

18th Annual Report 2002-2003



Global Scientific & Engineering Software
Products and Solutions Provider



Cranes Software International Limited

Exploring for a better tomorrow



Cranes Software International Limited

E x p l o r i n g f o r a b e t t e r t o m o r r o w

Annual Report 2002-2003

Cranes Software International Limited (CSIL) has maintained **absolute focus** on serving the requirements of **scientists and engineers** worldwide. We have nurtured strong relationships with this community over a decade that has helped us create an unparalleled knowledge base. Our **deep domain expertise** now enables us to structure new businesses, and has led to the launch of consulting services, an ever-improving range of products and investment in cutting edge technology research. This relationship pipeline is invaluable intellectual property, delivering strong financial performance now and expected to translate into increasing stakeholder value over the long-term.

- Leading player in setting new standards in the specialised field of technical software products and solutions.
- Established strong position in niche businesses by closely aligning with the needs of scientists and engineers for over a decade.
- Unique vertically integrated business model driven by multi-industry applications of mathematics, statistics and related analytical techniques.
- Pioneered the usage of scientific and engineering tools in India, creating a market for high performance technical products.
- Collaborated with leading engineering institutes and universities in India to create a sustainable resource base of trained engineers.
- Client base includes government institutions, premier academic institutions and leading corporations across the globe.
- Multiple investments in technological innovation in the fields of wireless networks, micro-electro-mechanical systems and audio technologies.
- First Indian company to successfully compete in the global markets with its proprietary range of scientific and numerical products.



Board of Directors

Dr. Rudra Pratap	-	Chairman
Mr. Asif Khader	-	Managing Director
Mr. Mukkaram Jan	-	Director
Mr. Mueed Khader	-	Director
Mr. Richard Gall	-	Director
Mr. Ronald Brown	-	Director
Mr. Ajay Singh	-	Director
Mr. Mirza Yawar Baig	-	Director

Company Secretary

Mr. B. Parasuram

Bankers

The Jammu & Kashmir Bank Ltd.
Infantry Road Branch, Bangalore.

Auditors

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

Registered Office

35/1, Alappat Building, 3rd Floor,
Cunningham Road, Bangalore - 560 052.

Head Office

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

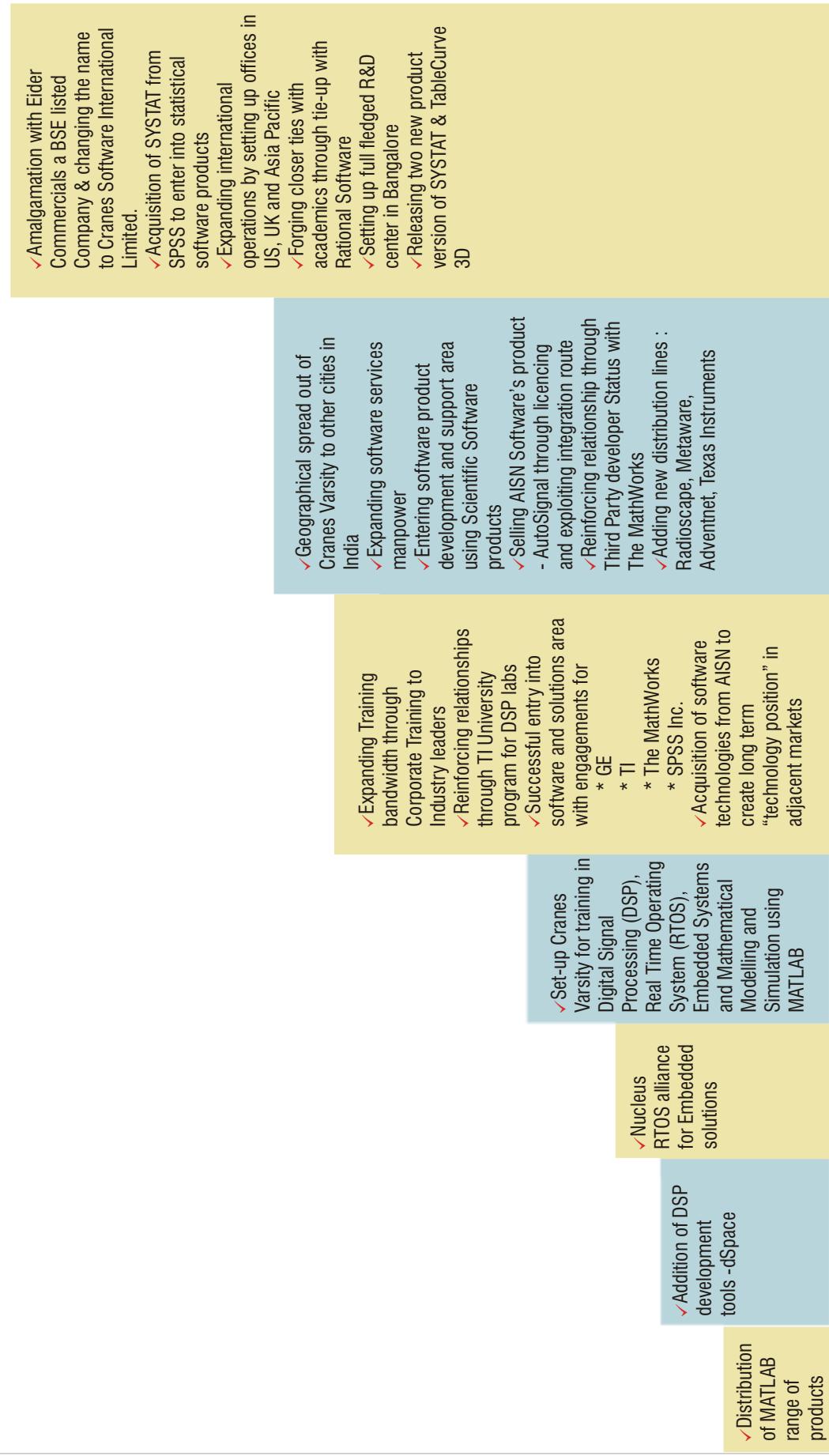
Registrars

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

Website

www.cranessoftware.com

Cranes Growth Staircase 1990 - 2003



(Note : All the references to Cranes Software International Ltd. Prior to the amalgamation with Elder Commercials Ltd. is that of the Erstwhile Cranes Software International Ltd.)

Chairman's message to shareowners

Dear shareowners,

Over the last two decades, we have seen the emergence of knowledge-led endeavours as the key drivers of innovation, industrial activity, and economic growth worldwide. Technology has been at the forefront, as the chief enabler of such endeavours. The credit for the mammoth strides in technology in recent times and the tangible benefits accruing from such advancements that we see today goes to thousands of engineers, scientists and researchers around the world, who continue to explore new frontiers in science and technology with unyielding determination and passion.



Dr. Rudra Pratap
Chairman

At Cranes, we have made it our business to serve the engineering and scientific community in the most effective way possible, by providing them best-in-class, state-of-the-art analytic tools and solutions that enable them to optimise their productivity, whatever be the scale and complexity of the operation at hand.

Over the years, we have built unparalleled competencies in the area of scientific and engineering software products and solutions. These competencies have been further reinforced with the acquisition of SYSTAT™ and our existing range of scientific software products. In addition, we have embraced the cause of technology advancement by investing in multi-dimensional R&D straddling cutting-edge technologies, including some path-breaking 'disruptive' technologies. The objective is multi-fold, that of promoting continuous improvements in our proprietary technology portfolio, taking forward our innovative forays in several new technology areas and, of course, creating significant returns from our technology investments. We have been able to further strengthen our bonds with the engineering and scientific fraternity through Cranes Varsity, preparing engineers and scientists for the ever-changing requirements of industry in view of evolving trends and advent of newer technologies.

Cranes has forged strategic partnerships with scientists, engineers and researchers at large corporations, leading educational institutions and influential research organizations that use our products and solutions on a daily basis. Our customers routinely address multiple complexities in their scientific work, and our products and solutions are geared towards helping them address these specific challenges. We are already working on enhancing our capabilities further and competencies so that we may continue to be trusted partners in the endeavours of the engineering and scientific community.



Keeping pace with the requirements of the scientific community that we aim to serve. Our investments in technology research have also remained focused on market dynamics. Our MEMS technology initiative, something that I personally am deeply involved with, is one such example. MEMS (Micro-Electro-Mechanical Systems) is one of the most promising technologies today that is driven by multi-disciplinary research and is the gateway to yet another exciting field - that of nanotechnology. Nanotechnology is an emerging area that involves manipulating matter at the atomic scale, resulting in products that will be lighter, stronger, cleaner, less expensive and more precise. Our research teams have the mandate to create intellectual property (IPRs) in these high-potential areas, with the objective of commercial exploitation in the long term, while realising potential revenue opportunities in the interim period.

The future, I believe, is very exciting and equally promising in the area of Digital Signal Processing (DSP), Embedded Systems, Mathematical Modelling and Simulation. Dedicated teams at Cranes are already engaged in developing innovative tools and solutions in these areas. These efforts will not only allow us to meet the evolving needs of scientists and engineers in particular and society in general, but will also enable us to enhance value for you, our shareholders.

We at Cranes believe that our best days are still ahead of us. The progress we have made during the year and the support we have received from our customers - the engineering and scientific community - and other stakeholders make me confident of our ability to sustain the current growth momentum far into the future.

Rudra Pratap
Chairman

CEO's Message

Evolving to a new plane

Dear shareowners,

Over the last decade, CSIL has created a leadership position in the high-end and lucrative field of scientific and engineering software, contributing significantly to the very growth of the concept and usage trends in India. This has been achieved after a long and eventful journey that started with a license to market anti-virus software in 1991. Throughout this journey, we have remained focused on our core competence - that of addressing the requirements of the scientists and engineers.



Asif Khader
Managing Director

CSIL started its foray into scientific products a decade ago with the distribution rights to MATLAB, the world's leading technical computing software that now has a base of 500,000 technical users spread across over 100 countries worldwide. The association that started with distributing this path-breaking product has now progressed to several such relationships. As a result, CSIL now has three differentiated categories of products in its distribution portfolio: Mathematical Modeling and Simulation tools embodied in the MATLAB product; alliances in the Embedded Systems space with Nucleus, dSpace and Metaware; and the most recent partnership for Business Intelligence products, Witness and Simba, with the U.K.-based Lanner Group.

But this is not the only dimension to this journey of evolution. In 1998, CSIL deepened its relationship with its MATLAB principal, the MathWorks Inc., gaining recognition as its Authorised Training Partner. This move resulted in the creation of the Cranes Varsity initiative. Cranes Varsity had the far-reaching proposition of contributing to the growth of generic usage of scientific software in India. Our efforts in this context have since gained significant recognition, as indicated by our alliances with Texas Instruments and Rational Software, both leading companies within our business domains.

A couple of years after initiating the university programme, recognising the customers' need for total solutions, we embarked upon consulting on the products sold by us. With consulting capabilities, CSIL created its vertically integrated business model. The business now has two state-of-the-art development facilities in Bangalore, employing a core team of highly skilled development engineers.

Our journey moved overseas with the acquisition of AISN Software and its range of visualization software products, providing CSIL its initial exposure to product ownership. This was further extended in the previous year with the award winning SYSTAT product coming into our fold. Creating consulting capabilities in these products, we gained our first exposure to overseas projects.

We continue moving forward on maintaining the cutting edge of our product portfolio. The launch of the SYSTAT version 10.2 has been extremely well received with encouraging critical acclaim and customer feedback. This is but another stepping stone to further achievements. The initiatives to evolve and upgrade are ongoing and we expect further, sharper products to come from this pipeline. We will keep you informed about such developments.

There are further aspects to this ongoing progress. Initially servicing the Indian defense sector, CSIL, with its extended offerings has now created deep relationships within the automotive, consumer electronics, multimedia, semiconductors, power and communications sectors. Our list of customers makes for impressive reading: GE, Texas Instruments, Robert Bosch, Intel, Philips, Motorola, Siemens, ABB, Daimler-Chrysler, Wipro, Infosys, Reliance, L&T and government agencies including the U.S. armed forces.



What we have discussed are the several aspects of our journey towards our objectives. But can a company with such varying dimensions be satisfied with the potential of merely linear growth for any extended period of time?

The answer obviously is in the negative. CSIL is committed to the continuous enhancement of the value it brings to its focused customer segments. This commitment has created the need to constantly innovate and extend current resources to change the paradigm. This commitment has led to our investments in technologies of the future, enabling the recent MEMS Lab and Wireless initiatives, for instance.

Another move forward, achieved in the previous fiscal year, is our decision to enter the public domain. The decision to list CSIL has enabled various categories of investors to participate in this journey. Of course, another aspect of being a publicly listed company is the increasing importance of harmonising long-term objectives with performance delivery every quarter. We are certain that this will further impel CSIL to extend its resources, leveraging the immense talent available to achieve its objectives.

At the current juncture, CSIL has created multiple partnerships that have seen it taking on the mantle of an integrated solutions provider to the technology user across the world. We believe that our sales and marketing delivery model, which we have created and constantly improved upon, now positions us to rapidly enhance our growth opportunities. This comes from the invaluable intellectual property of our relationships with the scientist and the engineer, and a deep understanding of what his requirements are.

Our strategy will, therefore, be to leverage this knowledge to create the optimal operating structure. Initial success has come in the form of the extension of the Lanner Group relationship into the rapidly growing U.A.E. market.

A further element of our growth perspective comes from additionally focusing our delivery on specific verticals. Very recently, we have started addressing the research requirements of manufacturing industries by collaborating with Central Manufacturing Technologies Institute (CMTI). CSIL will help productise CMTI's significant expertise in manufacturing research and also create the sales pipeline to take the offering to the market. This partnership holds immense potential but is only the first of many such vertically oriented initiatives.

We are proud of our achievements, more so considering that they come from a start-up created by first generation entrepreneurs. But what encourages us the most is the quality of people that have come forward to associate with us. The first and most important mention would, of course, be Dr. Rudra Pratap, the Chairman of CSIL's Board, who has literally opened our minds to what we can achieve through focused effort. We are fortunate to have several such distinguished people of technology and business on our Board, all of whom are helping us shape our destiny. Our multi-function research team today comprises many technology thought leaders, the combined abilities of whom can only bring substantial success in our endeavours.

Before we close, we would like to reiterate that we will continue to maintain an unwavering commitment to partner with scientists and engineers, in the achievement of their objectives, helping them create new initiatives, reach new frontiers. We believe that this absolute focus allows us to enhance our competitive ability, thereby creating value for all those associated with us on our ever-onward journey.

