube Bending Design & Analysis, Hot Forming and Die Structure Cooling.

Product Alliances

New Siemens Alliance

Part of a new alliance with Siemens, BSE-in-NX is the first product to be released under the current partnership between ETA and Siemens, which established ETA as a Foundation Partner in the Siemens' Partner Program. Foundation Partners are able to participate in specifically defined joint sales and marketing activities with Siemens, a relationship which allows ETA to work directly with current NX users.



DYNAFORM Optimization Platform

ETA continues its 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 arrangement, ETA offers Red Cedar's proprietary optimization technology, SHERPA™, as a module of its eta/DYNAFORM® product. The module is called OP, for Optimization Platform. ETA also offers Livermore Software Technology Company's (LSTC's) LS-OPT product for optimization within the module.

Inventium™ Suite Add-on for Geomagic Design

Users of Geomagic 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 Geomagic Design model data into the finite element (FE) modeling tool, PreSys®, of the Inventium Suite®, specify the necessary material and loading definitions, and finally perform analysis with NISA software.

Going forward...

ETA has expanded its work in Product Design and Development and continues to make impressive developments in the area of mass reduction strategies. With Miles Per Gallon (MPG) being of top concern for the heavy truck and bus industry, ETA will continue to penetrate this market, utilizing its expertise in the areas of mass reduction and performance efficiency.

ETA also has a new initiative for securing US Government Engineering Contracts, by joining a US Government Consortium, called NCMS. ETA also continues to expanding its list of partners and diversify its portfolio of services.

Dunn Solutions Group (DSG):

Dunn Solutions Group is a full service IT consulting firm with Business Intelligence and Application Development practices. Its Application Development practice offers expertise in portal technology, mobile and custom application development, and certified private Liferay Training. The BI practice offers end-to-end BI solutions including data warehouse, reporting & analytics, dashboards, and Authorized SAP Training. Dunn Solutions is also a trusted resource for IT projects and IT staffing needs nationwide through offices in Chicago, Minneapolis, Raleigh, St. Louis and Bangalore, India

Solution Frameworks Introduced in FY14

Higher Education BI Framework

Dunn Solutions Group development and deployed the first commercial release of its Higher Education BI Framework to a large community college in Illinois this year. Dunn Solutions has also engaged with SAP to sell this solution to other higher educational institutions throughout the U.S. DSG's Higher Education BI Framework delivers a robust reporting solution with dynamic dashboards to achieve greater insight into student, alumni, financial and personnel data. The Framework leverages source system data to make Higher Ed organizations more efficient, and ultimately more successful.

ACO BI Framework

DSG's ACO Business Intelligence Framework is a web-based reporting solution that integrates and consolidates patients' clinical, financial and survey data from the EMR software, to deliver key performance indicators (KPIs) to the desktop using dynamic visualizations. These dynamic visualizations - easy-to-understand speedometers, graphs, tables and alerts - highlight trends, expose problems and offer valuable insight into 40 metrics.

Innovation Portal Framework

The Dunn Solutions Innovation Portal Framework is designed to help companies support their innovation process using a platform to collect ideas, develop and socialize concepts, and manage the approval process for ideas from the employee, customer and supplier communities. Members can not only submit and track their ideas, they can browse through various idea categories and rate those ideas of interest. Innovation Portal Framework tools include: crowd sourcing, gamification, employee innovation enablement and idea management.



Financial Institution Portal Framework

The Dunn Solutions Financial Institution Portal Framework is an out-of-the-box interactive customer platform for financial and investment firms. It offers secure client account access so that clients can subscribe to communications, view investment performance and learn about other investment products. It enables communications with investor communities about potential investment opportunities and allows customers to interact wherever they are with mobile-enabled websites and native apps.

Alliance Partnership

Dunn Solutions was awarded the Liferay Community Excellence award at the 2013 Liferay North America Symposium in San Francisco. The Liferay Community Excellence Award is awarded to Liferay Services Partners for their achievements in the Liferay open source community. Dunn Solutions also became one of only three Liferay partners in the U.S. who are authorized to deliver training on behalf of Liferay. Dunn Solutions has now delivered Liferay portal solutions in the healthcare, insurance, media, and financial verticals.

Going Forward...

During the year under review DSG forged strongly into the Application Development and Business Intelligence environment. DSG also introduced four new frameworks and enhanced its existing frameworks to work with partner / customers in broad spectrum verticals from Legal and Finance to Manufacturing and Aerospace. DSG 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. This year Dunn Solutions renewed its Gold Partnership with SAP and continues to provide product, implementation services, and training to SAP BI customers.

CubeWare:

Cubeware offers a complete, innovative, industry-independent BI portfolio. The Cubeware Solutions Platform helps Companies optimally implement a wide range of requirements for sustainable performance management. The Cubeware BI platform has strong integration capabilities, user-friendliness and scalability with regards to both functional and technical requirements. As the only app-capable BI platform in the industry, it offers vast built-in capabilities - ranging from data management and role-based user administration to components for analysis, planning and reporting - to implement modern BI projects in an easy-to-use solution.

Product Launches

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 Added 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.

Cubeware added Numericon Essbase Integration Framework for Importer to BISTRO BI app store

Cubeware announce the integration of Numericon Essbase Framework for Importer to BISTRO BI app store. The application uses the complete range of Cubeware Importer functions to manage all pertinent system features needed to generate data models within Essbase. It fills the gap within the Cubeware Importer functions for the generation, management and operations of Essbase systems.

Cubeware Released Importer 7.0 Release 4

Cubeware launched the Cubeware Importer 7.0 Release 4 . The Release 4 offers a large range of features that increase the usability of data management and data modelling so that work done with the powerful ETL-tool becomes even more convenient and efficient.



Cubeware launched Team Server Monitor

This application helps to value the reporting infrastructure at a Company. The obtained information results in a better understanding of the licensing and enables Companies to clean up the report environment.

Cubeware added Cubeware Sales Navigator to BISTRO

Cubeware added Cubeware Sales Navigator to BISTRO BI app store. This application is built on best practice and proven technology and minimizes the risks while providing benefits in short time. The predefined ETL processes and data model guarantees rapid implementation and takes away the pressure of making the right decisions.

Cubeware added TM1 Complete to BISTRO BI App Store

Cubeware added Cubeware TM1 Complete to BISTRO BI app store. This application makes the most out of IBM Cognos TM1. TM1 Complete is based on the Cubeware Importer and offers some significant optimizations to the OLAP database. It demonstrably shortens implementation time for BI solutions.

Cubeware Launched Cockpit V6pro Release 4

Cubeware Cockpit Release 4 delivers eight new functionalities to users of the powerful BI frontend that make the work faster, even more flexible and convenient. It strengthens the capabilities to gain more insights through the analysis of data especially within complex corporate structures and the strategic planning process. The release increases the enterprise readiness of the whole Cubeware product portfolio (especially for the web and mobile applications and the Team Server) and makes the frontend even more attractive for bigger companies.

Going forward...

During the year under review Cubeware focused on areas such as BI and SAP, mobile BI and planning through aggressive and integrated marketing campaigns, enhancing market penetration. Going forward the Company plans to announce a major product release, Cubeware Solutions Platform C8. The release will synchronize the whole product portfolio, add a number of very important features in view of modern information architectures (cloud-ready, hybrid structures etc.) and therefore enhancing the whole sustainability of the platform as well as establishing the Team Server as the core component of Cubeware BI systems. This major release is going to be accompanied with a re-naming and a simplification of the pricing and licensing model. On the one hand this will enable sales to acquire new prospects through an improved market and on the other hand, the existing customers can upgrade their systems through an easy to understand migration process.

Systat Software Inc. (SSI)

Systat Software Inc headquartered in San Jose, California is a pioneer in Statistical Data Analysis and Scientific Graphing. Our suite of products help researchers and engineers analyze their data, create precise plots and charts, develop publication-quality graphs and customize all analysis needs. With over half a million users in Research Institutes, Universities and Commercial Laboratories worldwide, Systat Software is committed to providing the scientific community with the best of tools for powerful statistical analysis, advanced scientific graphing, automated curve & surface fitting, automated peak separation analysis and real time data analysis.

Product launches

Systat Software announces SigmaPlot Version 13

In July 2014, Systat Software announced SigmaPlot Version 13, their latest version of the most advanced scientific data analysis and graphing software package. SigmaPlot version 13 provides researchers with an optimized property interface with no tabs, with all properties displayed in one place and instant graph display upon property change. Version 13 has increased ease of use 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 continues to invest further into technical upgrades of its products, marketing and infrastructural strengths. In addition to creating and upgrading its consulting and customization business of creating developers libraries and partnering with technology players, SSI is developing a SigmaPlot version for the Macintosh Operating system as well as a cloud based SaaS model for both SigmaPlot and SigmaStat. This will have a very good impact on academia as student and faculty would benefit from this.



SWOT Analysis Overview

Strengths

Although the organization underwent financial and business uncertainty and down sides, it has managed to maintain organization sustainability and operational efficiencies. The Company today continues to leverage its expertise, experience and domain knowledge in the fields of Vocational Training, Engineering Services and Business Analytics to grow and achieve new grounds. By anticipating and addressing the needs of the Industry, the Company has built a dominant position in a wide range of sectors including 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 settlement options 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 is constantly working on higher-end easy-to-operate but yet powerful and flexible business applications for its core areas such as business intelligence and vocational training. During the year under review the Company has enhanced its service offering on its powerful BI BISTRO platform, introduced the new eLearning platform for BI training and launch new mobile based application using the SAAS model.