The journey continues...

Asif Khader

Managing Director

(Note : All references to Cranes Software International Limited prior to the amalgamation with Eider Commercials Ltd. is that of the Erstwhile Cranes Software International Limited)

Board of Directors

CSIL's Board of Directors is an eminent body of professionals that brings to the Company considerable experience in technology innovation, governance policy, general management, consulting and leading diverse businesses. Their credentials reflect CSIL's objective of evolving into a world-class organisation through the emphasis on leveraging the experiences and resources of successful businesspersons to drive strategic direction and sound, sustainable growth. The Board has a balanced representation of executive, non-executive and independent Directors, an imperative for a professional organization doing global business.



Standing (L - R) - Richard Gall, Ajay Singh, Mueed Khader, Ronald Brown
Sitting (L - R) - Mukkaram Jan, Rudra Pratap, Asif Khader

Dr. Rudra Pratap
Chairman

Mukkaram Jan
Director

Ronald Brown
Director

Mirza Yawar Baig
Director

Asif Khader
Managing Director

Richard Gall
Director

Mueed Khader
Director

Ajay Singh
Director



Dr. Rudra Pratap

Chairman

Dr. Rudra Pratap is the Chairman on the CSIL's Board. He is an acknowledged expert in the areas of computational mechanics, non-linear dynamics, vibro-acoustics and spearheads CSIL initiatives in MEMS technology research. He is a B.Tech. from IIT Kharagpur, an M.S. from the University of Arizona and a Ph.D. from Cornell University. He worked with IBM in the U.S. before taking up teaching at Cornell, where he has been felicitated for his contribution. He is now an Associate Professor in Mechanical Engineering at the Indian Institute of Science, Bangalore. Dr. Rudra Pratap has published over 20 papers in prestigious international journals and of the books authored by him, "Getting started with MATLAB", a quick introduction for scientists and engineers used by several Universities all over the world. He actively contributes to all strategic decision making at CSIL.



Asif Khader

Managing Director

Asif Khader, Managing Director, is a co-founder of Erstwhile CSIL and its CEO since inception of operations over a decade ago. Equally at ease with business and technology mechanics, Asif has led CSIL's metamorphosis from a marketing-led organisation to a leading player in the scientific software domain. He has been instrumental in creating and enhancing CSIL's successful relationships with leading global organisations as well as its focus on investing in future technologies. Asif has a B.E. in computer engineering and an additional degree in statistics.



Mukkaram Jan

Director

Mukkaram Jan is a co-founder of Erstwhile CSIL. Mukkaram contributed substantially while CSIL initiated business operations and remains its largest shareholder. He has interests in several other business ventures, many of which are technology related, and provides valuable strategic business inputs to the CSIL executive management team.

**Richard Gall***Director*

Richard Gall brings over three decades of techno-commercial experience to the CSIL Board. Richard spent a substantial portion of his career at Texas Instruments and subsequently worked with leading corporations such as defense technology major Raytheon and product developer Parametric Technology. During his professional career he has acquired considerable India experience, as Managing Director of Texas Instruments' Indian operations and Technical Director of Parametric's R&D centre in Pune. During his career, Richard has developed deep relationships with several Fortune 500 companies and is leading CSIL's foray into U.S. markets alongwith overseeing Europe and Japan strategies. He has also developed strong process methodologies and is well grounded in Six Sigma. Richard has a B.S. in electrical engineering from Purdue University and an MBA.

**Ronald Brown***Director*

Ronald Brown founded AISN Software to pursue his vision for analytical software for scientists and engineers. This vision led to the launch of several successful scientific software products such as TableCurve 2D, TableCurve 3D, PeakFit, and AutoSignal that have set the standards in their respective domains. These products are now owned and marketed by CSIL subsidiary Systat Software, Inc. with Ron heading the ongoing development as the Chief Software Architect. Ron graduated with a chemical engineering degree from Purdue University in 1975. His experience includes working at the 3M Research Center in Minnesota, at Eastman Kodak's film manufacturing center in New York, and at several Silicon Valley technology companies.

**Mueed Khader***Director*

Mueed Khader has been with CSIL for over five years and, as an intrinsic part of the core executive management team, has contributed to the significant growth of the organization during this period. His responsibilities include formulating the overall strategic decision-making and operations process of Systat Software, Inc., a key driver of the Company's worldwide operations.



Mirza Yawar Baig

Director

Mirza Yawar Baig has been recently inducted on the CSIL Board. He brings with him extensive experience in managerial and organisational development and training people across all levels of the corporate structure. He founded his consultancy in 1994 and has since acquired valuable cross-cultural exposure to working with business executives, government officials, engineers and academic institutions from various nationalities in three continents. Currently he is associated as a consultant to the faculties of several institutions in the U.S. and India, including the American Management Association, New York, and IIM Bangalore and the U.S.-based corporate training institutions run by GE and Oracle amongst others.



Ajay Singh

Director

Another addition to the Board is Ajay Singh. Following a B.Tech. from IIT Delhi, an MBA from Cornell University, a law degree from the University of Delhi and a stint in the corporate world, Ajay embarked on a career in public administration that has seen him associated with several key government agencies. Ajay is currently an Advisor to the Minister of Communications and Information Technology and part of the Government of India's IT policy think tank. CSIL turns to him for his guidance on its long-time business strategies and directions.

Key Management Team



Standing (L - R) - Ashfaq Ibrahim, B. Parasuram, Rajiv Menon, Syed Aarif Hashmi, Dr. T. Krishnan, Jayaram S., Nabonita Baruah, Ashok Kumar Sharma, M.K. Pradeep Kumar and T.G. Vardarajan
Sitting (L - R) - Richard Gall, Ajay Singh, Mukkaram Jan, Rudra Pratap, Asif Khader, Ronald Brown, Mueed Khader

CSIL has made consistent and ongoing initiatives to create business upsides through innovations that are at the forefront of technology. It is this amalgam of commerce and science that has attracted several leading technology experts to associate with the Company. These people complement the rich base of thought leaders on CSIL's Board and are at the helm of the Company's foray into creating intellectual property in many unique technology areas.

Following CSIL's venture into product ownership with the acquisition of the SYSTAT product, constant enhancements in line with customer demand are imperative to sustainability and growth. **Dr. T. Krishnan** is leading this initiative. Dr. Krishnan retired as a Professor of Applied Statistics at the Indian Statistical Institute after gaining 38 years of teaching, consulting and research experience in India and internationally. Soon thereafter he started his association with CSIL, attracted by the Company's commitment to developing statistical software.

Dr. Krishnan's initiatives in SYSTAT product development are ably assisted by **Dr. Anil Kharshikar** who has 34 years of teaching experience in universities across India. As a statistical consultant he draws into his research knowledge in sampling theory, design of experiments and regression theory to contribute to SYSTAT's next version development.

Dr. Amlan Nayak spearheads the development work related to SYSTAT products. He has more than 13 years of hands-on experience in software development that includes strong understanding in the areas scientific and engineering computation and graphics. Dr. Nayak holds a Ph. D. in Mechanics and an M. Tech from IIT, Madras.

Ashok Sharma, CSIL's Chief Technology Officer, with his 27 years' experience is a veteran in design and engineering. He has worked in such leading companies as BHEL, ABB and GE Transportation before recently joining CSIL. At CSIL, his responsibility in essence is to transform ideas and algorithms into specific customised solutions, creating domain expertise and delivery competencies. Apart from leading CSIL's foray in wireless technologies, he heads the quality-focused initiatives of the Company.

The rich vein of technical talent available to CSIL is further complemented by a team of highly talented and experienced individuals devoted to turning ideas into commercial sense and sustainable revenue streams.

Pradeep Kumar has climbed the CSIL corporate ladder over his ten years' association with the Company and is currently responsible for establishing the vision, strategic intent and the operational aspects of CSIL's product distribution division, Cranes Varsity and the Consultancy division.

Rajiv Menon heads the global development activities of the SYSTAT range of products: SYSTAT, TableCurve 2D, TableCurve 3D and PeakFit. He is responsible for creating the development road map to the final product roll out. Rajiv has brought to CSIL, ten years of diverse technology experience, from formulating designs to delivering business solutions.

Aarif Hashmi heads global tech support and product management group, drawing upon his 16 years of techno-commercial industry knowledge of managing relationships, business process analysis and sales and marketing to create collateral support for CSIL's worldwide sales team.

Ashfaq Ibrahim has been one of the key members of the CSIL core team over the last eight years. He currently heads the Cranes Varsity initiative, designed to create a resource pool of engineers proficient in the domains of Digital Signal Processing (DSP), Embedded Systems and Mathematical Modeling and Simulation.

Nabonita Baruah, CSIL's Chief Financial Officer, is a Chartered Accountant with an MBA in Finance and a degree in law. She has sixteen years of accountancy, financial management, M&A and capital raising experience in diverse industries including information technology and manufacturing. Prior to CSIL, Nabonita has worked with HCL Perot Systems, IBM, GE and MRF Tyres after an initial stint in the civil services.

Drawing upon the significant resources available on its Board and senior management team, CSIL has constituted focused groups that support the Company's investments both in proprietary products as well as new technologies.

A **Technical Review group**, informally headed by Dr. T Krishnan, focuses on the technical aspects of the product evolution and enhancement roadmap. Also providing their inputs are Dr. Rudra Pratap, CSIL's Chairman and Chief Scientific Advisor, Dr. Amlan Nayak, Dr Vadiraj, head of tech support, Ron Brown, original author of the products TableCurve 2D, TableCurve 3D, PeakFit and AutoSignal, also CSIL's Chief Software Architect and member of the CSIL board and other members of CSIL's tech think tank. The key objective is to maintain the cutting edge of the proprietary products portfolio at all times. Further Asif Khader and other senior members of the management team are also part of this core group.

Another group reviews the techno-commercial direction of CSIL's investments in new technologies such as MEMS and wireless. This is important from the viewpoint of creating a fine balance between long-term objectives and ongoing ROI from technology investments. The group comprises Dr. Rudra Pratap, Asif Khader, Ron Brown and Dr. T. Krishnan.



Product Alliances

Matlab serves as the platform for all your technical computing needs. It integrates mathematical computing, visualization and a powerful technical language.



RadioLab 3G accelerates 3G development by providing engineers with a real-time tool to simulate the workings of complex 3G communication systems.



dSPACE systems enable manufacturers of controllers and electronically controlled units to reduce their development times and costs dramatically and to noticeably increase their product quality.



Nucleus RTOS software shortens time-to-market and provides a complete solution for engineers. This complete list of Nucleus products includes prototyping products, kernels, networking suite, Web-enabling software, graphics package, multitasking debugger and application monitoring tools.



WITNESS Simulation Software is an effective decision support tool, used for modeling scenarios ranging from facilities planning to staffing and logistics problems.





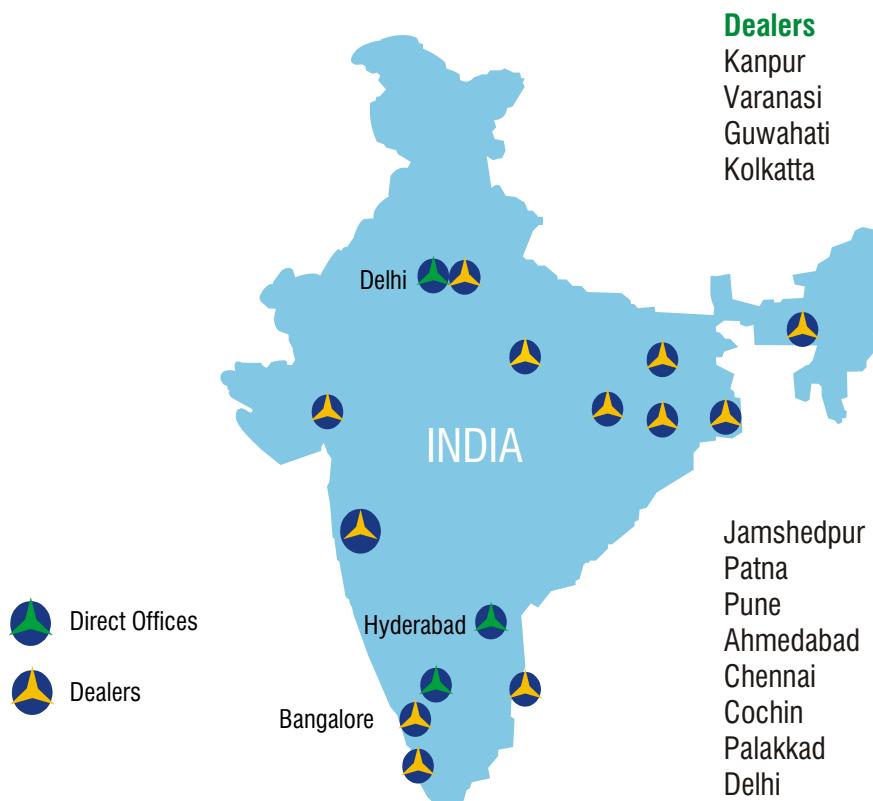
SIMBA Developer Suite is a stream of products for enabling the development of SIMulation Based Applications with WITNESS as the core engine



Adventnet - Providing infrastructure software for a variety of IT and telecom management needs.



This range of technical computing software tools is available across the country through a comprehensive distribution network.





Systat Software, Inc.

CSIL incorporated Systat Software, Inc. as a fully owned subsidiary with the intent to acquire and maintain SYSTAT®, a leading and well-recognised scientific software product for technical professionals from SPSS Science, part of the U.S.-based \$200 million SPSS Inc.

CSIL further consolidated its presence in scientific software product ownership through the acquisition of U.S. Company AISN Software' product range including TableCurve 2D, TableCurve 3D and PeakFit.

These products have since then been consolidated under Systat Software, Inc. for providing a focused platform to create solutions driven by statistics and related analytical techniques. The core objective is to meet the evolving challenges of scientists, engineers, researchers, educators and all other user segments that use statistics for advancement in their professional work.

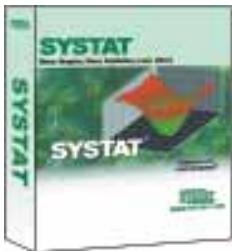
CSIL's continued commitment to its scientific product range has led to a dual leverage strategy. Systat Software has leveraged its established, ISO 9001 certified offshore research facilities to create and launch regular updates across its range of products. These product enhancements embody the creative genius of Systat Software's intellectual resources and essentially respond to market usage trends.