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 dynamic needs 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.

In addition, the Company is continuously upgrading and updating its existing scientific, engineering and business intelligence products to serve existing customers and establishing new markets. The Company, will also continue taking necessary steps to improve operational efficiencies and effectiveness of the organization and to grow the business across the world.

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 2013-14 stood at Rs. (1,303.1) million, increasing by Rs.1,216.8 million from Rs. (86.3) million in the previous fiscal year. The net increase 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. 9,055.6 million to Rs. 9,004.6 million. This 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 and interest on loan outstanding.

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

Increased to Rs.796.3 million from Rs. 637.5 million at close of the previous year on account of accrued interest towards FCCBs.

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 increased from Rs. 19.5 million to Rs. 23.3 million, reflective of the improved prospects of sale in the forthcoming fiscal year.

Trade Receivables

After providing for Rs. 987.3 million of potential Doubtful Debts, trade receivables at the close of FY 2014 were at Rs. 389.2 million compared to Rs. 1,708.5 million a year ago.

Cash and Bank Balances

Cash and Bank balances have reduced to Rs. 88.1 million compared to Rs. 104.1 million last year.

Short Term Loans and Advances

Increased marginally from Rs. 300.5 million to Rs 304.5 million.



Operating Results

Revenue

The Company on a consolidated basis reported total revenue of Rs. 3,392.3 million. Sale of Software Product Licenses contributed substantially to the bulk of this; Services revenue being only Rs. 1,670 million.

In addition, Other Income of Rs. 104.2 million, which includes liabilities no longer required written back Rs. (63.3) million served to depict a Total Income of Rs 3496.5 million.

Expenditure:

Cost of Goods

Cost of Goods stood at Rs. 1,622.2 million largely represents the direct costs involved in the manufacture and logistics of distribution of proprietary products.

Personnel Costs

Personnel Costs increased from Rs. 986 million to Rs. 1,069 million. This is primarily due to decrease in contractual business in the international operations.

Other Expenses

Other Expenses changed marginally from Rs. 2,111.1 million to Rs. 2,102.6 million, including on account of extraordinary and one-time effect of Bad Debts Provisions Rs. (987.3) million.

Depreciation

Depreciation charged during FY 2013 decreased to Rs. 437.9 million, from Rs. 542.1 million.

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. 1,029.6 million compared to Rs. 2,618.6 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 FY 2002 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 4 times during the year, as follows :

During the quarter ended 30 th June, 2013	30 th May, 2013
During the quarter ended 30 th September, 2013	14 th August, 2013
During the quarter ended 31 st December, 2013	14 th November, 2013
During the quarter ended 31 st March, 2014	13 th February, 2014

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 video 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	30 th April, 2002	4	Y	6	3	2
Mukkaram Jan	30 th April, 2002	4	N	7	1	-
Mueed Khader	30 th April, 2002	4	Y	6	1	-
Richard Gall	16 th May, 2002	4	Y	-	2	1
Dr. Peter Ryser	29 th 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 four times during the year. The dates of the meetings with details of attendance of the directors is given below:

Name of the Director	30-05-2013	14-08-2013	14-11-2013	13-02-2014
Richard Gall	Yes	Yes	Yes	Yes
Asif Khader	Yes	Yes	Yes	Yes
Dr. Peter Ryser	Yes	Yes	Yes	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, 2014.

The Company has designated an email id exclusively for redressal of Investor Grievances, viz., investor.grievances@cranessoftware.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, 2013 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 Directors Mr. Mueed Khader and Mr. Mukkaram Jan be re-appointed as Whole-time Directors on the same terms as their previous appointment for a period of 3 years at the AGM of 2013. 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
14 th November, 2011	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	Raising of additional long-term funds through further issuance of securities in the Company.
28 th September, 2012	10.00 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	NIL
30 th September, 2013	10.30 a.m.	Shri Devaraj Urs Bhavan, No. 16-D, Millers Tank Bund Area, Vasanthanagar, Bangalore - 560052	NIL

For AGM 2014, 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 "Business Standard" & "Sanjevani" (Kannada). The results are also updated on the corporate website (www.cranessoftware.com). The quarterly results and the shareholding pattern are uploaded to the company website as well as the websites of the Stock Exchanges.

GENERAL SHAREHOLDER INFORMATION

A	29th Annual General Meeting	
	Date and Time	29th September, 2014 at 10:30 AM
	Venue	Sri Devaraj Urs Bhavan, No.16-D, Miller Tank Bund Area, Vasanthnagar, Bangalore - 560 052
B	Financial Calendar	
	Audited Annual Results - 2013-14	29th May, 2014
	Unaudited results for the quarter ending June 30, 2014	14th August, 2014
	Unaudited results for the quarter ending September 30, 2014	Second week of November, 2014
	Unaudited results for the quarter ending December 31, 2014	Second week of February, 2015
	Audited Annual Results - 2014-15	Last week of May, 2015
C	Book closure date	24th September, 2014 to 29th September, 2014
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.cranessoftware.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 were 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 financial year 2013-14 is given below:

Month	BSE	
	High (Rs.)	Low (Rs.)
Apr - 2013	2.50	2.07
May - 2013	2.62	1.81
Jun - 2013	2.33	1.65
Jul - 2013	2.30	1.67
Aug - 2013	2.17	1.14
Sep - 2013	3.53	2.00
Oct - 2013	5.65	3.10
Nov - 2013	6.02	4.38
Dec - 2013	5.55	4.00
Jan - 2014	5.42	4.51
Feb - 2014	4.75	3.17
Mar - 2014	4.44	2.94

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, 2014:

No. of Shares Held	Share Holders		Shares	
	Number	% of Total	Number	% of Total
(1)	(2)	(3)	(4)	(5)
up to 500	25,352	63.03	5,551,408	4.71
501 to 1,000	6,385	15.88	5,498,076	4.67
1,001 to 2,000	3,891	9.67	6,247,548	5.31
2,001 to 3,000	1,458	3.63	3,852,711	3.27
3,001 to 4,000	715	1.78	2,628,729	2.23
4,001 to 5,000	631	1.57	3,024,792	2.57
5,001 to 10,000	987	2.45	7,436,595	6.31
10,001 & above	800	1.99	83,526,991	70.93
	40,219	100.00	11,77,66,850	100.00

Pattern of Share Holding as on March 31, 2014

Holders	% of Holding
Promoters	6.38%
Banks	15.73%
Insurance Companies	0.76%
FII	0.10%
Foreign Corporate Bodies / OCBs	0.07%
Bodies Corporate	19.56%
Resident	51.23%
Trust	0.00%
Clearing Members	0.99%
NRI	5.17%
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, 2014 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 2014, 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

Bangalore
May 29, 2014



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, 2014, 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 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 risks 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, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014 is drawn on the basis of the Principle of 'Going Concern'. We opine as follows in this connection :***
 - 6.1 ***Redemption of Foreign currency convertible bond amounting to Rs. 34,682.13 lakhs (42 million Euros) to the holders of the bonds have fallen due during April 2011 and is yet to be redeemed as on the date of Balance Sheet.***
 - 6.2 ***Legal proceedings u/s. 138 of the Negotiable Instruments Act have been initiated by various Banks against the company. These Banks have applied to the Debt Recovery Tribunal (DRT)/ Hon'ble Courts, etc for recovery of dues. These proceedings are in various stages of disposal before the "DRT" and 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 ***An advance of Rs. 23,950.68 lakhs is due from a party for an inordinate period and in our opinion recovery of the same is doubtful. However, the company continues to classify 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.***
 - 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. 22,559.89 lakhs (year ended March 31, 2013 Rs. 13,249.77 lakhs). This does not satisfy the virtual certainty test for recognition of deferred tax credit as laid down in Accounting Standard 22.***
 - 6.6 ***The subsidiary company M/s. Systat Software Inc has out of amounts due to the company, written back a sum of 2.6 Million USD equivalent to Rs. 1,562.60 Lakhs during the year under reference. The Company has created a provision in the Statement of Profit and Loss for a similar amount in the books of the company. The company is yet to apply to the Reserve Bank of India seeking its approval for write off of this amount in accordance with the provisions of the Foreign Exchange Management Act, 1999.***



- 6.7 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. 35,469.53 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 note no. 3.28 regarding default of payments to various statutory authorities;**
8. **We further report that, except for the effect, if any, of the matters stated in paragraphs 6.7 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, 2014 would have been higher by Rs. 46,510.57 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:
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - 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:
- 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;
 - 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
 - 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.
 - 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 (“the Act”) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 **subject to Para No. (6.5) as stated above regarding recognition of Deferred Tax Asset on account of Carried forward losses and Para No. (6.7) as stated above regarding impairment test of Fixed Assets both tangible and intangible along with Intangible Assets under Development.**
 - On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being re-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

Bangalore
May 29, 2014



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. (a) The Company during the year has granted unsecured loan of Rs. 1024.10 Lakhs to five subsidiary Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 11,856.22 lakhs and the year-end balance was Rs. 11,773.42 lakhs. Apart from the above, the Company has not granted any loan, secured or unsecured, to firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) In our opinion and according to the information and explanations given to us, the terms and conditions on which such loans have been granted are not prima facie prejudicial to the interest of the Company.
(c) The receipt of the principal amount is in accordance with the terms and conditions of such granted loan.
(d) There are no overdue amounts due from such parties.
(e) The company has not taken any loan from Companies, Firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (3) (f) and (3) (g) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
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 the purchases of inventory, fixed assets and with regard to 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 on 31st March, 2014, the following amounts are still to be deposited on account of undisputed statutory liabilities:***

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount to be paid
Employee`s Provident Fund & Miscellaneous Provision Act	Provident Fund	31.90
Commercial Taxes Act	Professional Tax	0.22
Employee State Insurance Act	ESI	3.24
Income Tax Act	Withholding Taxes	256.63
Service Tax	Service Tax	156.15
Commercial Taxes Act	Sales Tax/Value Added Tax	68.64
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	0.97

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax and Cess were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable except in the following cases which is still due for payment:

(Rs. in Lakhs)

Name of the Statute	Nature of dues	Amount to be paid
Employee`s Provident Fund & Miscellaneous Provision Act	Provident Fund	20.73
Employees State Insurance Act	ESI	3.08
Income Tax Act	Withholding Taxes	213.53
Service Tax	Service Tax	97.49
Commercial Taxes Act	Sales Tax/Value Added Tax	50.08
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	0.97

(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	3,278.23	2008 - 09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	5,942.48	2009 - 10	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
Chapter V of the Finance Act, 1994	Service Tax	630.45	2004 - 05 to 2007 - 08	Department Authorities



10. The Company has accumulated losses, as at March 31, 2014. The Company has also incurred cash losses of Rs. 16,142.52 lakhs in the financial year ended on that date and Rs. 22,565.33 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)

<i>Name of the Banks & Financial Institutions</i>	<i>Amount of default (including accrued interest)</i>	<i>Period of default</i>
Bank of India	22,295.79	From 2009 till date
Allahabad Bank	3,797.96	From 2009 till date
Canara Bank	5,535.66	From 2009 till date
Industrial Development Bank of India	4,104.76	From 2009 till date
State Bank of Mysore	3,676.65	From 2009 till date
Bank of India	5,277.27	From 2009 till date
State Bank of Travancore	4,824.13	From 2009 till date

The company has not issued any Debentures during the year.

12. According to the 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 term 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

Bangalore
May 29, 2014

Vijay Bhatia
Partner
Membership No.201862



BALANCE SHEET

AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2014	March 31, 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3.01	235,533,700	235,533,700
(b) Reserves and surplus	3.02	(904,750,738)	95,020,772
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	147,894,830	309,218,567
(b) Long-term provisions	3.04	7,243,054	8,094,971
(3) Current Liabilities			
(a) Short-term borrowings	3.05	87,671,908	20,273,767
(b) Trade payables	3.06	767,274,528	530,739,896
(c) Other current liabilities	3.07	11,586,942,070	10,915,052,881
(d) Short-term provisions	3.08	45,124,276	22,709,368
TOTAL		11,972,933,628	12,136,643,922
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	3.09	179,727,874	187,689,581
(ii) Intangible assets		1,121,346,534	962,998,856
(iii) Intangible assets under development		2,245,878,313	2,749,931,957
(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	2,255,989,400	1,324,976,900
(d) Long term loans and advances	3.12	4,346,209,296	4,109,401,846
(2) Current Assets			
(a) Inventories	3.13	5,010,500	7,727,734
(b) Trade receivables	3.14	804,193,708	1,739,667,478
(c) Cash and bank balances	3.15	11,756,890	12,707,575
(d) Short-term loans and advances	3.16	201,903,323	237,195,706
TOTAL		11,972,933,628	12,136,643,922
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

Bengaluru
May 29, 2014

Bengaluru
May 29, 2014



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2014	March 31, 2013
Revenue from operations	3.17	197,325,549	214,979,227
Other income	3.18	72,969,028	177,437,177
Total Revenue		270,294,577	392,416,404
Expenses:			
Cost of materials consumed		-	-
Purchase of stock in trade		36,238,294	40,598,410
Changes in inventories of stock-in-trade	3.19	2,717,234	4,475,937
Employee benefit expenses	3.20	83,477,227	97,685,304
Finance costs	3.21	947,092,529	902,110,438
Depreciation and amortization expenses	3.22	303,941,831	423,751,171
Other expenses	3.23	1,511,554,533	1,568,126,198
Total Expenses		2,885,021,648	3,036,747,458
Loss before exceptional and extraordinary items and tax		(2,614,727,071)	(2,644,331,054)
Exceptional Items	3.24	11,039,651	(711,472)
Loss before extraordinary items and tax		(2,603,687,420)	(2,645,042,526)
Extraordinary Items	3.25	685,493,289	-
Loss before tax		(1,918,194,131)	(2,645,042,526)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		931,012,500	144,558,900
(3) Tax adjustment of earlier years		(12,589,879)	(35,241,956)
Loss for the period		(999,771,510)	(2,535,725,582)
Earning per equity share:			
(Nominal Value per Share Rs. 2)			
(1) Basic / Diluted (excluding extraordinary items, net of tax expenses)		(14.31)	(21.53)
(2) Basic / Diluted (including extraordinary items)		(8.49)	(21.53)
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

Bengaluru
May 29, 2014Bengaluru
May 29, 2014



STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Cash flows from Operating Activities		
Net profit/(loss) before taxation & extraordinary items	(2,603,687,419)	(2,645,042,526)
Adjustments for:		
Profit / (Loss) on sale of investments / assets	(93,752)	-
Foreign exchange loss / (gain) (net)	327,791,107	(163,989,238)
Depreciation and amortization	303,941,831	423,751,171
Dividend / interest income (net)	(8,602,372)	(1,977,246)
Provision for bad debts	1,143,560,000	1,480,000,000
Interest expense on borrowings	947,092,529	902,110,438
Operating profit/(loss) before working capital changes	110,001,924	(5,147,401)
Adjustments for working capital		
Inventories	2,717,233	4,872,426
Trade receivables	2,819,994	(59,230,930)
Short term loans and advances	35,292,383	(30,094,852)
Current liabilities	(638,658,429)	104,682,078
Cash generated from operations	(487,826,895)	15,081,321
Adjustments for		
Direct taxes paid	-	-
Net cash from Operations before extraordinary items	(487,826,895)	15,081,321
Extraordinary items	685,493,289	-
Net cash generated from Operating Activities	197,666,394	15,081,321
Cash flows from Investing Activities		
Purchase of fixed assets / increase in work in progress	51,928,095	(3,889,080)
Dividend / interest received	8,602,372	1,977,246
Proceeds from sale of fixed assets	1,320,000	-
Net cash from Investing Activities	61,850,467	(1,911,834)
Cash flows from Financing Activities		
Interest on borrowed funds	(36,646,944)	(62,781,663)
Borrowings	(98,065,836)	(59,938,125)
Long term loans and advances	(147,317,756)	73,978,304
Long term / short term provisions	21,562,991	28,177,372
Net cash from Financing Activities	(260,467,545)	(20,564,112)
Net increase/(decrease) in Cash and Cash Equivalents	(950,685)	(7,394,625)
Opening cash and cash equivalents	12,707,575	20,102,200
Closing cash and cash equivalents	11,756,890	12,707,575

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

Bengaluru
 May 29, 2014

Bengaluru
 May 29, 2014



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, 2014 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 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.

2.3 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 three 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 change. 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, 2014

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
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 Rs. 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 31-03-2014		As at 31-03-2013	
	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 preceeding 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 preceeding 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 31-03-2014		As at 31-03-2013	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,784,740	10.86%	12,652,506	10.74%
Bank of India	11,291,723	9.59%	11,291,723	9.59%



3.02 RESERVES AND SURPLUS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
(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	(3,777,805,602)	(1,242,080,020)
Add / (Less) : Current year loss	(999,771,510)	(2,535,725,582)
Closing balance	(4,777,577,112)	(3,777,805,602)
TOTAL	(904,750,738)	95,020,772

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Secured		
Term loans from Jammu and Kashmir Bank Limited	107,929,698	274,413,519
Unsecured		
Foreign currency term loan from UPS capital	39,965,132	34,805,048
TOTAL	147,894,830	309,218,567

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 31-03-2014	As at 31-03-2013
Provision for compensated absence	1,160,082	1,038,837
Provision for gratuity	6,082,972	7,056,134
TOTAL	7,243,054	8,094,971



3.05 SHORT TERM BORROWINGS-UNSECURED

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Cash Credit facilities from Banks		
Jammu & Kashmir Bank Limited	87,671,908	20,273,767
TOTAL	87,671,908	20,273,767

3.06 TRADE PAYABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Trade payables		
- Dues to micro, small and medium enterprises	-	-
- Others	767,274,528	530,739,896
(Refer Note No. 3.32 regarding disclosure as required under the provisions of MSMED Act)		
TOTAL	767,274,528	530,739,896