The latest product versions are SYSTAT V 10.2 and TableCurve 3D V 4.0 both of which have received rave reviews and strong acceptance amongst usage segments. These versions, however, are but stepping-stones in the process of continuous improvement and SYSTAT V 11.0 is currently being worked upon.

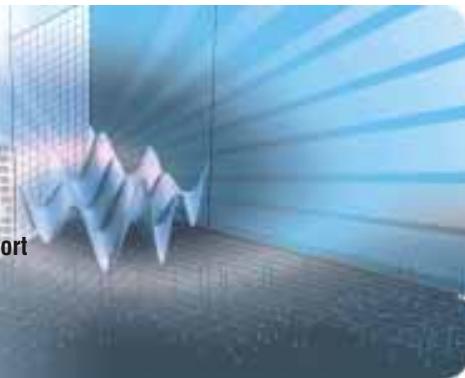
Secondly, these world-class products need to reach the customer worldwide and the importance of visibility in key markets is immense. Systat has created the front-end infrastructure through locally incorporated subsidiaries in the U.S., U.K. and India that provide wide coverage in focus markets i.e. Americas, Europe and Asia Pacific.



Systat Software, Inc. - USA



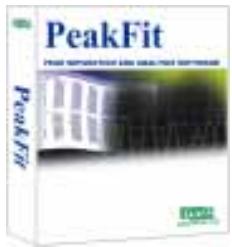
- More Visual Graphing capability
- Increased Analytical Power
- Meaningful Results With Less Effort
- Completely Automated Analysis



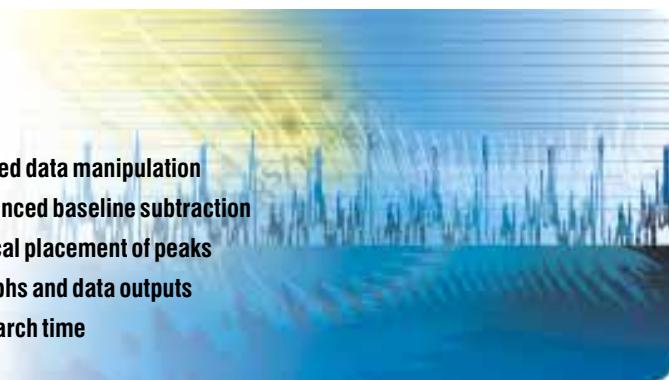
Awards and Recommendations

- ★ British Journal of Mathematical and Statistical Psychology - Recommendation, 2002 - SYSTAT version 10.2:
"I think it is a marvelously cost-effective package for academic purposes, where the aim is to teach a broad and diverse statistical and metric/non-metric analysis curriculum."
- ★ Golden Triangle PC Club - Recommendation, 2002 - SYSTAT version 10.2:
"SYSTAT has powerful application, and should be seriously considered by lab technicians, as well as scientists leading their various research teams."
- ★ Science Magazine - Recommendation, 2002 - SYSTAT version 10.2:
"SYSTAT is a comprehensive, but compact, statistical package for Windows. Targeted at non-novice users, its statistics and distinctively strong graphics are versatile, reliable and well-integrated for exploratory data analysis."
- ★ Scientific Computing World - Review, 2002 - SYSTAT version 10.0:
"I found that in solving some of my more demanding communication puzzles I turned to SYSTAT for its extended display techniques."
- ★ Scientific Computing and Instrumentation - Top five statistical software products 1999

PeakFit®



- Sophisticated data manipulation
- Highly advanced baseline subtraction
- Full graphical placement of peaks
- Quality graphs and data outputs
- Saves research time



Client Testimonials

- ★ "We know of no other comparable program that offers such sophisticated data analysis..." - Journal of the American Chemical Society, Vol. 114, No. 20.
- ★ "PeakFit is extremely powerful and has all the features I need. It is especially adept at finding hidden peaks... with almost no effort on my part!" - Margaret B Aydelotte, PhD, Rush Medical College.

Awards and Recommendations

- ★ Scientific Computing and Instrumentation - Editors' Choice, May, 2003 - PeakFit 4.11

"PeakFit 4.11 is automated peak separation and analysis software designed to support wide variety of research applications including accurate peak analysis of nonlinear data making it an ideal choice for spectroscopy, chromatography and electrophoresis."

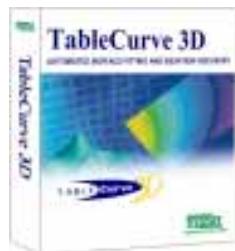


- **Quickly finds the best fitting equations for data**
- **Automated Curve Fitting**
- **Customised to User Defined Equations**
- **Accurate Extrapolation of datasets**

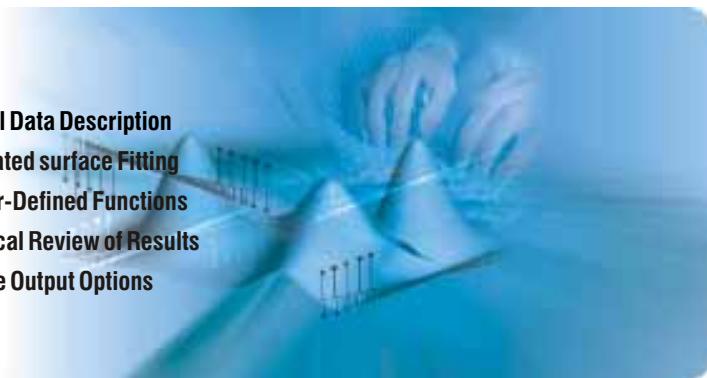


Client Testimonials

- ★ "In a matter of seconds, TableCurve 2D can offer a selection of numerical representation for data that does not conform to a 'standard' equation. TableCurve 2D cut in half the time it took to complete many of our operations." - James Teeters, Head, Scientific Department, Naval Architectural Firm, Sparkman & Stephens, Inc.



- **Optimal Data Description**
- **Automated surface Fitting**
- **Fit User-Defined Functions**
- **Graphical Review of Results**
- **Flexible Output Options**



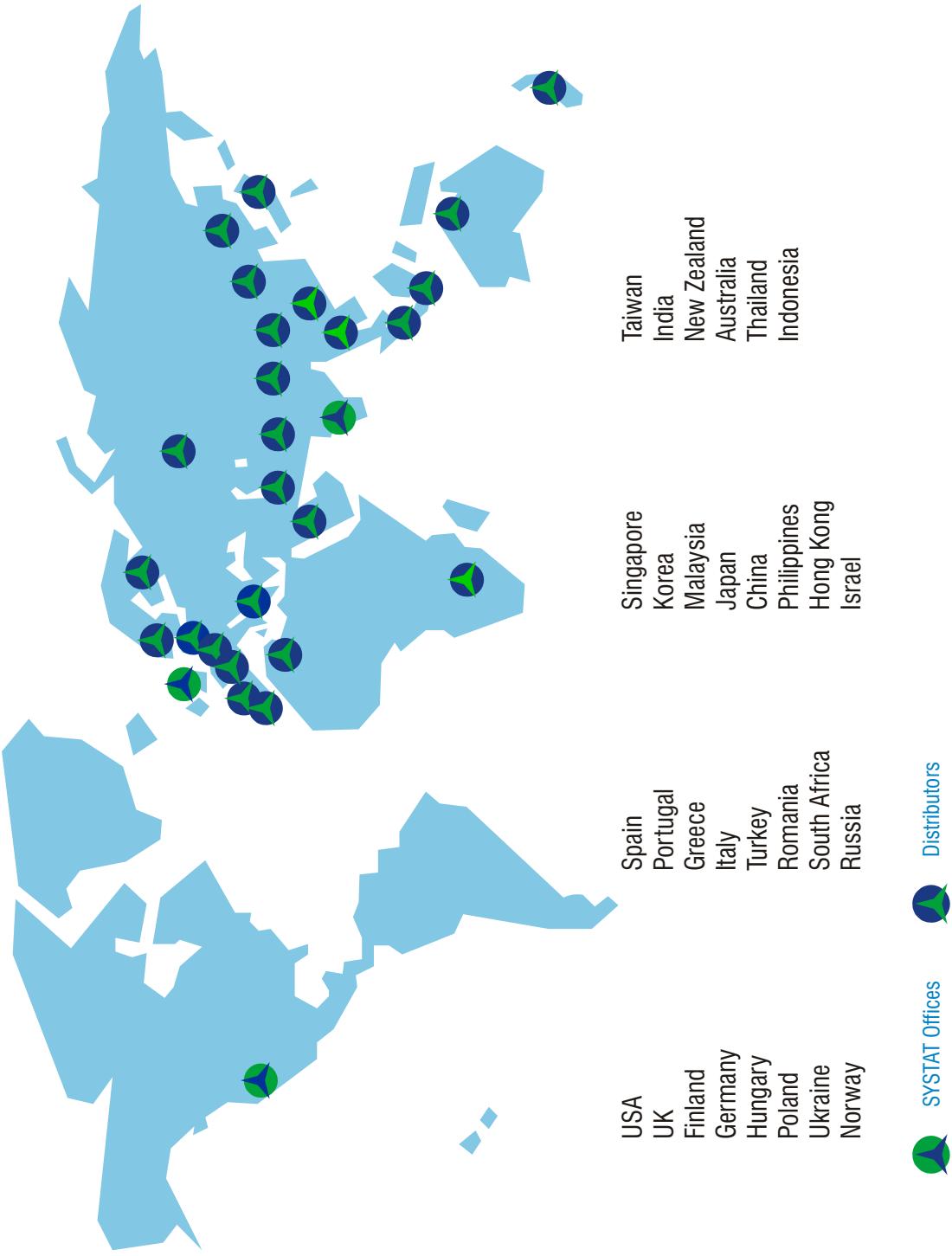
Client Testimonials

- ★ "I have tried other products including my own programs and I can truthfully say, 'There is no competition to TableCurve programs.'" - Patrick Lestrange, Professor of Physics, Mississippi State University.
- ★ "There is no comparison in terms of power and ease of use. Jobs that used to take me days now take 15minutes with a much more powerful result." - Jack Mallinkrodt, Consulting Engineer.

Awards and Recommendations

- ★ **Scientific Computing and Instrumentation - Editors' Choice, February, 2003 -TableCurve 3D 4.0**
"TableCurve 3D 4.0 offers new features and enhancements offering automation, better data management and improved 3D rendering. With an intuitive, the latest release provides better review organization and multiple data set management capabilities."

Our global sales and marketing set-up is complemented by direct offices in 3 locations and a distribution network in over 25 countries.



Cranes Varsity

Over the years, the CSIL management has continued to create opportunities in its existing lines of business while optimising the resources and strategies that enhance its future growth prospects. The Company's foray into training is one such initiative, conceptualized with the objective of widening the base of trained programmers and analysts in its offering segments.

Cranes Varsity, established over four years back, is a resource centre for scientific and engineering excellence. It caters to the customers' underlying need to train resources on specific products and their applications.



Varsity has been addressing the growing demand for qualified professionals in the areas of Digital Signal Processing (DSP), Real Time Embedded Systems (RTES) and Mathematical Modelling and Simulation (MMS) for customers, both in India and internationally. The industry-focused course curriculum is implemented by professional in-house faculty and visiting faculty that includes academia from leading universities as well as industry experts.

Varsity has emerged as the preferred training destination for several leading Indian corporates as well as MNCs, and over the last two years the institution has trained over 1500 engineers.

Since its inception, Cranes Varsity has shown substantial growth. Cranes Varsity is an authorised connections partner of The MathWorks Inc. for training on their MATLAB range of digital computing products. Alliances with several universities have led to the inclusion of MATLAB as part of their course curriculum. In terms of physical resources, the Bangalore-based facilities have been extended with a new centre at Hyderabad.

Cranes Varsity has also been working very closely with the educational community and providing them with world-class scientific software and engineering solutions in the domain areas of DSP, RTOS and MMS. Keeping with that tradition, Cranes Varsity has introduced TI DSP University Programme. Addressing an anticipated dearth of DSP programming talent, CSIL has leveraged its experience to establish a partnership with the Indian operations of Texas Instruments, the world leader in analog and digital solutions. With the strategy to popularise the use of TI's tools, TI DSP labs are being established in engineering colleges across India thus creating a strong resource base of developers.

Another significant initiative in the field of technical education has been the partnership with Rational Software this year, the partnership is towards introducing Rational SEED Program to the universities and colleges in India.

Multinational Alliance Partners :



CSIL - TI DSP University Program facilitates the inclusion of leading edge semiconductor technology into engineering research and course curricula.



Rational SEED Program - This program enables students to gain experience with Rational Software's development tools, technologies and best software practices.

CranesSci MEMS Lab

Micro-Electro Mechanical Systems (MEMS) technology is tipped to be the next technological leap after the silicon revolution. The technology straddles systems that integrate mechanical and electronic components on the same chip at micro 10^{-6} and nano 10^{-9} scales.

The potential applications of MEMS technology are far wider than any single technology ever known in human history, ranging from energy conversion, communication, controls, biomedicine, space exploration, defense, environmental monitoring and several other emerging areas. MEMS devices could, for instance, create substantial electronic storage capabilities far beyond currently recognised parameters. Efforts to develop applications in such usage areas are intensifying across the world. However, in India, limited availability of comprehensive fabrication and testing facilities have till now limited well-coordinated research activity.

CSIL has played a pioneering role in MEMS research by establishing CranesSci MEMS Lab, collaborating with Indian Institute of Science (IISc), Bangalore. Located inside the IISc campus, this initiative is headed by Dr. Rudra Pratap, the Chairman on CSIL's Board, working with his team of highly qualified and talented researchers.

CranesSci MEMS Lab is focused on developing designs for MEMS-based devices with a wide range of applications. The lab is currently working on MEMS-based sensors for acoustic applications and scanners for ultrasound imaging. Success in achieving its long-term stated objectives could see the venture create significant technological and financial upsides. However, in the interim period the focus is also on widening usage and interest in MEMS research. For this purpose, the team is in the process of developing a productable software for the simulation of MEMS that will enable organized research activity, thereby, virtually becoming a resource centre for other institutions.

CSIL, apart from its active participation in this MEMS research project, will also contribute to the commercialization of any Intellectual Property Rights (IPRs) created in the area of MEMS.