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Current maturities of long-term debt		
- Jammu & Kashmir Bank Ltd	137,600,000	137,600,000
- UPS Capital Business Credit	5,138,550	4,650,345
Bondholders of FCCB (42,000 units of 1,000/- Euros each fully paid up) (Refer Note No. 3.38)	3,468,213,000	2,920,680,000
Loans repayable on demand		
Unsecured		
- Term Loans from Banks		
Bank of India	2,229,578,639	2,067,304,284
Allahabad Bank	379,795,663	325,857,920
Canara Bank	553,565,580	476,837,453
Industrial Development Bank of India	410,476,309	352,720,182
State Bank of India	-	1,036,131,035
State Bank of Mysore	367,664,592	322,852,072
- Cash Credit facilities from Banks		
Bank of India	527,726,643	475,031,440
State Bank of Travancore	482,412,635	425,736,768
Unclaimed Dividend	623,871	907,176
Amounts due and payable to investor education and protection fund	96,646	96,646
Statutory dues (Including provident fund, withholding and other taxes) (Refer Note No. 3.28)	51,917,310	103,384,920
Directors' current account	389,750,362	385,482,202
Employee benefits payable	142,346,179	167,724,283
Dues to related parties	14,042,593	16,299,887
Advance received from customers	3,621,471	10,730,572
Unpaid dividend on equity shares	-	23,553,370
Unpaid dividend distribution tax	27,388,281	27,388,281
Other advances	2,144,983,746	1,634,084,045
Advance received towards sale of asset	250,000,000	-
TOTAL	11,586,942,070	10,915,052,881



Defaults in repayment of Loans as at March 31, 2014

(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	829,578,639	2,229,578,639
Allahabad Bank	From 2009 to Till Date	250,000,000	129,795,663	379,795,663
Canara Bank	From 2009 to Till Date	250,000,000	303,565,580	553,565,580
Industrial Development Bank of India	From 2009 to Till Date	220,000,000	190,476,309	410,476,309
State Bank of Mysore	From 2009 to Till Date	250,000,000	117,664,592	367,664,592
Cash Credit facilities from Banks				
Bank of India	From 2009 to Till Date	300,000,000	227,726,643	527,726,643
State Bank of Travancore	From 2009 to Till Date	300,000,000	182,412,635	482,412,635

3.08 SHORT TERM PROVISIONS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Provision for gratuity	256,213	256,444
Provision for compensated absence	134,411	102,919
Provision for income tax (net of advance tax and TDS)	44,733,652	22,350,005
TOTAL	45,124,276	22,709,368

3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation			Net Block		
	Cost as on April 1, 2013	Additions	Deletions	Total as on March 31, 2014	Upto April 1, 2013	For the year	Withdrawn	Total upto March 31, 2014	As on March 31, 2014	As on March 31, 2013
Tangible Assets										
Land & Building	94,712,158	-	-	94,712,158	2,565,540	80,396	-	2,645,936	92,066,223	92,146,618
Furniture & Fixtures	66,938,358	4,835,674	-	71,774,032	34,101,336	4,412,768	-	38,514,104	33,259,928	32,837,022
Computers	123,750,353	758,895	-	124,509,248	111,075,195	4,142,343	-	115,217,538	9,291,710	12,675,158
Plant & Machinery	64,387,718	1,095,468	1,578,295	63,904,892	20,432,706	3,094,375	352,046	23,175,035	40,729,857	43,955,012
Vehicle	19,148,149	-	-	19,148,149	13,129,245	1,690,813	-	14,820,058	4,328,091	6,018,904
Technical Books	101,079	-	-	101,079	44,212	4,801	-	49,014	52,065	56,867
Total A	369,037,815	6,690,037	1,578,295	374,149,558	181,348,234	13,425,496	352,046	194,421,684	179,727,874	187,689,581
Intangible Assets										
Goodwill	596,500,000	-	-	596,500,000	-	-	-	-	596,500,000	596,500,000
Computer Software	4,546,448,001	448,864,013	-	4,995,312,014	4,179,949,145	290,516,335	-	4,470,465,480	524,846,534	366,498,856
Total B	5,142,948,001	448,864,013	-	5,591,812,014	4,179,949,145	290,516,335	-	4,470,465,480	1,121,346,534	962,998,856
Total (A + B)	5,511,985,816	455,554,050	1,578,295	5,965,961,572	4,361,297,379	303,941,831	352,046	4,664,887,163	1,301,074,408	1,150,688,437
Previous Year	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



3.10 INVESTMENT

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
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 paidup (Previous year 380,000 Equity shares of Rs.10/- each fully paidup)	3,800,000	3,800,000
Systat Software GmbH-Germany 1 Equity Share of 25,000 Euros fully paidup (Previous year 1 Equity share of 25,000 Euros fully paidup)	1,447,500	1,447,500
Cranes Software International Pte Limited - Singapore 165,692 Equity shares of Singapore Dollars 1/- each fully paidup. (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 31-03-2014	As at 31-03-2013
Deferred Tax Asset Attributable to :		
Brought forward losses	1,020,759,600	1,180,245,700
Provision for retirement benefits	2,942,900	2,612,400
Expenses allowable when paid	1,479,779,300	266,231,500
Less:		
Deferred Tax Liability Attributable to :		
Difference between book and tax depreciation	(247,492,400)	(124,112,700)
TOTAL	2,255,989,400	1,324,976,900

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Unsecured, considered good		
Earnest money deposits	4,113,128	4,411,940
Other deposits	646,350	2,155,012
Rent deposits	686,000	6,423,000
Security deposits	432,030	529,474
Loans & Advances:		
- Related parties (Subsidiaries) (net of provisions)	1,945,264,115	1,734,798,978
- Others	2,395,067,673	2,361,083,442
TOTAL	4,346,209,296	4,109,401,846

3.13 INVENTORY

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Stock in trade	5,010,500	7,727,734
TOTAL	5,010,500	7,727,734

3.14 TRADE RECEIVABLES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Debts overdue for a period exceeding six months		
Unsecured, considered good		
From subsidiaries	666,174,128	535,343,452
From others	3,221,261,612	3,225,023,368
Less: Provision for doubtful debts	(3,117,360,000)	(2,130,000,000)
(A)	770,075,740	1,630,366,820
Other Debts		
Unsecured, considered good		
From subsidiaries	20,857,351	58,863,529
From others	13,260,617	50,437,129
(B)	34,117,968	109,300,658
TOTAL (A + B)	804,193,708	1,739,667,478

**3.15 CASH AND BANK BALANCES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Cash and cash equivalents:		
Cash on hand	85,212	32,802
Bank Balances:		
In current accounts	342,894	1,658,164
Other Bank Balances:		
Balances with bank held as margin	10,603,533	10,060,753
money with maturity of 3 to 12 months	725,251	955,856
Unpaid dividend account		
TOTAL	11,756,890	12,707,575

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Prepaid expenses	136,231	114,105
Advance to employee & suppliers	10,918,778	7,894,855
Other current assets	-	50,694,660
MAT Credit Entitlement	163,500,000	163,500,000
Disputed tax payments	27,348,314	14,992,086
TOTAL	201,903,323	237,195,706

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
(a) Sale of products		
- Hardware products	24,774,615	36,414,612
- Software licences	98,447,948	124,831,931
(b) Sale of services	74,102,986	53,732,684
TOTAL	197,325,549	214,979,227

3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
(a) Interest received	8,602,372	1,977,246
(b) Sundry creditors written back to the extent no longer required	63,391,673	9,651,858
(c) Exchange fluctuation gain	-	163,989,238
(d) Other income	1,590	333,624
(e) Excess provision for leave encashment reversed	-	1,485,211
(f) Provision for gratuity written back to the extent no longer required	973,393	-
TOTAL	72,969,028	177,437,177



3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Stock at the end of the year	5,010,500	7,727,734
Stock at the beginning of the year	7,727,734	12,203,671
Increase / (Decrease) in stock	2,717,234	4,475,937

3.20 EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Salaries and wages	74,801,434	85,419,110
Director remuneration	6,595,068	2,400,000
Contribution to provident and other funds	1,270,556	1,559,226
Staff welfare expenses	657,432	994,390
Leave encashment	152,737	-
Gratuity	-	7,312,578
TOTAL	83,477,227	97,685,304

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Interest on long term borrowings	36,646,944	62,781,663
Other borrowing costs	910,445,585	834,818,782
Interest on statutory dues	-	4,509,993
TOTAL	947,092,529	902,110,438

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Depreciation on tangible assets	13,425,496	15,559,926
Amortization on intangible assets	290,516,335	408,191,245
TOTAL	303,941,831	423,751,171

**3.23 OTHER EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Payment to auditor		
- As audit fee	600,000	600,000
- As reimbursement of expenses	39,300	23,475
Power and fuel	3,803,260	4,738,147
Rent	1,227,850	6,426,888
Repairs and maintenance		
- Machinery	53,670	122,358
- Others	1,236,564	2,015,382
Insurance	235,831	235,802
Rates and taxes, excluding taxes on income	145,964	26,453,517
Provision for bad and doubtful debts	1,143,560,000	1,480,000,000
Marketing expenses	1,568,075	22,765,175
Bad debts	-	33,493
Travelling and conveyance	3,718,364	11,034,744
Communication expenses	2,414,448	3,120,774
Exchange fluctuations (net)	327,791,107	-
Legal & professional charges	3,510,667	2,684,202
Miscellaneous expenses	21,649,433	7,872,241
TOTAL	1,511,554,533	1,568,126,198