Mr. Ratan Tata of Tata Group inaugurating the CranesSci MEMS Lab



Wireless

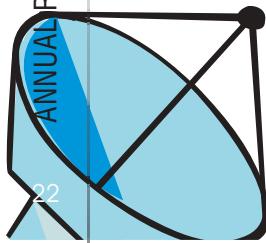
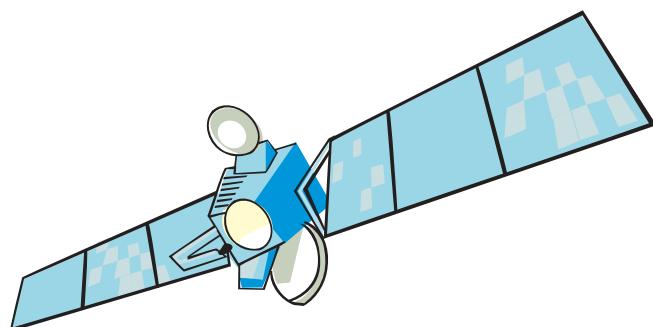
CSIL's recognition of and investment in technologies of the future has extended into the area of wireless local area networks. Wireless LANs use radio frequencies to transmit data and thereby have the potential replacing wired connections by creating high mobility, scalable networks at reduced cost of ownership.

The 802.11a is the globally recognised wireless technology standard that delivers significant performance advantages over previously used technologies. These include multiple improvements in bandwidth, connection speed and reliability compared to the widely used 802.11b standard.

Through its continuing research in this area, Cranes has developed Intellectual Property (IP) cores for Wireless Communication systems and Wireless Local Area Network (WLAN) test solutions for the automated test equipment (ATE) Industry. These solutions enable customers to manufacture superior products at reduced time-to-market as the cores are highly optimized, tested vigorously and hence can be readily integrated as a part of the solution.

CSIL's association with world technology leaders such as Texas Instruments, the MathWorks and Tektronix enables the Company to create the right mix of semiconductors, modeling & simulation and ATE expertise. Such expertise helps it address the complete solution offering to customers. Flexible licensing options reduce the cost of ownership for customers.

A significant breakthrough achieved recently in this field is the 802.11a-powered MATLAB-based solution created for Tektronix, a world leader in test, measurement and monitoring. Tektronix is commencing to offer this solution towards enhancing its range of high-end oscilloscopes.



Financial Performance Analysis

During FY 2003, the software industry worldwide continued to face difficult operating conditions, as demand remained weak across a large number of industry segments. The market for software products showed comparative resilience and expanded by about 4% in the year. However, outside the leading global system and application software developers, the market has been witnessing ongoing consolidation with the key considerations being financial strengths, technology upgradation initiatives, expansion opportunities and cost-efficient customer service capabilities.

The global IT services market is now expected to grow by an encouraging 3.5% to over US\$ 550 billion after a substantial period of weak demand witnessed worldwide. The major contribution to this growth is expected out of increasing Asian demand, mainly from ASEAN and Japan, while the size of the largely mature markets of North America and Western Europe could be sustained at last year's levels. As a result, the software products markets can also be expected to expand in line, with cost-efficient innovation an important ingredient to success.

OPERATING PERFORMANCE REVIEW

CSIL - Standalone

Particulars	FY 2003	(Rs. in Millions) FY 2002*
Overseas	342.9	106.0
Domestic	138.5	220.9
Net Sales / Services	481.4	326.9
Other income	4.8	0.5
Total income	486.2	327.4

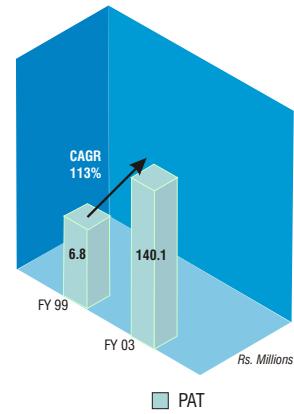
CSIL-Consolidated

Particulars	FY 2003	FY 2002*
Overseas	464.3	115.3
Domestic	145.8	220.9
Net Sales / Services	610.1	336.2
Other income	5.4	3.4
Total income	615.5	339.6

*18-month period ended 31 March 2002; all growth numbers are provided on an annualized basis.

CSIL demonstrated the strength of its business model and growth strategies through the robust operating and financial performance delivered in FY 2003. This growth was contributed by expansion in business volumes across segments, from its core segments of scientific and engineering software products - both owned and distributed - to the enabling businesses of training, consulting and implementation across this range of products.

During the year, CSIL completed the acquisition of SYSTAT from SPSS Science, USA. The Company also added the products TableCurve 2D, TableCurve 3D and PeakFit acquired from AISN Software, USA to its product portfolio. These products are housed in CSIL's wholly owned subsidiary, Systat Software, Inc. However, the FY 2003 performance of the Indian holding company has been driven by these product acquisitions and the significant business subsequently generated from its growing worldwide consulting competencies on these products. This enables CSIL to deliver complete solutions to its worldwide customers providing a larger customer interface and deeper engagement levels.



CSIL's expertise and experience in addressing the specific requirements of scientists and engineers worldwide has enabled the Company to forge multiple product alliances. Ongoing enhancements to CSIL's software product distribution portfolio provide Indian scientists access to globally leading software and ongoing upgrades. This is CSIL's original line of business, which continued to deliver growth in FY 2003.

The training business also showed substantial growth with the expanding domestic network supplemented by the alliances with Texas Instruments and Rational Software.

This strategy yielded encouraging results as SYSTAT version 10.2, TableCurve 3D version 4.0 and PeakFit version 4.11 were all introduced over the last twelve months. These products have been extremely well received in user markets, both with upgraded existing users as also new users. Further version releases are part of an ongoing process and are planned in the coming months.

Systat Software UK Ltd, a wholly owned subsidiary of Systat Software, Inc., was incorporated in FY 2003 to strengthen the footprint in Europe. The subsidiary provides marketing, sales and tech support for the proprietary product range in Europe. During the year under review, Systat Software Asia Pacific Ltd. also became a subsidiary of CSIL.

CSIL - Standalone

Particulars	FY 2003	(Rs. in Millions) FY 2002*
Material costs	112.1 (23.0%)	73.9 (22.6%)
Personnel expenses	34.7 (7.1%)	38.3 (11.7%)
General & admin expenses	58.3 (12.1%)	60.4 (18.4%)
Total expenditure	205.1 (42.2%)	172.6 (52.7%)

CSIL-Consolidated

Particulars	FY 2003	FY 2002*
Material costs	120.1 (19.5%)	73.9 (21.8%)
Personnel expenses	80.6 (13.1%)	41.7 (12.3%)
General & admin expenses	111.8 (18.2%)	72.1 (21.2%)
Total expenditure	312.5 (50.8%)	187.7 (55.3%)

* 18-month period ended 31 March 2002; all growth numbers are provided on an annualized basis.

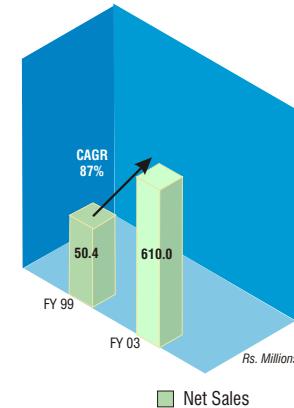
** Figures in parenthesis reflect percentages of total Income.

Given the successful leverage of its existing resources, the growth momentum in CSIL's business volumes and revenues was significantly greater than that in expenditure. As a result, total expenditure reduced to 42.2% of total income and EBITDA expanded to 57.8% from 47.3% in FY 2002. Also, on a group basis EBITDA was higher at 49.3% as compared to 44.7% in FY 2002.

Material costs that primarily comprise the cost of products requisitioned from the Company's global principals and cost of manufacturing of own products increased in proportion with revenues as later higher versions were released. However, at a Group level this expense head was lower at 20 % of total income from 21.8 % in FY 2002.

Personnel expenses in CSIL's were substantially lower at 7.1% of total income as against 11.7% in FY 2002 as the focus of operations moved to the overseas business to some extent. However, these expenses were a higher proportion of group income at 13.1% (FY 2002: 12.3%) as the Company invested in offshore R&D capabilities, increased the global interface for its proprietary products, moved its education business overseas and invested in new technology research. The Company invested in research initiatives in MEMS technology and wireless, expenses pertaining to which have been written off during the year.

General and administrative expenses were lower both as a proportion of CSIL's domestic company income as well as its consolidated group income.



CSIL - Standalone

Particulars	(Rs. in Millions)	
	FY 2003	FY 2002*
Earnings before interest, depreciation and tax	281.0	154.7
Interest	33.2	9.9
Depreciation	28.9	32.1
Profit before tax	218.9	112.7
Provision for taxation	78.4	30.7
Profit after tax	140.5	82.0

CSIL-Consolidated

Particulars	FY 2003	FY 2002*
Earnings before interest, depreciation and tax	303.0	151.9
Interest	33.3	10.0
Depreciation	50.2	32.1
Profit before tax	219.5	109.8
Provision for taxation	79.0	29.7
Profit after tax	140.5	80.0

* 18-month period ended 31 March 2002; all growth numbers are provided on an annualized basis.

Interest costs increased significantly during FY 2003 as the quantum of debt funds increased in line with the business activity. The charge for depreciation also increased as the incremental resources of the Indian operations were supplemented by the rapid growth in the overseas subsidiaries. Profit before tax increased 94.1% in CSIL's local operations and by 99.9% on a group basis.

The taxation amount is increased due to increase in profit before tax. Overseas subsidiaries' operations are also liable for payment of tax locally according to local taxation laws. Profit after tax increased by 60.8 % for CSIL entity translating into earnings per share of Rs. 16.34 .

FINANCIAL CONDITION**Sources of Funds****Shareholders' equity**

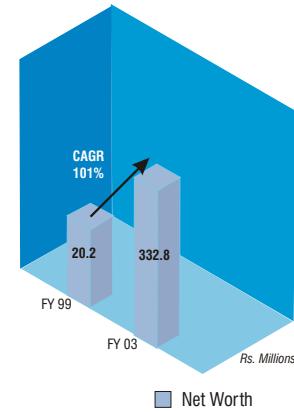
During FY 2003, Reserves and Surplus increased by Rs. 125.9 million on a consolidated group basis and Rs. 126.2 million for the standalone Indian operations as the profits generated by the business were largely retained to address the multiple growth opportunities currently being pursued. Thereby, the shareholders' equity was at Rs. 395.5 million as on March 31, 2003 as compared to Rs. 269.6 million twelve months ago (consolidated basis). The corresponding book value increased to Rs. 37.94 per share.

Loan Funds

Aggregate debt on CSIL's balance sheet increased to Rs. 213.2 million as on March 31, 2003 from Rs. 191.4 million at the end of FY 2002. The entire quantum of debt funds pertains to CSIL's Indian operating entity, as the subsidiary balance sheets remain completely debt free. Debt funds comprise short-term loans and cash credit facilities from banks..

Applications of Funds**Fixed Assets**

In line with the expansion of business operations across its operating segments, CSIL invested in fixed assets during FY 2003 of value Rs. 253.3 million. Thereby, the consolidated group's gross block more than doubled from Rs. 237.4 million a year ago to Rs. 490.7 million. The Indian operations' gross asset base increased from Rs. 213.0 million to Rs. 352.2 million even as the subsidiaries invested aggressively towards creating assets that support their rapid expansion. The subsidiaries combined gross assets increased to Rs. 138.5 million as on March 31, 2003 from Rs. 24.4 million as the initial U.S. presence was supported by operations in Europe and Asia Pacific, a worldwide dealership network and a software products research facility based out of Bangalore.

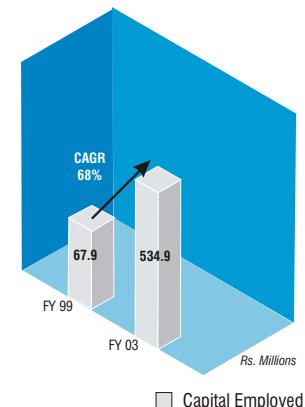


Investments

CSIL's Indian company investment portfolio increased from Rs. 18.4 million to Rs. 140.1 million. These investments have been made by CSIL in its overseas subsidiaries Systat Software, Inc., USA (Rs. 139.6 million) and Systat Asia Pacific Ltd. (Rs. 0.5 million). An additional investment of Rs. 121.2 million was made in the U.S. subsidiary during the year, while the US subsidiary, received its first tranche of capitalization. This investment was primarily used for acquiring Intellectual Property Rights and Source Code of Products and for Research and Development purpose. Subsequently, CSIL's Board of Directors has ratified the proposal to invest an additional Rs. 10 million in the Asia Pacific subsidiary to be utilized towards enhancing the R&D facilities in Bangalore.

Inventories

The value of trade inventory at the end of FY 2003 stood at Rs. 73.4 million for the CSIL Group (Rs. 22.7 million last year) and Rs. 49.5 million for the Indian company's operations (Rs. 22.7 million). As CSIL is the authorized distributor for a number of leading global software companies, its inventory comprises the software packages available with it at any given point of time. These packages are sold to end users through CSIL's global distribution pipeline. Inventories have increased along with the growing size of its business operations in India and internationally.



Sundry debtors

Particulars	(Rs. in Millions)	
	As on March 31, 2003	As on March 31, 2002
CSIL - Indian company operations	268.5	185.2
- more than six months	4.6	57.4
- others	263.9	127.8
CSIL consolidated	276.7	186.3
- more than six months	4.6	57.7
- others	272.1	128.6

CSIL's consolidated operations' debtors were at Rs.276.7 million as on March 31, 2003 compared to Rs.128.6 million at the end of last year. CSIL's outstanding trade debtor levels are relatively high at the end of the fiscal year, as revenues from the business tend to be seasonal with a larger proportion of sales in the fourth quarter (January - March). During FY 2003, 42% of the year's sales (Rs.257.2 million) were booked in the fourth quarter of the year. The quality of debtors continues to be high and only 1.7% of the debtors are outstanding for longer than six months. As on June, 11, 2003 the outstanding debtors' level had reduced to Rs.192.9 million.

Cash and bank balances

CSIL's consolidated group cash and bank balances reduced to Rs. 9.4 million as on March 31, 2003 from Rs. 132.7 million as funds were utilized towards business expansion. Accordingly, the Indian operations' cash balance also reduced significantly to Rs. 3.4 million from Rs. 129.7 million.

Loans and advances

Loans and advances in the balance sheet were at Rs. 55.7 million for the group and Rs. 49.5 million for the stand-alone Indian operations. These largely pertain to advances to international alliance principals in the normal course of the business against which software packages are received.

Current liabilities and provisions

Sundry creditors stood at Rs. 68.1 million for the group at the end of FY 2003 compared to Rs. 58.6 million in the previous year. For Indian Entity Sundry creditors stood at Rs. 48.9 million as of March 31, 2003 compared to Rs. 44.9 million in the previous year.

Provisions of Rs. 49.2 million were made at the end of FY 2003 (Rs. 49.1 million in the Indian company) that comprised of income tax, gratuity and dividend payments, payable after the financial year end.

Miscellaneous expenditure

Miscellaneous expenses pertain to costs incurred on corporate transactions, such as CSIL's software product acquisitions and other deferred revenue expenditure that are written off over a period of five years.



Cranes Software International Limited

(Formerly Eider Commercials Limited)

FINANCIAL STATEMENTS FOR 2002 - 03

DIRECTORS' REPORT

Your Directors are pleased to present their Eighteenth annual report together with the accounts for the year ended March 31, 2003.

A. Financial Performance

	(Rs. in lakhs)	2002-03	2001-02
Sales and Operating Revenues	4,861.87	3,274.69	
Profit before tax	2,189.59	1,127.45	
Provision for tax	784.10	307.04	
Profit after tax	1,405.49	820.41	
Prior Period tax adjustments	(2.34)	0.53	
Surplus brought forward	826.44	29.50	
Amount available for appropriation	2,229.59	850.44	

Appropriation

A fixed dividend of 12% is payable on the preference shares as per the terms of the issue & the same has been declared by the Board of Directors and paid during the year. Members may take note of the payment of Preference Dividend, your Directors, have recommended a dividend of 12% on the equity shares. The amount on account of the above dividends including dividend tax and surcharge thereon on distributed profits works out to Rs.141.09 lakhs, leaving the company with Rs. 2088.50 lakhs, of which Rs. 1900 lakhs is transferred to general reserve and the balance of Rs.188.50 lakhs is retained as surplus in the Profit and Loss Account.

B. Subsidiary Companies

During the year the Company opened a new sub-subsidiary Systat Software UK Ltd. (subsidiary of wholly owned subsidiary - Systat Software, Inc., US) in London for its Europe operations. Financials of both the companies are attached in Annual Report.

During the year, Systat Software Asia Pacific Ltd., became a wholly owned subsidiary of the Company. A copy of the audited accounts for the subsidiary companies have been enclosed.

C. Deposits

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

D. Directorate

Dr. Rudra Pratap & Mr. Richard Gall retire by rotation and being eligible offer themselves for re-election.

The following personnel were appointed as additional directors of the Company during the year - Mr. Ronald Brown with effect from 21.11.02, Mr. Ajay Singh with effect from 18.02.03 and Mr. Mirza Yawar Baig with effect from 31.03.03. The Company has received notices under Sec 257 of the Companies Act, 1956 from the members proposing the candidature of all the above for the office of Directors in the Company.

E. 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 equipments. Since it is a software product company, primarily dealing with scientific software products and product related projects and consulting, energy cost forms a very small part of total cost, the impact on cost is not material.

F. Research & Development Activities

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.

G. Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2002-03 is Rs. 3,428.63 lakhs and foreign exchange outgo is Rs.156.82 lakhs during the year.

H. Employees

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

I. Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on consolidated financial statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form a part of the Annual Report and Accounts.

J. 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 profits 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.

K. Corporate Governance

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

L. Auditors

The company's auditors Messrs. 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.

M. Acknowledgement

You Directors would like to express their sincere appreciation for the assistance and co-operation received from Banks, Financial Institutions, Government, Customers, Suppliers and Shareholders for the year under review. Your Directors also wish to place on record their appreciation for the committed services of the employees at all levels of the Company.

For and on behalf of the Board

Bangalore
23.07.2003

Asif Khader
Managing Director

Mukkaram Jan
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 31st March, 2003.

Research & Development Activities and Technology Absorption :

During the year, the Company had acquired new scientific software product 'SYSTAT' from SPSS Inc., US. Further, the Company acquired software products, TableCurve 2D, TableCurve 3D and PeakFit from AISN Software, US.

The Company has got a sixty member 'Product Development' team, working in Bangalore, exclusively for scientific software product development and up-gradation of existing scientific software products. The Company had already come up with revised version of 'SYSTAT' - version 10.2. Further a new up-graded version of 'SYSTAT' is in development process expected to be marketable within one year.

The Company has come up with the upgraded version of TableCurve 3D-version 4.0 during the year.

All these products are international scientific software products and are sold globally. Cost of the product development during the year is Rs. 1.3 crores.

The company in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science, Bangalore is in the process of setting up a Micro-Electro-Mechanical Systems (MEMS) design and testing lab. The lab will develop tools and technology for design and simulation as well as design concepts. The project is initially for a period of three years. The Company has contributed a total Rs. 48 lakhs to the project till date. MEMS sensor technology promises to span all aspects of current technical areas such as communication, controls, biomedical applications, space exploration, defence, environmental monitoring and manipulations etc.

For and on behalf of the Board

Bangalore
23.07.2003

Asif Khader
Managing Director

Mukkaram Jan
Director

Management Discussion and Analysis Report

(Annexure to Directors' Report)

1. Industry Structure and Developments

The years of late has seen the emergence of knowledge led endeavours as the key drivers of innovation, industrial activity and economic growth worldwide. Technology has been on the forefront of all these endeavours. The scientific software product industry continued its growth during the last year despite slow down in market growth. The finish software industry is relatively young and still a strongly growing sector, which, nevertheless, has already achieved a significant position in international economy. Software product business refers to business concerning software that is developed and maintained by the companies themselves and in which customization is another aspect. Continuous improvement and up-gradation of existing products lead to maintain a large product development team. Constant Innovation and advancement of technology are a must to survive in the industry.

2. Financial and Operational Performance

During 2002, the Company acquired 'SYSTAT' (scientific statistical software product), from SPSS-US. Prior to this the Company acquired TableCurve 3D, TableCurve 2D and PeakFit from AISN Software - US. The Company's revenue growth is 110% during the year 2002-03.

3. Outlook

Keeping pace with the requirements of the scientific community in terms of the developments, technology is the key for survival. MEMS (Micro-Electro-Mechanical Systems) , Digital Signal Processing (DSP), Embedded Systems, are some of the most promising technologies today, that is driven by multi-disciplinary research. Nano technology is another emerging area for the future. Major growth initiatives will have to be therefore centered on such growth areas.

4. Opportunities and Threats & Risks

Taking into consideration the economic situation, software product companies are doing extremely well even though huge growth expectations have been met. Software product companies need external funding for growth and internationalisation because international success requires not only product development but also strong emphasis on sales and marketing.

During the year, the profitability of software companies decreased in comparison to previous years. Many companies intend to apply for external funding.

Over the years, your Company has built unparalleled competencies in the area of scientific and engineering software products and solutions. These competencies have been reinforced with the acquisition of SYSTAT. The future is promising in the areas of Digital Signal Processing (DSP), Embedded Systems, Mathematical Modeling and Simulation. Dedicated teams at Cranes are already engaged in developing innovative tools and solutions in these areas.

5. Internal Control Systems

The Company has placed considerable emphasis and effort on internal control systems. On the technical side, the Company has achieved ISO 9001. CMM Level 5 is in process, which is a commentary on the strength of internal processes and their adequacy. The internal control is multi-layered and measured by metrics on a continuous basis. On the finance and administrative side, the internal checks and balances are automated by a formal system of Internal Audit and quarterly full cycle statutory audit processes.

6. Human Resources

Your company places great value on its greatest asset - its employees in facing up to the challenge of catering to global markets. Our emphasis on Training is on an on-going basis to all our employees to equip them to meet the growing business needs. Our goal is to have a motivated group of professionals with a rich blend of technology and domain expertise.

7. Disclaimer

The information and opinion expressed in this Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. The Company cannot guarantee that these assumptions / expectations are accurate or will be realized. The management shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Prior written permission of the company may be obtained for furnishing this information to any person.

Corporate Governance Report

(Annexure to Directors' Report)

1. The cornerstone of the Philosophy of Governance adopted by your Board has at all times been based on

- Relationship
- Value for money
- Technology
- Speed
- No debt; live within means

The Company will continue to seek enhancement to shareholder value within the framework of business ethics, regulatory compliances and contribution to society. The Company has a clearly defined policy documented "Code of Conduct of Employees" that defines obligations of each of its employees to the Company expectations of value driven behaviour.

2. Board of Directors :

The composition of the Board is as follows :

Promoter Group :

Asif Khader

Mukkaram Jan

Mueed Khader

Non-Executive Directors :

Dr. Rudra Pratap	-	Independent Director
Ajay Singh	-	Independent Director
Mirza Yawar Baig	-	Independent Director
Richard Gall		
Ronald Brown		

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

The Board met 14 times during the year on 18/04/02, 30/04/02, 16/05/02, 28/05/02, 21/06/02, 28/06/02, 26/07/02, 23/08/02, 12/09/02, 21/11/02, 30/11/02, 30/01/03, 18/02/03, 31/03/03.

Name of the Director	Date of Appointment	No. of Board Meetings Attended	Whether attended last AGM	Membership in other Boards	Committees Member ship	Chairman ship
Dr. Rudra Pratap	21.06.02	8	Yes	-	3	2
Asif Khader	30.04.02	11	Yes	3	1	-
Mukkaram Jan	30.04.02	10	Yes	3	1	-
Mueed Khader	30.04.02	7	Yes	2	-	-
Richard Gall	16.05.02	3	No	1	1	-
Ronald Brown	21.11.02	2	N.A	-	-	-
Ajay Singh	18.02.03	-	N.A	-	1	1
Vidya Ramachandran	*	5	Yes	-	-	-
Sudhir Goel	**	3	N.A	-	-	-
Shailesh Daga	**	3	N.A	-	-	-
Mirza Yawar Baig	31-03-03	-	N.A	-	1	-

* Resigned from the Board of directors on 21.11.02.

** Resigned from the Board of directors on 16.05.02.

4. Audit Committee:

The Company has constituted an Audit Committee as required under the provisions of the Companies Act, 1956 consisting of the following directors :

Dr. Rudra Pratap	-	Chairman
Richard Gall	-	Member
Mueed Khader	-	Member

The committee met on 21/06/02, 25/06/02 & 30/11/02. All the members (except Mr. Richard Gall for the meeting on 30/11/02) attended these meetings.

The Company Secretary is the secretary of the committee.

The statutory auditors attended the meetings except the meeting on 21/06/02. Ms. Nabonita Baruah - Chief Finance Officer & Mr. Varadarajan - General Manager Finance, attended the meetings by invitation.

The scope of reference of the committee includes :

- Review of audit with Statutory Auditors & Internal Auditors
- Limited Review of Half Yearly accounts with Statutory Auditors
- Review of annual financial statements with Auditors & Management before submission to the Board.

The audit committee has been reconstituted on 31/03/03 to be in line with the listing requirements. The members of the reconstituted audit committee are :

Ajay Singh	-	Chairman
Mirza Yawar Baig	-	Member
Dr. Rudra Pratap	-	Member

5. 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 Wholetime Directors & Managing Director. The committee met on 25/06/02 for discussion & fixing the remuneration to be paid to the Managing director & Wholetime Directors. The remuneration w.e.f 01/07/02 has been approved by the shareholders at the last Annual General Meeting held on 12/09/02. There is no change or variation in the terms proposed this year.

The details of remuneration of the managerial personnel for the year 2002-03 is given in item (II)(3) of notes to accounts, Schedule No. 19.

For Non-Executive Directors:

Sitting fee is paid to non-executive Directors for attending Board Meetings, Audit Committee meetings and other committee meetings. The sitting fee has been increased during the year in May, 2002 for attending Board / Committee meetings from Rs.100/- to Rs.3000/- for every meeting attended by the Directors apart from reimbursement of actual travel & out of pocket expenses incurred by them for attending the meetings. No other remuneration is paid to non-executive Directors.

Shareholder Grievance Committee:

A Shareholder Grievance Committee consisting of Dr. Rudra Pratap, Mukkaram Jan & Asif Khader has been constituted with effect from 30/01/03 to look into the grievances of investors. Requests for dematerialization are generally confirmed on a weekly basis. During the year there were no complaints received from stock exchanges / SEBI / Department of Company Affairs.

6. General Body Meeting :

The last three General Body Meetings were held as under :

Date of AGM	Time	Venue
18th August, 2000	3.00 p.m.	Regd. Office : W-50 MIDC Industrial Area, Taloja - 410 208
23rd August, 2001	2.00 p.m.	Regd. Office : W-50 MIDC Industrial Area, Taloja - 410 208
12th September, 2002	3.30 p.m.	Hotel Marine Plaza, 29, Marine Drive, Mumbai - 400 020

For AGM 2003, the Company does not have any proposal for postal ballot.

7. Disclosures :

During the year the Company had not entered into any transactions of material nature with any of the Promoters, Directors, Management or relative etc. which were in conflict with the interest of the company.

The Company had not made disclosures to the Stock Exchanges under SEBI Takeover Regulations and opted for the SEBI Regularization Scheme - 2002 and filed the returns in respect of the earlier years.

During the year, the registered office was shifted from Mumbai to Bangalore after complying with all the statutory requirements required for the same.

8. Means of Communication :

The quarterly results are published in "The Economic Times" & "Samyukta Karnataka" (Kannada). The results are also put on the web site of the company (www.cranessoftware.com)

9. General Shareholder Information :

Ronald Brown, Ajay Singh & Mirza Yawar Baig who are Additional Directors retire at the ensuing Annual General Meeting and are proposed for appointment. Particulars about the above Directors and the Directors who are retiring & are eligible for re-appointment have been given in the notice convening the Annual General Meeting & Explanatory Statement.

Annual General Meeting : 22nd September, 2003.

Financial Calendar of Board Meetings (tentative) for approval of :

i.	Annual Accounts 2003	11th June, 2003
ii.	Unaudited Results - I Qtr	Last week of July, 2003
iii.	Unaudited Results - II Qtr	Last week of October, 2003
iv.	Unaudited Results - III Qtr	Last week of January, 2004
v.	Annual Accounts - 31.03.04	Last week of June, 2004

Book Closure : 12th Sept' 03 to 22nd Sept' 03.

Dividend payment : On or after 28th September, 2003

Listing on Stock Exchanges : The Stock Exchange, Mumbai
P J Towers, Dalal Street.
Mumbai - 400 001

Scrip Code : 512093.
Listing Fee : Annual Listing fee for 2003-04 has been paid to the stock exchanges where the shares are listed.

Application has been made to Bangalore Stock Exchange for listing the Company's shares on the exchange.