3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Prior period expenses	(2,057,767)	(711,472)
Prior period income	13,003,666	-
Profit on sale of assets	93,752	-
TOTAL	11,039,651	(711,472)

3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Amounts written back on one time settlement with Banks		
- Principal writeback	250,000,000	-
- Interest writeback	435,493,289	-
TOTAL	685,493,289	-



3.26 EARNINGS PER SHARE

Particulars	For the Year March 31, 2014		For the Year March 31, 2013	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax (in Rs.)	(1,685,264,798)	(999,771,510)	(2,535,725,582)	(2,535,725,582)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(14.31)	(8.49)	(21.53)	(21.53)
(b) Diluted				
Profit / (loss) after tax (in Rs.)	(1,685,264,798)	(999,771,510)	(2,535,725,582)	(2,535,725,582)
Adjusted net profit for the year	(1,685,264,798)	(999,771,510)	(2,535,725,582)	(2,535,725,582)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(14.31)	(8.49)	(21.53)	(21.53)
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	1,000,667,009	245,972,000
(b) Service tax matters	138,647,868	75,602,762
(c) Guarantees and counter guarantee	10,603,533	10,014,960
(d) Others	5,515,000	5,515,000
TOTAL	1,155,433,410	337,104,722

3.28 UNDISPUTED STATUTORY DUES REMAINING UNPAID AS AT MARCH 31, 2014

(Amount in Rupees)

Name of the Statute	Nature of dues	Total Liability as at	
		31-03-2014	31-03-2013
Employee's Provident Fund & Miscellaneous Provision Act	Provident Fund	3,189,932	7,508,164
Commercial Taxes Act	Professional Tax	21,550	2,380,630
Employees State Insurance Act	ESI	339,617	280,184
Income Tax Act	Withholding Taxes	25,662,839	77,026,822
Service Tax Act	Service Tax	15,614,917	10,360,015
Karnataka State Commercial Taxes Act	Sales Tax/Value Added Tax	6,863,725	5,539,000
Income Tax Act	Self Assessment Tax	69,696,284	69,696,284
Wealth Tax Act	Wealth Tax	88,000	88,000
Income Tax Act	Dividend Distribution Tax	27,388,281	27,388,281
Income Tax Act	Fringe Benefit Tax	41,304	41,304
Investor Education Protection Fund	Unclaimed Dividend	96,646	96,646



3.29 CASES 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)	3,468,213,000	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 of Mysore	250,000,000	
4. Canara Bank	160,000,000	
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	

3.30 ACTIVITIES IN FOREIGN CURRENCY

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Earnings in Foreign Currency – FOB value of exports	76,406,981	101,535,009
Expenditure incurred in Foreign Currency	170,300,017	172,989,906
Trading Goods (valued on CIF basis)	40,244	7,800,208
Travelling, Boarding & Lodging Expenses	215,890	2,053,884
Marketing Expenses	151,065	21,749,918
Interest	169,746,361	141,146,658
Others	146,457	239,238

3.31 TRADE RECEIVABLES INCLUDE, DUES FROM SUBSIDIARY COMPANIES AS UNDER

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Dunn Solutions Group Inc	13,195,371	6,582,985
Systat Software Inc, USA	672,501,055	577,487,367
Systat Software GmbH,	-	8,863,189
Proland Software Pvt. Ltd.	1,335,052	1,273,440
TOTAL	687,031,478	594,206,981

**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 2014 and concluded that there has been no significant impaired fixed asset that needs to be recognized in the books of account.

3.35 Provision for bad debts recognised in the statement of profit and loss includes an amount of Rs. 15.62 crores written off by a subsidiary.

3.36 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY INSTRUMENTS

Foreign currency exposure that are not hedged by derivative or forward contracts as on 31st March 2014 amounts to Rs.7,29,21,81,042/- (Previous Year : Rs. 6,94,46,67,707/-)



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

(Amount in Rupees)

PARTICULARS	CURRENCY	Current Year	Previous Year
Receivables	US Dollars	32,221,415	46,899,503
	Euro	13,449,869	13,738,689
	Sterling Pound	83,385	8,151
	Arab Emirates Dhiram	295,338	185,083
	Singapore Dollar	633,796	633,796
Payables	US Dollars	975,000	1,010,493
	Euro	50,147,158	48,121,064
	Sterling Pound	-	31,536
	Australian Dollar	42,768	58,120
	Singapore Dollar	1,236	1,236
		recognised @ Rs	recognised @ Rs
	US Dollars	60.10	54.39
	Euro	82.58	69.54
	Sterling Pound	99.85	82.32
	AED	16.27	14.79
	AUD	55.26	56.62
	SGD	47.45	43.81

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

3.38 FOREIGN CURRENCY CONVERTIBLE BONDS

The Foreign Currency Convertible Bonds carry coupon rate of 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.



3.39 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	93,885,674	93,885,674	82,471,034	86,224,143
Cranes Software Inc	280,030,686	292,517,912	234,334,552	303,023,843
Tilak Auto Tech Pvt. Ltd	20,219,041	20,219,041	20,189,041	20,189,041
Systat Software GmbH	833,897,842	1,056,577,179	679,876,618	923,651,876
Systat Software Inc USA (Net of Provision)	561,123,676	725,603,099	632,600,766	638,436,918
Proland Software Pvt Ltd	62,449,236	62,449,236	4,141,218	16,888,244
Esquebe Communication Solutions Pvt. Ltd.	23,653,178	23,653,178	23,478,500	23,840,824
Caravel Info Systems Pvt Ltd	2,201,842	14,547,464	7,463,449	14,323,798
Systat Software UK Ltd.	7,512,113	7,512,113	-	-
Cubeware GmbH	60,290,828	100,717,541	50,243,800	50,999,024
TOTAL	1,945,264,116	2,397,682,437	1,734,798,978	2,077,577,711



3.40 DETAILS OF AUDITORS REMUNERATION

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
Statutory Audit	600,000	600,000
Out of Pocket Expenses	39,300	23,475
TOTAL	639,300	623,475

3.41 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, 2013)	7,312,578		5,550,976	
Service Cost	722,339	1,294,493	633,347	1,141,756
Interest Cost	585,006		471,833	
Actuarial (gain) / loss on obligations	(2,280,738)		20,717,538	
Benefits (paid / Reversals)	-		(20,061,116)	
Projected Benefit Obligation, at the end of the year	6,339,185	1,294,493	7,312,578	1,141,756
(II) Change in Plan Assets:				
Fair value of Plan Assets, beginning of the year (April 1, 2013)	6,023,446		6,092,861	
Expected return on Plan Assets	-		523,986	
Employer's contributions	-		19,172,374	
Benefit paid	-		(20,061,116)	
Actuarial (gain) / loss on Plan Assets	-		295,341	
Fair value of Plan Assets, at the end of the year	6,023,446	-	6,023,446	-
Excess of (obligation over plan assets) / plan assets over Obligation	(315,739)		(1,289,132)	
(Accrued Liability) / Prepaid Benefit	(315,739)	(1,294,493)	(1,289,132)	(1,141,756)
(III) Net cost for the year ended March 31, 2014				
Service Cost	722,339		633,347	
Interest on Defined Benefit Obligation	585,006		471,833	
Expected return on Plan Assets	-		(523,986)	
Net Actuarial (gain) / loss recognized in the year	-		20,422,197	
Net Gratuity and other cost	1,307,345		21,003,391	
Actual Return on Plan Assets	-		819,327	
(IV) Category of Assets as at March 31, 2014				
Insurer Managed Funds	-		6,023,446	
Total	-		6,023,446	
(v) Assumptions used in accounting for the Gratuity Plan				
Discount Rate	9.35%	9.35%	8.00%	8.00%
Salary escalation rate	4.00%	4.00%	4.00%	4.00%
Expected rate of return on Plan Assets	-	-	8.70%	8.50%

**3.42 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. 12,27,850/- for the year ended March 31, 2014. (Previous year Rs. 64,26,888/-)

Lease rentals due for the period not exceeding period of 1 year	Rs. 1,01,820/-
Lease rentals due for the period 1 to 5 years	Nil
Lease rentals due for the period exceeding 5 years	Nil

3.43 RESEARCH & DEVELOPMENT

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



3.44 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

(Amount in Rupees)			
Description of the nature of transaction	Description of Relationship	For the Year March 31, 2014	For the Year March 31, 2013
Sale of goods	Direct Subsidiary	44,619,337	44,087,370
	Direct Subsidiary	17,664,537	15,897,582
	Direct Subsidiary	-	121,780
	Direct Subsidiary	61,612	-
	Indirect Subsidiary	10,464,320	9,421,230
		72,809,806	69,527,962
Purchase of goods	Indirect Subsidiary	-	27,192
	Direct Subsidiary	-	2,150,000
		-	2,177,192
Receiving of services	Direct Subsidiary	-	21,731,772
		-	21,731,772
Remuneration paid	Key Managerial Personnel	2,400,000	2,400,000
		2,097,534	-
		2,097,534	-
		6,595,068	2,400,000
Loans given	Direct Subsidiary	18,233,493	38,868,516
	Direct Subsidiary	22,035,780	-
	Direct Subsidiary	3,657,992	9,921,583
	Direct Subsidiary	174,678	-
	Direct Subsidiary	-	3,264,812
	Direct Subsidiary	58,308,018	-
		102,409,961	52,054,911