Share Price Data: There were no trading in the shares under the erstwhile Eider Commercials Ltd. name, from April 2002 to October 2002, after amalgamation the shares were permitted for trading under the new name Cranes Software International Limited only from 28th October, 2002. The share price data on the Stock Exchange, Mumbai (BSE) for the period from October 2002 to March 2003 is as under

Month	High	Low	BSE Sensex	
	(Rs.)	(Rs.)	High	Low
October 2002	34.55	24.00	3038.92	2828.48
November 2002	72.30	41.45	3245.98	2928.63
December 2002	129.50	75.90	3413.83	3186.62
January 2003	119.00	103.80	3416.92	3199.18
February 2003	114.90	101.75	3341.61	3218.37
March 2003	112.75	101.20	3311.57	3039.83

Registrar & Transfer Agents:

The Share Transfer work is being done by M/s Alpha Systems Pvt. Ltd, No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 who are a SEBI registered Registrar & 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 30 days from the receipt. Letters are sent to the transferees giving an option for dematerialization of shares acquired in physical form. For those who opt for dematerialization, shares are dematerialized and electronic credit given through the registrars. For those who do not exercise the option within the stipulated 30 days, share certificates are forwarded.

Distribution of Shareholdings as on 31st March, 2003.

No. of shares held	Folios			Shares	
	Number	%	Number	%	
Upto 500	135	49.09	44184	0.52	
501 - 1000	34	12.37	29935	0.36	
1001 - 2000	22	8.00	32409	0.38	
2001 - 3000	14	5.09	36375	0.43	
3001 - 4000	12	4.36	44500	0.53	
4001 - 5000	5	1.82	25000	0.30	
5001 - 10000	14	5.09	107849	1.28	
Above 10001	39	14.18	8102188	96.20	
Total	275	100.00	8422440	100.00	

Pattern of Shareholding as on 31st March, 2003

Sl. No.	Category	No. of shares	% of Share Holding
1	Promoters	3519300	41.78
2	Mutual Funds	548993	6.52
3	Banks	270851	3.22
4	Private Bodies Corporate	1806110	21.44
5	Foreign National	400000	4.75
6	Foreign Company	163520	1.94
7	FII's	100000	1.19
8	Individuals & Others	1613666	19.16
Total		8422440	100.00

Dematerialisation of Shares : The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors.

The demat ISIN Number allotted to the Company is **INE234B01015**.

Office Locations : Being a scientific software product company, it has a product development center in Bangalore and its branches at New Delhi & Hyderabad

Address for Communication :

1. To the Company :

Asif Khader
 Managing Director
 Cranes Software International Ltd.
 # 29, 7th Cross, 14th Main
 Vasanthnagar, Bangalore -560 052.

2. To the Registrar & Transfer Agent - for Share Transfers / Transmissions..etc

Mr. Sridhar
 Asst. Vice President
 Alpha Systems Pvt. Ltd
 No. 30, Ramana Residency
 4th Cross, Sampige Road
 Malleswaram
 Bangalore - 560 003.

Auditor's Certificate

(Under Clause 49 of the Listing Agreement)

To the Members of Cranes Software International Limited, Bangalore

We have examined the compliance of conditions of Corporate Governance by CRANES SOFTWARE INTERNATIONAL LIMITED, for the year ended 31.3.2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of 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,

We certify that the Company has complied with the conditions of Corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

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

Bangalore
23.07.2003

Balakrishna. S. Bhat
Partner
Membership No - 202976

Auditor's Report

The Members of CRANES SOFTWARE INTERNATIONAL LIMITED

We have audited the attached Balance Sheet of M/S.CRANES SOFTWARE INTERNATIONAL LIMITED, BANGALORE as at 31st March 2003 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) 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;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and 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;
- v) On the basis of written representations received from the Directors, as on 31st March 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2003 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Bangalore
11.06.2003

Balakrishna. S. Bhat
Partner
Membership No.202976

Annexure to the Auditor's Report

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. Physical inventory of stock of goods has been taken during the year and at the end of the year by the management. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. In our opinion the discrepancies noticed on physical verification of stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.
6. In our opinion and on the basis of our examination of stock records, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken/granted any loans, secured or unsecured from/to Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 and or from/to the Companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans or advances in the nature of loans except interest free staff advances, which are being recovered as stipulated.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of goods and other assets and with regard to the sale of goods.
10. In our opinion and according to information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials or services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating to Rs.50,000/- or more during the year in respect of each party, have made at prices which are reasonable having regard to the prevailing market prices for such goods or materials have been made with other parties.
11. As explained to us, the company has a regular procedure for determination of unserviceable or damaged goods. Adequate provisions have been made in accounts for the loss arising on the items so determined.
12. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public.
13. Since the Company does not manufacture any products, there is no scrap or by-products.
14. In our opinion, the company has an inhouse internal audit system commensurate with the size and nature of its business.
15. The Central Government has not prescribed maintenance of cost record as required under section 209(1)(d) of the Companies Act, 1956.

16. According to the records of Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
17. According to the information and explanations given to us, no undisputed amounts in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2003, for more than six months from the date they became payable.
18. According to the information and explanations given to us, no personal expenses of directors or employees have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The company is not a sick industrial company within the meaning of section (3)(1)(O) of Sick Industrial Companies (Special Provision) Act, 1985.
20. According to the information and explanations given to us, there is no damaged goods during the year and hence the provisions of para 4(c)(ii) are not applicable.

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

Bangalore
11.06.2003

Balakrishna. S. Bhat
Partner

Balance Sheet

As at 31st March 2003

PARTICULARS	SCH. No.	31.03.2003 (Rs.)	31.03.2003 (Rs.)	31.03.2002 (Rs.)	31.03.2002 (Rs.)
I. Sources Of Funds					
1. Shareholders' Funds:					
(a) Share Capital	1	104,224,400		104,224,400	
(b) Reserves and Surplus	2	292,081,221	396,305,621	165,876,014	270,100,414
2. Loan Funds					
(a) Secured Loans	3	35,364,698		180,704,160	
(b) Unsecured Loans	4	177,868,220	213,232,918	10,673,373	191,377,533
			609,538,539		461,477,947
II. Application of Funds					
1. Fixed Assets	5				
(a) Gross Block		352,214,080		212,957,193	
(b) Less : Depreciation		73,881,098		44,929,828	
(c) Net Block		278,332,982		168,027,365	
(d) Capital Work in Progress		4,906,500	283,239,482	2,600,000	170,627,365
2. Investments	6		140,112,950		18,409,110
3. Current Assets, Loans & Advances:					
(a) Inventories	7	49,526,135		22,683,000	
(b) Sundry Debtors	8	268,451,362		185,215,377	
(c) Cash and Bank Balances	9	3,362,842		129,748,796	
(d) Loans and Advances	10	49,470,399		25,300,894	
		370,810,738		362,948,067	
Less : Current Liabilities & Provisions	11				
(a) Current Liabilities		49,118,391		44,982,392	
(b) Provisions		49,072,215		12,142,454	
		98,190,606		57,124,846	
Net Current Assets			272,620,132		305,823,221
4. Deferred Tax (Liability) /Assets			(92,005,661)		(39,095,637)
5. Miscellaneous Expenditure :	12		5,571,636		5,713,888
(To the extent not written off or adjusted)					
Notes to Accounts & Significant Accounting Policies	19				
			609,538,539		461,477,947

Schedule Nos. 1 to 12 and 19 form an integral part of Balance Sheet

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Place : Bangalore
 Date : 11.06.2003

Profit & Loss Account

For the Year Ended 31st March 2003

PARTICULARS	SCH. No.	31.03.2003 (Rs.)	31.03.2003 (Rs.)	31.03.2002 (Rs.)	31.03.2002 (Rs.)
INCOME					
Sales	13	481,431,619		326,960,409	
Other Income	14	4,755,638		508,362	
			486,187,257		327,468,771
EXPENDITURE					
Cost of Goods Sold	15	112,143,360		73,897,481	
Personnel Expenses	16	34,685,244		38,338,452	
Administrative Expenses	17	58,296,234		60,454,957	
Interest and Financial Charges (Net)	18	33,152,514		9,949,466	
Depreciation		28,951,270		32,083,610	
			267,228,622		214,723,967
PROFIT BEFORE TAX			218,958,635		112,744,804
Less : Provision for Current Tax			25,500,000		10,920,000
Less : Deferred Tax			52,910,024		19,783,552
PROFIT AFTER TAX			140,548,611		82,041,252
Add/(Less): Income tax relating to earlier years			(234,026)		53,422
NET PROFIT			140,314,585		82,094,674
Add : Balance brought forward from previous year			82,644,374		2,949,700
Profit available for appropriation			222,958,959		85,044,374
Appropriations					
Preference Dividend			2,400,000		2,400,000
Proposed Equity Dividend			10,106,928		-
Tax on Dividend			1,602,450		-
General Reserve - Transfer			190,000,000		-
Balance Carried to Balance Sheet			18,849,581		82,644,374
			222,958,959		85,044,374
Earnings per share			16.34		9.46
Notes to Accounts & Significant Accounting Policies	19				

Schedule Nos. 13 to 18 and 19 form an integral part of Profit & Loss Account

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Place : Bangalore
 Date : 11.06.2003

Schedules annexed to and forming part of Balance Sheet
As at 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE NO.1 SHARE CAPITAL:		
AUTHORISED:		
90,00,000 Equity Shares of Rs.10/- each	90,00,000	90,00,000
2,00,000 Preference Shares of Rs.100/- each	20,00,000	20,00,000
	110,000,000	110,000,000
ISSUED, SUBSCRIBED & PAID-UP:		
84,22,440 Equity Shares of Rs. 10/- each fully paid up (During the previous year 81,82,440 equity shares of Rs. 10/- each were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd. with the company)	84,224,400	84,224,400
2,00,000 Preference Shares of Rs.100/- each fully paid up (During the Previous year 200,000 preference shares of Rs. 100/- each were issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Ltd. With the company)	20,00,000	20,00,000
TOTAL	104,224,400	104,224,400
SCHEDULE NO.2: RESERVES AND SURPLUS:		
a) General Reserve	2,778,840	-
Add : Transfer on amalgamation	-	22,090,925
Add : Transfers from Profit & Loss Account	190,000,000	-
	192,778,840	22,090,925
Less : Deferred tax provision on initial adoption	-	19,312,085
	192,778,840	2,778,840
b) Share Premium Account	80,452,800	80,452,800
c) Profit & Loss Account	18,849,581	82,644,374
TOTAL	292,081,221	165,876,014
SCHEDULE NO.3: SECURED LOANS:		
(Refer Note No.8 for security provided)		
JAMMU AND KASHMIR BANK LTD.,		
(i) Overdraft Account	-	130,804,676
(ii) Cash Credit Account	34,181,057	47,778,823
KOTAK MAHINDRA PRIMUS LTD.	221,100	462,300
ICICI BANK LTD	191,358	446,502
STANDARD CHARTERED BANK	771,183	1,211,859
(Secured by hypothecation of vehicle)		
TOTAL	35,364,698	180,704,160
SCHEDULE NO.4: UNSECURED LOANS:		
- Short Term Loan from Scheduled Banks	177,868,220	5,323,373
- Inter Corporate Deposit	-	5,350,000
TOTAL	177,868,220	10,673,373

Schedule No. 5 : Fixed Assets

PARTICULARS	GROSS BLOCK		Upto 1.4.2002	DEPRECIATION BLOCK For the Year	Total upto 31.03.2003	As on 31.03.2003	NET BLOCK	As on 31.03.2002
	Cost as on 1.4.2002	Additions	Total as on 31.03.2003					
Land	26,305,037	-	26,305,037	-	-	26,305,037	26,305,037	26,305,037
Furniture & Fixtures	16,195,115	472,095	16,667,210	2,754,954	1,037,681	3,792,635	12,874,575	13,440,157
Computers	39,667,671	1,742,741	41,410,412	12,873,585	6,020,909	18,894,494	22,515,918	26,794,085
Computer Software	118,917,752	136,614,502	255,532,254	27,947,739	21,100,032	49,047,771	206,484,483	90,970,013
Plant & Machinery	7,170,165	427,545	7,597,710	753,658	346,171	1,099,829	6,497,881	6,416,507
Vehicle	4,701,457	-	4,701,457	599,892	446,477	1,046,369	3,655,088	4,101,566
Total	212,957,197	139,256,883	352,214,080	44,929,828	28,951,270	73,881,098	278,332,982	168,027,365
Previous Year	-	214,816,382	212,957,197	-	45,804,241	44,929,828	168,027,365	-

(Figs. in Rs.)