(Amount in Rupees)

Description of the nature of transaction	Description of Relationship	Related Party	As at	
			March 31, 2014	March 31, 2013
Trade Receivables	Direct Subsidiary	Systat Software Inc	672,501,055	577,487,367
	Direct Subsidiary	Systat Software GmbH	-	8,863,189
	Direct Subsidiary	Proland Software Pvt Ltd	1,335,052	1,273,440
	Indirect Subsidiary	Dunn Solutions Group Inc	13,195,371	6,582,985
			687,031,478	594,206,981
Payable at the year end	Direct Subsidiary	Analytix Systems Pvt Ltd	961,779	1,045,438
	Indirect Subsidiary	Dunn Solutions Groups Inc	4,808,000	4,351,200
	Indirect Subsidiary	Engineering Technology Associates Inc	449,849	407,109
	Direct Subsidiary	Caravel Info Systems Pvt Ltd	2,461,750	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	5,361,215	5,391,215
	Key Management Personnel		389,750,362	385,482,202
			403,792,955	401,782,088
Receivable at the year end	Direct Subsidiary	Caravel Info Systems Pvt Ltd	2,201,842	7,463,449
	Direct Subsidiary	Cranes Software Inc	280,030,686	234,334,552
	Direct Subsidiary	Cranes Software International Pte Ltd	93,885,674	82,471,034
	Direct Subsidiary	Esquebe Communication Solutions Pvt. Ltd.	23,653,178	23,478,500
	Direct Subsidiary	Proland Software Pvt Ltd	62,449,236	4,141,218
	Direct Subsidiary	Systat Software GmbH	833,897,842	679,876,618
	Direct Subsidiary	Systat Software Inc	561,123,676	632,600,766
	Direct Subsidiary	Tilak Auto Tech Private Ltd.	20,219,041	20,189,041
	Indirect Subsidiary	Cubeware GmbH	60,290,828	50,243,800
	Indirect Subsidiary	Systat Software UK Ltd.	7,512,113	-
			1,945,204,116	1,734,798,978



List of Related Parties

Key Management Personnel	Direct Subsidiaries	Indirect Subsidiaries	Other related party
Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader	Systat Software Inc, USA Systat Software Asia Pacific Limited Cranes Software International Pte Ltd., Singapore Systat Software GmbH, Germany Cranes Software Inc Analytix Systems Private Limited Tilak Auto Tech Private Limited Caravel Info Systems Pvt Ltd Proland Software Pvt Ltd Esqube Communication Solutions Pvt Ltd	Dunn Solutions Group Inc, Engineering Technology Associates Inc with its subsidiary, Engineering Technology Associates (Shanghai) Inc, China Cubeware GmbH and its subsidiaries in Austria and Switzerland Dunn Solutions India Pvt Ltd Systat Software UK Ltd	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 Investment Bangalore Pvt Ltd Source Majeure Software Pvt Ltd Predictive Analytics Solutions Pvt Ltd

3.45 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	76,406,981	120,918,568	197,325,549	101,535,009	113,444,217	214,979,226
2	Segment Results	(556,993,142)	(1,183,610,427)	(1,740,603,569)	(488,903,456)	(1,430,754,338)	(1,919,657,794)
	Other Income			72,969,028			177,437,177
	Operating Profit (loss)			(1,667,634,541)			(1,742,220,617)
	Interest Expenses			947,092,529			902,110,438
	Exceptional/extraordinary items			696,532,939			(711,472)
	Profit (loss) before tax			(1,918,194,131)			(2,645,042,526)
	Tax Expenses			918,422,621			109,316,944
	Profit (loss) after tax			(999,771,510)			(2,535,725,582)
3	Segments Assets	8,979,686,242	2,993,247,386	11,972,933,629	9,102,468,771	3,034,175,151	12,136,643,922
	Total Assets			11,972,933,629			12,136,643,922
	Segment liabilities	8,803,036,243	2,934,363,686	11,737,399,929	8,925,818,771	2,975,291,451	11,901,110,222
	Total Liabilities			11,737,399,929			11,901,110,222
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,650,000	58,883,700	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	176,390,528	279,163,522	455,554,050	182,574	278,006	460,580
5	Depreciation	117,686,277	186,255,554	303,941,831	199,120,675	224,630,496	423,751,171

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	155,007,392	42,318,157	157,767,790	57,211,436
2	Segment Result	(1,721,683,209)	(18,920,361)	(1,898,387,313)	(21,270,481)
3	Segment Assets	10,776,837,559	1,196,096,070	10,924,193,194	1,212,450,728
4	Capital Expenditure	238,758,891	65,182,939	336,223	124,357



- 3.46** A Sum of Rs. 98.73 Crore has been provided in the books of accounts as provision for bad and doubtful debts. Application is made to the concerned statutory authority to writeoff these debts and their approval awaited.
- 3.47** 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

Bengaluru
May 29, 2014

Bengaluru
May 29, 2014



THIS PAGE IS LEFT BLANK
INTENTIONALLY



CRANES SOFTWARE INTERNATIONAL LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2013-2014



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 2014, 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 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 audit 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, but not the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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. 43,011.30 Lakhs as at March 31, 2014 and total revenues (including other income) of Rs. 34,640.20 Lakhs for the year then ended and expenditure amounting to Rs. 35,513.24 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 to 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, 2014:
 - 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 Consolidated 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

Bangalore
May 29, 2014



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2014	March 31, 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3.01	235,533,700	235,533,700
(b) Reserves and surplus	3.02	(1,303,108,138)	(86,383,221)
(2) Non-Current Liabilities			
(a) Long-term borrowings	3.03	294,725,701	418,191,298
(b) Long-term provisions	3.04	9,054,544	9,923,424
(3) Current Liabilities			
(a) Short-term borrowings	3.05	147,771,908	92,068,567
(b) Trade payables	3.06	796,347,473	637,595,311
(c) Other current liabilities	3.07	11,861,926,171	11,463,166,831
(d) Short-term provisions	3.08	45,124,276	22,709,368
TOTAL		12,087,375,635	12,792,805,278
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	3.09	202,194,328	208,158,292
(ii) Intangible assets		3,377,688,537	3,281,875,021
(iii) Intangible assets under development		2,769,067,945	3,218,648,039
(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	2,510,547,376	1,503,849,667
(d) Long term loans and advances	3.12	2,420,813,356	2,442,221,010
(2) Current Assets			
(a) Inventories	3.13	23,383,629	19,591,905
(b) Trade receivables	3.14	389,202,407	1,708,567,921
(c) Cash and bank balances	3.15	88,133,858	104,112,458
(d) Short-term loans and advances	3.16	304,558,027	300,566,293
TOTAL		12,087,375,635	12,792,805,278
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

Bengaluru
May 29, 2014

Bengaluru
May 29, 2014



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	March 31, 2014	March 31, 2013
Revenue from operations	3.17	3,392,300,474	3,099,689,317
Other income	3.18	104,289,828	208,673,644
Total Revenue		3,496,590,302	3,308,362,961
Expenses:			
Cost of materials consumed		-	-
Purchases of stock-in-trade		1,619,533,049	1,467,590,765
Changes in inventories of stock-in-trade	3.19	2,717,234	28,043,453
Employee benefit expense	3.20	1,069,055,681	986,092,227
Financial costs	3.21	966,727,939	931,396,015
Depreciation and amortization expenses	3.22	437,957,493	542,177,554
Other expenses	3.23	2,102,625,866	2,111,179,945
Total Expenses		6,198,617,262	6,066,479,959
Loss before exceptional and extraordinary items and tax		(2,702,026,960)	(2,758,116,998)
Exceptional items	3.24	8,829,008	(711,472)
Loss before extraordinary items and tax		(2,693,197,952)	(2,758,828,470)
Extraordinary items	3.25	685,493,289	-
Loss before tax		(2,007,704,663)	(2,758,828,470)
Tax expense:			
(1) Current tax		2,013,871	(18,711,061)
(2) Deferred tax		988,591,440	194,336,555
(3) Income tax for earlier year		(12,589,879)	(35,512,130)
Loss for the period		(1,029,689,231)	(2,618,715,106)
Less: Share of minority interests		-	61,140
Loss for the period		(1,029,689,231)	(2,618,653,966)
Earning per equity share:			
(1) Basic / Diluted excluding extraordinary items, net of tax expense		(14.56)	(22.24)
(2) Basic / Diluted including extraordinary items		(8.74)	(22.24)
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

Bengaluru
May 29, 2014Bengaluru
May 29, 2014



STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Current year	Previous Year
Cash flows from Operating Activities		
Net profit / (loss) before taxation and extraordinary items	(2,693,197,952)	(2,794,070,426)
Adjustments for:		
Foreign exchange loss (net)	139,738,609	61,724,459
Depreciation and amortization	437,957,493	542,177,554
Profit / (loss) on sale of investments / assets	93,752	-
Interest expense on borrowings	966,727,939	931,396,015
Provision for bad debts	987,300,000	-
Dividend / interest income (net)	(3,685,840)	-
Operating profit / (loss) before working capital changes	(165,065,999)	(1,258,772,398)
Adjustments for working capital		
Inventory	(3,791,724)	28,457,940
Trade receivables	386,771,739	1,196,635,204
Short term loans and advances	(3,991,734)	13,610,851
Other current assets	-	-
Current liabilities	(380,249,634)	(504,345,141)
Cash generated from operations	(166,327,351)	(524,413,544)
Adjustments for		
Direct taxes paid	-	-
Net cash from operations before extraordinary items	(166,327,351)	(524,413,544)
extraordinary items	685,493,289	-
Net cash generated from operating activities	519,165,938	(524,413,544)
Cash flows from investing activities		
Purchase of fixed assets / increase in work in progress	(76,212,203)	(139,679,764)
Dividend / interest received	3,685,840	-
Proceeds from sale of fixed assets	1,320,000	-
Net cash from investing activities	(71,206,363)	(139,679,764)
Cash flows from financing activities		
Interest on borrowed funds	(36,646,944)	(91,958,427)
Borrowings / repayments	(447,830,006)	476,453,209
Long term loans and advances	21,407,654	211,128,659
Long term provisions	(868,880)	5,524,443
Unsecured loans	-	-
Net cash from financing activities	(463,938,176)	601,147,884
Net increase/(decrease) in cash and cash equivalents	(15,978,600)	(62,945,423)
Opening cash and cash equivalents	104,112,458	167,057,881
Closing cash and cash equivalents	88,133,858	104,112,458

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

Bengaluru
May 29, 2014

Bengaluru
May 29, 2014



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, 2014 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 three 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 offsetting 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, 2014

3.01 SHARE CAPITAL

a) Break-up of shares

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
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 Rs. 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

Equity Shares	As at 31-03-2014		As at 31-03-2013	
	Number of Shares	Amount in Rupees	Number of Shares	Amount in Rupees
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 preceeding 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 preceeding the balance sheet date is given below:

Paid-up capital includes 30,98,880 shares issued as consideration for acquisition of step down subsidiary Cubeware GmbH in the year 2008-09

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

Name of the Shareholder	As at 31-03-2014		As at 31-03-2013	
	Number of shares	% of shareholding	Number of shares	% of shareholding
IBC Knowledge Park Private Limited	12,784,740	10.86%	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 31-03-2014	As at 31-03-2013
(a) Securities Premium Account		
Opening balance	1,789,826,374	1,789,826,374
Add: Receipts during the year	-	-
Closing balance A	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 B	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 C	1,843,000,000	1,843,000,000
(d) Foreign Currency Translation Reserve D	28,543,210	215,578,896
(e) Balance in profit and loss account		
Opening balance	(4,174,788,491)	(1,556,134,527)
Add / (Less): Current year loss	(1,029,689,231)	(2,618,653,966)
Closing balance E	(5,204,477,722)	(4,174,788,491)
TOTAL	(1,303,108,138)	(86,383,221)

3.03 LONG TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Secured		
Term Loans from Jammu and Kashmir Bank Limited	107,929,698	274,413,519
Unsecured		
Foreign Currency Term Loan from UPS Capital	186,796,003	143,777,779
TOTAL	294,725,701	418,191,298

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 of 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 10.75% 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 31-03-2014	As at 31-03-2013
Gratuity	7,430,539	8,422,429
Provision for compensated absence	1,624,005	1,500,995
TOTAL	9,054,544	9,923,424



3.05 SHORT-TERM BORROWINGS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Secured loan	60,100,000	62,548,500
Unsecured loan	87,671,908	29,520,067
TOTAL	147,771,908	92,068,567

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 31-03-2014	As at 31-03-2013
Trade payables		
- dues to micro, small and medium enterprises	-	-
- others	796,347,473	637,595,311
TOTAL	796,347,473	637,595,311

3.07 OTHER CURRENT LIABILITIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Current maturities of long-term loan	3,610,951,550	3,062,930,345
Loans repayable on demands	4,951,220,061	5,482,471,154
Unclaimed dividend	623,871	907,176
Amounts due and payable to Investor Education and Protection Fund	96,646	96,646
Statutory dues (Including provident fund, withholding and other taxes)	91,098,436	194,565,640
Director current account	389,750,362	385,482,202
Employees benefit payable	144,913,124	228,343,291
Advance received from customers	4,017,188	11,708,587
Unpaid dividend on Equity Shares	-	23,553,370
Unpaid dividend distribution tax	27,388,281	27,388,281
Other advances	2,391,866,652	2,045,720,139
Advance received towards sale of IP	250,000,000	-
TOTAL	11,861,926,171	11,463,166,831

3.08 SHORT TERM PROVISION

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Provision for gratuity	256,213	256,444
Provision for compensated absence	134,411	102,919
Provision for income tax (net of advance tax and TDS)	44,733,652	22,350,005
TOTAL	45,124,276	22,709,368



3.09 FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation				Net Block			
	Cost as on 01-04-2013	Additions	Adjustments	Deletions	Total as on 31-03-2014	Upto 01-04-2013	For the year	Adjustments	Withdrawn 31-03-2014	Total upto 31-03-2014	As on 31-03-2014	As on 31-03-2013
Tangible Assets												
Land and Building	94,712,158	-	-	-	94,712,158	2,565,540	80,396	-	-	2,645,936	92,066,223	92,146,618
Furniture & Fixtures	83,971,326	8,601,315	-	1,766,315	90,806,326	49,434,232	5,584,221	-	1,766,315	53,252,138	37,554,189	34,537,095
Computers	180,566,911	758,895	-	-	181,325,806	160,004,612	4,149,634	-	-	164,154,246	17,171,560	20,562,299
Plant & Machinery	92,559,728	7,793,099	-	1,578,295	98,774,532	38,157,657	10,169,567	-	359,277	47,967,947	50,806,585	54,402,071
Vehicle	21,502,098	-	-	-	21,502,098	14,991,889	1,914,438	-	-	16,906,327	4,595,771	6,510,209
Total A	473,312,221	17,153,309	-	3,344,610	487,120,921	265,153,930	21,898,256	-	2,125,592	284,926,593	202,194,328	208,156,292
Intangible Assets												
Good Will	1,893,176,153	-	-	-	1,893,176,153	-	-	-	-	-	1,893,176,153	1,893,176,153
Computer-Software	6,322,957,946	511,872,752	-	-	6,834,830,698	4,934,259,077	416,059,237	-	-	5,350,318,315	1,484,512,384	1,388,698,869
Total B	8,216,134,099	511,872,752	-	-	8,728,006,851	4,934,259,077	416,059,237	-	-	5,350,318,315	3,377,688,537	3,281,875,021
Total (A+B)	8,689,446,320	529,026,061	-	3,344,610	9,215,127,772	5,199,413,007	437,957,493	-	2,125,592	5,635,244,908	3,579,882,864	3,490,033,313
Previous Year	9,242,884,485	8,985,894	129,680,684	1,855,163	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



3.10 NON CURRENT INVESTMENTS

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
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 31-03-2014	As at 31-03-2013
Deferred Tax Assets Attributable to :		
Brought forward losses	1,275,317,576	1,355,696,635
Provision for retirement benefits	2,942,900	2,612,400
Expenses allowable when paid	1,479,779,300	266,231,500
Less:		
Deferred Tax Liability Attributable to :		
Difference between book and tax depreciation	(247,492,400)	(120,690,868)
TOTAL	2,510,547,376	1,503,849,667

3.12 LONG TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Unsecured, considered good		
Earnest money deposits	4,553,128	4,851,940
Other deposits	646,350	4,396,152
Rent deposits	866,000	6,603,000
Security deposits	449,525	546,969
Loans & Advances		
- Related party	-	-
- Others	2,414,298,353	2,425,822,949
TOTAL	2,420,813,356	2,442,221,010

3.13 INVENTORIES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Stock in trade	16,874,671	19,591,905
Goods in transit	6,508,958	-
TOTAL	23,383,629	19,591,905

**3.14 TRADE RECEIVABLES**

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Debts overdue for a period exceeding six months		
From related party	-	-
From others	3,476,865,066	2,255,503,297
Less: Provision for doubtful debts	(3,122,224,314)	(656,236,033)
(A)	354,640,752	1,599,267,264
Other Debts		
Unsecured, considered good		
From related party	-	-
Others	34,561,655	109,300,658
(B)	34,561,655	109,300,658
TOTAL (A + B)	389,202,407	1,708,567,921

3.15 CASH AND BANK BALANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Cash and cash equivalents:		
Cash on hand	87,836	50,643
Bank balances:		
In current accounts	71,653,698	90,698,982
In deposit accounts	5,063,540	2,346,224
Other bank balances:		
Balances with bank held as margin money with maturity of 3 to 12 months	10,603,533	10,060,753
In dividend accounts	725,251	955,856
TOTAL	88,133,858	104,112,458

3.16 SHORT TERM LOANS AND ADVANCES

(Amount in Rupees)

PARTICULARS	As at 31-03-2014	As at 31-03-2013
Prepaid expenses	58,670,946	57,541,167
Advance to employee & suppliers	22,656,729	15,748,522
MAT Credit Entitlement	163,500,000	163,500,000
Disputed tax payments	27,348,314	14,992,086
Balances with revenue authorities	863,525	1,008,513
Others	31,518,513	47,776,005
TOTAL	304,558,027	300,566,293