Schedules annexed to and forming part of Balance Sheet
As at 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE NO.6: INVESTMENTS:		
(At cost - non trade - unquoted)		
(i) Systat Software, Inc. USA (807500 shares of face value USD 1/- each out of which 390000 shares of USD 1/- and 417500 shares at USD 1/- with a premium of USD 5/- fully paid up)	139,607,950	18,404,110
(ii) Systat Software Asia Pacific Ltd (50000 shares of Rs.10/- each fully paidup)	500,000	-
(iii) Government Security	5,000	5,000
TOTAL	140,112,950	18,409,110
SCHEDULE NO.7: INVENTORIES:		
(Valued at lower of cost or market value, as valued and certified by the management)		
Stock - in - trade	49,526,135	22,683,000
TOTAL	49,526,135	22,683,000
SCHEDULE NO.8:SUNDY DEBTORS:		
(Unsecured - Considered Good)		
- Outstanding for more than six months	4,595,499	57,451,704
- Others	263,855,863	127,763,672
TOTAL	268,451,362	185,215,377
SCHEDULE NO.9: CASH AND BANK BALANCES:		
Balances with Scheduled Banks in :		
- Current Account	892,176	3,366,244
- Deposit Account	2,307,144	126,315,147
- Cash on Hand	3,199,320	129,681,390
	163,522	67,406
TOTAL	3,362,842	129,748,796
SCHEDULE NO.10: LOANS AND ADVANCES:		
(unsecured, considered good)		
(a) Advances recoverable in cash or in kind or for value to be received	41,564,796	14,742,367
(b) Deposits	7,905,603	10,558,527
TOTAL	49,470,399	25,300,894
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS:		
CURRENT LIABILITIES:		
(i) Sundry Creditors	48,863,998	44,878,152
(ii) Directors' Current Account	254,393	104,240
TOTAL	49,118,391	44,982,392
PROVISIONS:		
- Income Tax	34,020,000	11,624,200
- Gratuity	942,837	518,254
- Preference Dividend	2,400,000	-
- Proposed Equity Dividend	10,106,928	-
- Dividend Tax	1,602,450	-
TOTAL	49,072,215	12,142,454
SCHEDULE NO.12 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	427,857
Amalgamation Expenses	2,724,900	1,396,406
Deferred Revenue Expenditures	4,596,763	5,745,954
TOTAL	7,321,663	7,570,217
Less : 1/5th written off	1,750,027	1,856,329
TOTAL	5,571,636	5,713,888

Schedules forming part of Profit & Loss Account
For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE - 13: SALES:		
Software Sales & Services:		
Sales:		
Exports	342,863,052	86,861,312
Domestic	116,516,240	191,334,347
	459,379,292	278,195,659
Software Training	22,052,327	48,764,750
	TOTAL	481,431,619
		326,960,409
SCHEDULE -14: OTHER INCOME:		
Exchange Fluctuation Account	4,755,638	508,362
	TOTAL	4,755,638
		508,362
SCHEDULE -15: COST OF GOODS SOLD:		
Opening Stock	22,683,000	7,000,386
ADD: Purchases	136,231,389	86,531,317
ADD: Direct Expenses	2,755,106	3,048,778
	161,669,495	96,580,481
LESS: Closing Stock	49,526,135	22,683,000
	TOTAL	112,143,360
		73,897,481
SCHEDULE -16: PERSONNEL EXPENSES:		
Salaries	30,066,678	33,584,082
Gratuity	521,906	150,424
E.S.I Contribution	91,202	97,443
P.F. Contribution	2,849,149	2,517,006
Staff Welfare	1,156,309	1,989,497
	TOTAL	34,685,244
		38,338,452
SCHEDULE -17: ADMINISTRATIVE EXPENSES:		
Auditors Remuneration	105,000	102,900
General Expenses	19,996,040	24,527,916
Sales Commission	1,790,248	11,424,041
Insurance	108,866	60,348
Office Rent	6,096,859	6,814,879
Rates and Taxes	745,751	214,181
Remuneration to Directors	3,493,500	2,472,000
Loss on Sale of Car	-	185,229
Loss on Sale of Invesment	-	94,400
Travelling and Conveyance	6,535,616	7,798,002
Repairs & Maintenance	492,608	279,719
Preliminary expenses written off	1,750,027	1,856,329
Directors Sitting Fees	71,000	12,000
Consultancy Charges	17,110,719	4,613,014
	TOTAL	58,296,234
		60,454,957
SCHEDULE -18: INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loan	321,961	3,198,204
Interest - Others	55,711,512	20,307,339
	56,033,473	23,505,543
Less : Interest received on Fixed Deposit (TDS - Rs.4788632)	22,880,959	13,556,077
	TOTAL	33,152,514
		9,949,466

Notes to Accounts

Schedule No. 19 :- Notes to Accounts and Significant Accounting Policies.

I. Significant Accounting Policies :-

a) Basis of Accounting:

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

b) Revenue Recognition:

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

c) Fixed Assets

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

d) Depreciation

- (i) Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the date of installation and put into use.
- (ii) Depreciation on assets costing less than Rs.5000 is written off in the year of purchase irrespective of the date of installation.

e) Inventory

- (i) Software products are valued at lower of the cost or market value.
- (ii) Software products developed/being developed are valued at estimated cost.

f) Investments-long Term

Investment in foreign subsidiary has been reflected at the exchange rate prevailing at the date of transaction. Investment in Domestic Subsidiary is stated at cost. Any fall in value of investments, other than temporary is provided for.

g) Exchange Fluctuation

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

h) Research And Development:

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

i) Employees Retirement Benefits

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

j) Deferred Tax

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

k) Treatment of Contingent Liabilities: Contingent liabilities not provided for are reflected in Notes on Accounts.**l) Earning Per Share:**

Basic/diluted earnings per share is calculated by dividing the net earning available to the equity share holders by the weighted average number of equity shares outstanding during the year.

II. Notes on Accounts:-

		2002-03 Rs.	2001-02 Rs.
1.	Contingent Liabilities not provided for:		
	Bank Guarantees outstanding	1,756,235	1,327,555
2.	Estimated amount of contracts remaining to be executed on capital works and not provided for	2,002,500	2,002,500
3.	Directors Remuneration.		
	Managing Director	Salary 668,484	437,500
		Allowances 669,516	437,500
		(a) 1,338,000	875,000
	Wholetime directors	Salary 1,077,072	798,500
		Allowances 1,078,428	798,500
		(b) 2,155,500	1,597,000
	Total Managerial remuneration	(a+b) 3,493,500	2,472,000
4.	Value of imports calculated on CIF basis		
	Capital Goods:	24,651,554	36,293,383
	Trading Goods:	108,512,032	86,147,916
5.	Earnings in Foreign Currency - FOB value of Exports	342,863,051	86,861,312
6.	Expenditure incurred in Foreign Currency	15,682,422	1,497,822
7.	a) Exchange fluctuation capitalized to the fixed assets during the year is Rs. 183,140 (Previous Year Rs. 122,959) b) The Exchange differences credited in the Profit & Loss account on account of revenue for the period Rs. 4,755,638 (Net) (Previous Year (Net) Rs. 508,362)		
8.	a) Cash Credit Account is secured by hypothecation of stocks of consumer software, book debts, document of title to goods and are guaranteed by directors and collaterally secured by property at Frazer Town, Bangalore. b) Creditors for finance are secured by hypothecation of vehicles.		

9. Some of the Debtors and Creditors balance are subject to confirmation.
10. There are no amounts outstanding to small scale industrial undertaking as ascertained by the management
11. In the opinion of the Board of Directors, all the Current assets, Loans and advances have at least the value as stated in the Balance sheet if realised in the ordinary course of the Business.
12. Deferred revenue expenditure and amalgamation expenses are written off over a period of 5 years
13. The Company is dealing with computer software which is not liable for excise duty.
14. The figures of the Previous years are not comparable, as the previous year consists of 18 Months.
15. Quantitative Details:

2002-2003

Item Description	Opening Stock	Receipts	Issues	In Nos.
				31.3.2003
Matlab Media CD Kits	118	390	269	239
Dongles	17	225	203	39
Matlab	62	356	261	157
Simulink	85	197	157	125
Toolboxes	1164	1315	1021	1458
DSP Starter kits	-	87	48	39
Statistics	-	20	-	20
TOTAL	1446	2590	1959	2077

2001-2002

Item Description	Opening Stock	Receipts	Issues	In Nos.
				31.3.2002
Matlab Media CD Kits	61	503	446	118
Dongles	45	287	315	17
Matlab	41	435	414	62
Simulink	32	292	239	85
Toolboxes	656	2340	1832	1164
Total	835	3857	3246	1446

The Company has no manufacturing operations, hence licensed and installed capacity are not applicable.

16. Repairs and Maintenance includes :

	2002 - 03 Rs.	2001 - 02 Rs.
Repairs to Buildings	156,852	72,032
Repairs to Machinery	147,599	83,603
Repairs to Others	188,157	124,084
	492,608	279,719

17. Auditors remuneration is for

(i) Statutory Audit	100,000	98,400
(ii) Service Tax	5,000	4,500
	105,000	102,900

18. Deferred Tax.

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

Deferred Tax asset

a)	Carry forwards Capital Loss	33,756
b)	Expenses allowable for tax purposes when paid	338,243
Less: Deferred Tax Liability:		
a)	Depreciation	90,208,092
b)	Expenses yet to be written off in the books	2,169,567
Net Taken to Balance Sheet (Liability)		92,005,660

19. Earnings per share

Calculation of EPS

The following reflects the income and share data used in the computation of Basic Earnings per share

	2002 - 03	2001 - 02
1. Net Profit before deferred tax and preference dividend	Rs.218,958,635	Rs.101,821,803
2. Net Profit after deferred tax and Preference dividend	Rs.137,607,085	Rs.79,641,251
3. Total Number of Equity Shares:	Nos.8,422,440	Nos.8,422,440
4. EPS before deferred tax & Preference dividend	Rs. 25.99	Rs. 12.09
5. EPS after deferred tax and Preference dividend	Rs.16.34	Rs. 9.46
6. Nominal value per share	Rs.10	Rs.10

20. Related party Disclosures as ascertained by the management:

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel (Rs.)	Total Related Parties
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchases of Goods/services/software	27,190,004				27,190,004
Purchase of consumables and others		5,075			5,075
Sales of Goods					
Purchase of Fixed Assets					
Investment in Subsidiary	140,107,950				140,107,950
Sale of Fixed Assets					
Rendering of Services					
Receiving of Services		717,956			717,956
Agency arrangements					
Leasing or hire purchase arrangements					
Transfer of research and development					
License agreements					
Finance(including loans and equity contributions in cash or kind)					
Loans/advances/equity contributions given	9,767,100				9,767,100
Loans/advances/equity contributions taken	9,797,100				9,797,100
Guarantees and collaterals					
Management contracts including for deputation of employees					
Directors Remuneration		3,493,500			3,493,500
Balance as on 31.03.03 receivable	140,107,950				140,107,950
Balance as on 31.03.03 payable		254,393			254,393

Note:

Names of related parties and description of relationship:

Holding Company	:	Nil
Subsidiaries	:	1. Systat Software, Inc., US 2. Systat Software Asia Pacific Limited 3. Systat Software UK Ltd.
Key Management Personnel	:	Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader
Relatives of Key Management Personnel	:	Nil
Other Related Parties	:	Jansons Telecom Private Limited Jansons Land and Property Development Pvt Limited Cranes Consulting Private Limited Orca Infotech Private Limited SPSS South Asia Private Limited Sameesha Technologies Jansons Keysoft Solutions Private Limited.

21. Segment Reporting:

i) Primary Segment Information :

SI No	PARTICULARS	Rs. in Lakhs
		<u>31.03.2003</u>
1	Segment Revenue :	
	a) Product Division	4,593.79
	b) Training Division	220.53
		Total 4,814.32
	Less : Inter segment Revenue	-
		Net Sales
	Add : Other unallocable Income	4,814.32
		47.56
		Total Income 4,861.88
2	Segment Results	
	Profit(+) / Loss(-) before tax and interest from each segment	
	a) Product Division	2,397.12
	b) Training Division	123.99
		Total 2,521.11
	Less : i) Interest	331.52
	ii) Other unallocable expenditure net off unallocable income	-
		Total Profit Before Tax 2,189.59
3	Capital Employed (Segment assets - Segment liabilities)	
	a) Product Division	2,909.46
	b) Training Division	135.43
		Total 3,044.89

ii) Secondary Segment Information :

Geographical Segment :

Particulars	Domestic Operations	International Operations	Total
Segment Revenue	1,385.69	3,428.63	4,814.32
Carrying amount of segment assets	1,782.75	1,874.23	3,656.98
Additions to Fixed and intangible assets	1,392.76	-	1,392.76

As per our report of even date

For and on behalf of the Board

For S.Janardhan & Associates
Chartered Accountants

Balakrishna S. Bhat
Partner

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Place : Bangalore
Date : 11.06.2003

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0 3 1 6 2 1

State Code

0 8

Balance Sheet Date

3 1 0 3 0 3

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

6 0 9 5 3 8

Total Assets

6 0 9 5 3 8

Sources of funds

Paid up Capital

1 0 4 2 2 4

Reserves & Surplus

2 9 2 0 8 1

Secured Loans

3 5 3 6 5

Unsecured Loans

1 7 7 8 6 8

Application of funds

Net fixed assets *

2 8 3 2 3 9

Investments

1 4 0 1 1 3

Net current assets

2 7 2 6 2 0

Misc. Expenditure

5 5 7 2

Accumulated Losses

- - - -

Deferred Tax Liability

- 9 2 0 0 6

* including capital work in progress

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

4 8 6 1 8 7

Total Expenditure

2 6 7 2 2 8

+ / -

(Please tick appropriate box + for profit, - for loss)

Profit/Loss before tax

2 1 8 9 5 9

Profit/Loss after tax

Earning per share in Rs.

1 6 . 3 4

1 4 0 5 4 9

Dividend rate %

1 2 %

V. Generic names of three principal products/services of company (as per monetary terms)

Item Code No.(ITC Code)

8 5 2 4 3 9 9 0

Product Description

S O F T W A R E

For S.Janardhan & Associates
Chartered Accountants

For and on behalf of the Board

Balakrishna. S. Bhat
Partner
Place : Bangalore
Date : 11.06.2003**Asif Khader**
Managing Director**Mukkaram Jan**
Director**Parasuram B**
Company Secretary

Cash Flow Statement

For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
Net Profit before taxation	218,958,635	112,744,803
- Depreciation	28,951,270	32,083,609
- Interest & financial charges	33,152,514	9,949,465
- Exchange rate difference	-	(1,067,814)
- (Profit)/loss on sale of assets (Net)	-	185,228
- Profit on sale of investments	-	94,400
- Preliminary Expenses written off	1,750,027	1,856,329
- Adjustments relating to previous year	-	53,422
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	276,814,976	155,899,442
Adjustments for Working Capital		
- Debtors	(83,235,985)	(146,954,826)
- Inventory	(26,843,135)	(15,682,614)
- Loans & Advances	(23,068,800)	8,111,230
- Current Liabilities	4,135,999	26,963,194
- Miscellaneous Expenditure	-	(7,180,449)
- Provision for gratuity	424,583	-
NET CHANGES IN WORKING CAPITAL	(128,587,338)	(134,743,465)
CASH GENERATED FROM OPERATIONS	148,227,638	21,155,977
- Interest & Finance Charges	(56,033,473)	(23,505,542)
- Interest income	24,439,497	11,945,011
NET CASH FROM OPERATING ACTIVITIES (A)	116,633,663	9,595,446
CASH FLOW FROM INVESTMENT ACTIVITIES		
- Purchase of Fixed Assets	(139,256,887)	(104,914,211)
- Sale of Fixed Assets	-	799,547
- Sale of Investments	-	354,000
- Purchase of investments	-	(18,404,110)
- Increase in Deferred Revenue Expenditure	(1,607,775)	-
- Investment in Subsidiary	(121,703,840)	-
- Increase in Capital Work in Progress	(2,306,500)	-
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(264,875,002)	(122,164,774)
CASH FLOW FROM FINANCIAL ACTIVITIES		
- Net Increase/(Decrease) in borrowings	(145,339,462)	148,892,091
- Increase in Share Capital	-	25,635,200
- Share Premium	-	8,452,800
- Unsecured Loans	167,194,847	(2,149,556)
CASH GENERATED FROM FINANCING ACTIVITIES (C)	21,855,385	180,830,535
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(126,385,955)	68,261,207
Opening Cash and cash equivalents	129,748,796	65,609,596
Closing Cash and cash equivalents	3,362,842	129,748,796

For and on behalf of the Board

Place : Bangalore
Date : 11.06.2003**Asif Khader**
*Managing Director***Mukkaram Jan**
*Director***Parasuram B**
Company Secretary

Auditor's Certificate

We have verified the above cash flow statement of Cranes Software International Ltd (formerly Eider Commercials Ltd) derived from the Audited Financial Statements for the year ended 31st March, 2003 and found the same to be drawn in accordance therewith and also with the requirement of clause 32 of the Listing Agreement with Stock Exchanges.