3.17 REVENUE FROM OPERATIONS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
(a) Sale of products		
- Hardware products	46,873,954	61,321,420
- Software licences	1,675,354,731	2,186,392,727
(b) Sale of services	1,670,071,789	851,975,170
TOTAL	3,392,300,474	3,099,689,317



3.18 OTHER INCOME

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
(a) Interest received	3,685,840	5,361,141
(b) Liabilities written back to the extent no longer required	63,391,674	9,680,201
(c) Exchange fluctuation gain	-	163,989,247
(d) Other income	36,238,921	28,157,844
(e) Excess provision for leave encashment reversed income	-	1,485,211
(f) Excess provision for gratuity reversed income	973,393	-
TOTAL	104,289,828	208,673,644

3.19 CHANGES IN INVENTORIES OF STOCK IN TRADE

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Stock at the end of the year	16,874,671	19,591,905
Stock at the beginning of the year	19,591,905	47,635,358
Increase / (Decrease) in stock	2,717,234	28,043,453

3.20 EMPLOYEE BENEFITS EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Salaries and wages	1,060,087,028	969,447,721
Director remuneration	6,595,068	2,400,000
Contribution to provident and other funds	1,531,137	5,905,433
Staff welfare expenses	689,711	1,026,495
Leave encashment	152,737	-
Gratuity	-	7,312,578
TOTAL	1,069,055,681	986,092,227

3.21 FINANCE COSTS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Interest on long term borrowings	36,646,944	91,958,427
Other borrowing costs	930,080,995	834,927,595
Interest on statutory dues	-	4,509,993
TOTAL	966,727,939	931,396,015

3.22 DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Depreciation on tangible assets	21,898,256	24,526,142
Amortization on intangible assets	416,059,237	517,651,412
TOTAL	437,957,493	542,177,554

**3.23 OTHER EXPENSES**

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Payment to auditor		
-As audit fee	1,676,076	1,761,136
-As reimbursement of expenses	39,300	23,475
Power and fuel	3,803,260	15,841,196
Rent	55,544,448	85,063,644
Repairs and Maintenance		
- Buildings	-	22,731
- Machinery	53,670	211,682
- Others	14,307,183	2,946,784
Insurance	17,192,529	18,103,821
Rates and taxes, excluding taxes on income	2,718,032	32,342,526
Provision for bad and doubtful debts	987,300,000	1,480,000,000
Marketing expenses	14,237,696	31,538,300
Sales commission	74,328,304	74,804,227
Bad debts	3,303,179	79,965
Travelling expenses	43,975,037	47,359,306
Communication expenses	14,908,787	15,579,941
Exchange fluctuations	326,774,295	640,564
Legal & professional charges	15,269,629	38,196,441
Miscellaneous expenses	527,194,441	266,664,206
TOTAL	2,102,625,866	2,111,179,945

3.24 EXCEPTIONAL ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Prior period tax adjustment	(2,057,767)	(711,472)
Prior period income	10,793,023	-
Profit on sale of assets	93,752	-
TOTAL	8,829,008	(711,472)

3.25 EXTRAORDINARY ITEMS

(Amount in Rupees)

PARTICULARS	For the Year March 31, 2014	For the Year March 31, 2013
Amounts written back on one time settlement with banks		
- Principal writeback	250,000,000	-
- Interest writeback	435,493,289	-
TOTAL	685,493,289	-



3.26 EARNINGS PER SHARE

Particulars	For the year 31.03.2014		For the year 31.03.2013	
	Before Extraordinary Items	After Extraordinary Items	Before Extraordinary Items	After Extraordinary Items
(a) Basic				
Profit / (loss) after tax (in Rupees)	(1,715,182,520)	(1,029,689,231)	(2,618,653,966)	(2,618,653,966)
Weighted average number of shares outstanding	117,766,850	117,766,850	117,766,850	117,766,850
Basic EPS	(14.56)	(8.74)	(22.24)	(22.24)
(b) Diluted				
Profit / (loss) after tax (in Rupees)	(1,715,182,520)	(1,029,689,231)	(2,618,653,966)	(2,618,653,966)
Adjusted net profit for the year	(1,715,182,520)	(1,029,689,231)	(2,618,653,966)	(2,618,653,966)
Weighted average number of shares outstanding for diluted EPS	117,766,850	117,766,850	117,766,850	117,766,850
Diluted EPS	(14.56)	(8.74)	(22.24)	(22.24)
Face value per share (in Rupees)	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-14
ii.	Systat Software Asia Pacific Limited	India	100%	31-Mar-14
iii.	Systat Software GmbH	Germany	100%	31-Mar-14
iv.	Cranes Software International Pte. Ltd.	Singapore	100%	31-Mar-14
v.	Cranes Software Inc., (Earlier known as NISA Software Inc)	USA	100%	31-Mar-14
vi.	Analytix Systems Private Limited	India	100%	31-Mar-14
vii.	Tilak Autotech Pvt Ltd	India	100%	31-Mar-14
viii.	Dunn Solutions Group Inc.,	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-14
ix.	Caravel Info Systems Pvt Ltd	India	100%	31-Mar-14
x.	Proland Software Pvt Ltd	India	100%	31-Mar-14
xi.	Engineering Technology Associates Inc. USA	USA	Wholly Owned subsidiary of Cranes Software Inc	31-Mar-14
xii.	Engineering Technology Associates Inc. (Shanghai)	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	31-Mar-14
xiii.	Esqube Communication Solutions Pvt Ltd	India	76%	31-Mar-14
xiv.	Cubeware GmbH, with its Wholly owned subsidiaries in Austria and Switzerland	Germany	Wholly owned subsidiary of Systat Software GmbH	31-Mar-14
xv.	Dunn Solutions India Pvt. Ltd.	India	Wholly owned subsidiary of Dunn Solutions Group Inc	31-Mar-14

**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	1,000,667,009	245,972,000
(b) Service tax matters	138,647,868	75,602,762
(c) Guarantees and counter guarantee	15,667,073	12,361,185
(d) Others	5,515,000	5,515,000
Commitments		
TOTAL	1,160,496,950	339,450,947

3.29 RELATED PARTY DISCLOSURES AS ASCERTAINED BY THE MANAGEMENT

Particulars		Key Management Personnel	Other Related Parties
Remuneration Paid	Current Year	6,595,068	-
	Previous Year	2,400,000	-
Payable at the year end	Current Year	389,750,362	-
	Previous Year	385,482,202	-

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 Investment Bangalore Pvt. Ltd. Source Majeure Software Pvt. Ltd. Predictive Analytics Solutions Pvt. Ltd.



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	3,245,277,175	147,023,299	3,392,300,474	2,961,718,659	137,970,658	3,099,689,317
2	Segment Results	(588,668,500)	(1,250,920,349)	(1,839,588,849)	(517,837,200)	(1,518,980,371)	(2,036,817,571)
	Other Income			104,289,828			208,673,644
	Operating Profit / (loss)			(1,735,299,020)			(1,828,143,927)
	Interest Expenses			966,727,939			931,396,015
	Exceptional / extraordinary items			694,322,297			(711,472)
	Profit / (loss) before tax			(2,007,704,663)			(2,758,828,470)
	Tax Expenses			978,015,431			140,113,364
	Profit / (loss) after tax			(1,029,689,231)			(2,618,715,106)
3	Segments Assets	9,065,517,631	3,021,858,004	12,087,375,635	9,594,589,041	3,198,216,237	12,792,805,278
	Total Assets			12,087,375,635			12,792,805,278
	Segment liabilities	8,888,867,631	2,962,974,304	11,851,841,935	9,417,939,041	3,139,332,538	12,557,271,578
	Total Liabilities			11,851,841,935			12,557,271,578
	Segments Capital Employed (Segment Assets-Segment Liabilities)	176,650,000	58,883,700	235,533,700	176,650,000	58,883,700	235,533,700
4	Capital Expenditure	73,472,011	455,554,050	529,026,061	8,266,124	719,770	8,985,894
5	Depreciation	134,015,663	303,941,831	437,957,493	501,508,816	40,668,738	542,177,554

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	3,349,982,318	42,318,157	3,042,477,881	57,211,436
2	Segment Result	(1,816,593,988)	(22,994,861)	(1,972,199,797)	(64,617,774)
3	Segment Assets	11,936,283,440	151,092,195	12,556,138,380	236,666,898
4	Capital Expenditure	516,541,046	12,485,015	8,773,414	212,480

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

Bengaluru
 May 29, 2014

Bengaluru
 May 29, 2014



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

FOR THE YEAR ENDED MARCH 31, 2014

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	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014	31.3.2014
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	(1,129,025)	1,132,723	(26,159)	(161,219)	1,302,362	99,298	(42,870)	(40,791)	(3,661,904)	(409,630)
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	-	(1,919,403)	(15,588)	(53,424)	4,210,772	(282,103)	(54,021)	(32,136)	(947,186)	(254,748)
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	516,932	(1,919,403)	(15,588)	(53,424)	4,210,772	(282,103)	(54,021)	(32,136)	(947,186)	(254,748)

For and on behalf of the Board

Place : Bengaluru
Date : May 29, 2014

Asif Khader
Managing Director

Mueed Khader
Director

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