For S.Janardhan & Associates
Chartered Accountants

Place : Bangalore
Date : 11.06.2003

Balakrishna. S. Bhat
Partner

**Statement pursuant to Section 212 of the
Companies Act, 1956 relating to companys' Interest in
Subsidiary Companies.**

SI.No. PARTICULARS

1	Name of the Subsidiary Companies	Systat Software Asia Pacific Ltd.	Systat Software, Inc. USA	Systat Software UK Ltd.
2	The financial Year of the subsidiary	31.03.2003	31.03.2003	31.03.2003
3	a. No. of shares Held b. Face value per share c. Extent of interest as at year end	50,000 Rs. 10/- 100%	807,500 USD 1/- 100%	100 * £ 1/- 100% *
4	The Net aggregate amount, of Profit/(Loss) of the subsidiary so far as it concerns members of Cranes Software International Ltd			
	a. Not dealt with in the holding company's accounts			
	1) For the financial year ended 31st March, 2003	Rs. 10,03,817	(US \$ 36,158)	£ 19,974
	2) For the previous financial years of the subsidiary companies since it became the holding Company's subsidiary		(US \$ 40,853)	
	b. Dealt with in the holding company's accounts			
	1) For the financial year ended 31st March, 2003		-	-
	2) For the previous financial years of the subsidiary companies since it became the holding Company's subsidiary		-	-

* Held by Systat Software, Inc. USA.

For and on behalf of the Board

Place : Bangalore
Date : 11.06.2003

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

**Cranes Software
International Limited**
(Formerly Eider Commercials Limited)

**CONSOLIDATED
FINANCIAL STATEMENTS**
FOR 2002 - 03

Consolidated Auditors' Report

We have examined the attached Consolidated Balance Sheet of M/s Cranes Software International Limited, Bangalore and its subsidiary as at 31st March, 2003 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

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

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of US\$ 3511064 as at 31st March, 2003 and total revenues of US\$ 2502434 for the year then ended. These financial statements have been audited by other Auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.

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

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

- a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the M/s Cranes Software International Limited and its subsidiary as at 31st March, 2003; and
- b. the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operations of the M/s Cranes Software International Limited and its subsidiary for the year then ended.
- c. the Consolidated Cash Flow statement of the cash flows for the year ended on that date.

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

Bangalore
11.06.2003

Balakrishna. S. Bhat
Partner

Consolidated Balance Sheet

As at 31st March 2003

PARTICULARS	SCH. No.	31.03.2003 (Rs.)	31.03.2003 (Rs.)	31.03.2002 (Rs.)	31.03.2002 (Rs.)
I. Sources Of Funds					
1 Shareholders' Funds:					
(a) Capital	1	104,224,400		104,224,400	
(b) Reserves and Surplus	2	291,305,510	395,529,910	165,352,665	269,577,065
2 Loan Funds					
(a) Secured Loans	3	35,364,698		180,704,160	
(b) Unsecured Loans	4	177,868,220	213,232,918	10,673,373	191,377,533
			608,762,828		460,954,598
II. Application of Funds					
1 Fixed Assets	5				
(a) Gross Block		490,725,031		237,414,112	
(b) Less : Depreciation		98,928,753		48,703,158	
(c) Net Block		391,796,278		188,710,954	
(d) Capital Work in Progress		4,906,500	396,702,778	2,600,000	191,310,954
2 Investments	6		5,000		5,000
3 Current Assets, Loans & Advances:					
(a) Inventories	7	73,352,125		22,683,000	
(b) Sundry Debtors	8	276,742,281		186,254,124	
(c) Cash and Bank Balances	9	9,372,312		132,667,064	
(d) Loans and Advances	10	55,698,721		31,191,197	
		415,165,439		372,795,385	
Less : Current Liabilities & Provisions	11				
(a) Current Liabilities		68,401,982		58,631,427	
(b) Provisions		49,210,215		12,142,454	
		117,612,197		70,773,881	
Net Current Assets			297,553,242		302,021,504
4 Deferred Tax (Liability)/Assets			(91,152,328)		(38,096,748)
5 Miscellaneous Expenditure : (To the extent not written off or adjusted)	12		5,654,136		5,713,888
			608,762,828		460,954,598

Schedule Nos. 1 to 12 and 19 form an integral part of Balance Sheet

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner
 Place : Bangalore
 Date : 11.06.2003

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Profit & Loss Account - Consolidated

For the Year Ended 31st March 2003

PARTICULARS	SCH. No.	31.03.2003 (Rs.)	31.03.2003 (Rs.)	31.03.2002 (Rs.)	31.03.2002 (Rs.)
INCOME					
Sales	13	610,133,340		336,244,779	
Other Income	14	5,400,603		3,361,577	
			615,533,943		339,606,356
EXPENDITURE					
Cost of Goods Sold	15	120,059,847		73,897,481	
Personnel Expenses	16	80,623,312		41,739,480	
Administrative Expenses	17	111,842,293		72,091,633	
Interest and Financial Charges (Net)	18	33,263,617		9,963,322	
Depreciation		50,225,595		32,134,066	
			396,014,664		229,825,983
PROFIT BEFORE TAX					
Less : Provision for Current Tax			25,731,635		10,920,000
Less : Deferred Tax			53,249,528		18,784,663
PROFIT AFTER TAX					
Add/(Less): Income tax relating to earlier years			(474,926)		53,422
NET PROFIT					
			140,063,190		80,129,132
Add : Brought forward from previous year			81,647,333		3,918,201
Profit available for appropriation			221,710,523		84,047,333
APPROPRIATIONS					
- Preference Dividend			2,400,000		2,400,000
- Proposed Equity Dividend			10,106,928		-
- Tax on Dividend			1,602,450		-
- General Reserve - Transfer			190,000,000		-
- Balance carried to Balance Sheet			17,601,145		81,647,333
			221,710,523		84,047,333

Schedule Nos. 13 to 18 and 19 form an integral part of Profit & Loss Account

As per our report of even date

For and on behalf of the Board

For S.Janardhan & Associates

Chartered Accountants

Balakrishna S. Bhat
Partner

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Place : Bangalore
Date : 11.06.2003

Schedules Annexed to and forming part of Balance Sheet
As at 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE NO.1 SHARE CAPITAL:		
AUTHORISED:		
90,00,000 Equity Shares of Rs.10/- each	90,00,000	90,00,000
2,00,000 Preference Shares of Rs.100/- each	20,00,000	20,00,000
	TOTAL	110,000,000
		110,000,000
ISSUED, SUBSCRIBED & PAID-UP:		
84,22,440 Equity Shares of Rs. 10/- each fully paid up (During the Previous Year	84,224,400	84,224,400
81,82,440 equity shares of Rs. 10/- each were issued pursuant to the scheme of amalgamation of the Erstwhile Cranes Software International Ltd. with the company)		
2,00,000 Preference Shares of Rs. 100/- each fully paid up (During the Previous Year 200,000 equity shares of Rs. 100/- each were issued pursuant to the scheme of amalgamation of the Erstwhile Cranes Software International Ltd. with the company)	20,00,000	20,00,000
	TOTAL	104,224,400
		104,224,400
SCHEDULE NO.2: RESERVES AND SURPLUS:		
a) General Reserve	2,778,840	-
Add : Transfer on amalgamation	-	22,090,925
Transfer from Profit & Loss Account	190,000,000	-
	192,778,840	22,090,925
Less : Deferred tax provision on initial adoption	103,628	19,312,085
	192,675,212	2,778,840
b) Share Premium Account	80,452,800	80,452,800
c) Capital Reserve	576,353	473,692
d) Profit and Loss Account	17,601,145	81,647,333
	TOTAL	291,305,510
		165,352,665
SCHEDULE NO.3: SECURED LOANS:		
(Refer Note No.15 for security provided)		
JAMMU AND KASHMIR BANK LTD.,		
Overdraft Account	-	130,804,676
Cash Credit Account	34,181,057	47,778,823
KOTAK MAHINDRA PRIMUS LTD.	221,100	462,300
ICICI BANK LTD	191,358	446,502
STANDARD CHARTERED BANK	771,183	1,211,859
(Secured by hypothecation of vehicle)		
	TOTAL	35,364,698
		180,704,160
SCHEDULE NO.4: UNSECURED LOANS:		
- Short Term Loan from Scheduled Banks	177,868,220	5,323,373
- Inter Corporate Deposit	-	5,350,000
	TOTAL	177,868,220
		10,673,373

Schedule No. 5 : Fixed Assets

Figs. In Rs.

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK		Total upto 31.03.2003	As on 31.03.2003	NET BLOCK As on 31.03.2003
	Cost as on 14.2002	Additions/Transfers	Deletions/Transfers	Total as on 31.03.2003	Upto 1.4.2002	For the Year	Depreciation Withdrawn/Transfers	
LAND	26,305,037	-	-	26,305,037	-	-	-	26,305,037
FURNITURE & FIXTURES	16,195,111	1,014,617	-	17,209,728	2,754,954	1,115,686	-	3,870,640
COMPUTERS	60,156,479	3,361,891	23,749,648	39,768,722	20,069,061	6,184,171	(3,722,178)	29,975,410
COMPUTER SOFTWARE	118,917,752	273,640,194	2,968,626	389,589,320	24,213,471	41,853,025	3,722,178	62,344,318
PLANT & MACHINERY	11,138,276	2,012,491	-	13,150,767	1,065,781	626,236	-	1,692,017
VEHICLE	4,701,457	-	-	4,701,457	599,891	446,477	-	1,046,368
TOTAL	237,414,112	280,029,193	26,718,274	490,725,031	48,703,158	50,225,595	-	98,928,753
PREVIOUS YEAR	-	239,273,301	1,859,189	237,414,112	-	45,854,696	874,413	48,703,158
								188,710,954

Schedules Annexed to and forming part of Balance Sheet
As at 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE NO.6: INVESTMENTS:		
Government Security	5,000 5,000	5,000 5,000
SCHEDULE NO.7: INVENTORIES: (Valued at lower of cost or market value, as valued and certified by the management)		
Stock - in - trade	73,352,125 73,352,125	22,683,000 22,683,000
SCHEDULE NO.8:SUNDY DEBTORS: (Unsecured - Considered Good)		
- Outstanding for more than six months	4,595,499	57,705,446
- Others	272,146,782	128,548,678
TOTAL	276,742,281	186,254,124
SCHEDULE NO.9: CASH AND BANK BALANCES: Balances with Scheduled Banks in :		
- Current Account	1,719,326	3,366,244
- Deposit Account	2,307,144	126,315,147
- Cash on Hand	4,026,470	129,681,390
	5,345,842	2,985,674
TOTAL	9,372,312	132,667,064
SCHEDULE NO.10: LOANS AND ADVANCES: (unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	44,133,085	20,632,670
Deposits	11,565,636	10,558,527
TOTAL	55,698,721	31,191,197
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS:		
CURRENT LIABILITIES:		
Sundry Creditors	68,147,589	58,631,427
Directors Current Account	254,393	-
TOTAL	68,401,982	58,631,427
PROVISIONS:		
- Income Tax	34,158,000	11,624,200
- Gratuity	942,837	518,254
- Preference Dividend	2,400,000	-
- Dividend Tax	307,500	-
- Proposed Equity Dividend	10,106,928	-
- Dividend Tax	1,294,950	-
TOTAL	49,210,215	12,142,454
SCHEDULE NO.12 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	110,000	427,857
Amalgamation Expenses	2,724,900	1,396,406
Deferred Revenue Expenditures	4,596,763	5,745,954
	7,431,663	7,570,217
Less : 1/5th written off	1,777,527	1,856,329
TOTAL	5,654,136	5,713,888

Schedules forming part of Profit & Loss Account
For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
SCHEDULE - 13: SALES:		
Software Sales & Services:		
Sales:		
Exports	464,288,402	86,861,312
Domestic	131,273,093	200,618,718
Software Training	595,561,495	287,480,030
	14,571,845	48,764,749
TOTAL	610,133,340	336,244,779
SCHEDULE -14: OTHER INCOME:		
Exchange Fluctuation	3,888,144	-
Miscellaneous Income	1,512,459	3,361,577
TOTAL	5,400,603	3,361,577
SCHEDULE -15: COST OF GOODS SOLD:		
Opening Stock	22,683,000	7,000,386
ADD: Purchases	167,898,528	86,531,317
ADD: Direct Expenses:	2,830,444	3,048,778
	193,411,972	96,580,481
LESS: Closing Stock	73,352,125	22,683,000
TOTAL	120,059,847	73,897,481
SCHEDULE -16: PERSONNEL EXPENSES:		
Salaries	71,489,618	36,985,110
Deputation	2,531,503	-
Gratuity	521,906	150,424
E.S.I Contribution	91,202	97,443
P.F. Contribution	2,849,149	2,517,006
Staff Welfare	1,210,518	1,989,497
Subsistence Allowance	1,929,416	-
TOTAL	80,623,312	41,739,480
SCHEDULE -17: ADMINISTRATIVE EXPENSES:		
Auditors Remuneration	372,100	102,900
General Expenses	30,730,334	25,268,697
Sales Commission	5,111,536	11,424,041
Insurance	291,035	60,348
Office Rent	12,309,689	10,153,459
Rates and Taxes	755,387	365,357
Remuneration to Directors	3,493,500	2,472,000
Loss on Sale of Car	-	185,229
Loss on Sale of Invesment	-	94,400
Travelling and Conveyance	11,580,247	10,747,032
Repairs & Maintenance	814,970	279,719
Preliminary expenses written off	1,777,527	5,527,792
Directors Sitting Fees	71,000	12,000
Consultancy Charges	17,110,719	5,398,661
Advertisement	4,672,448	-
Technical Consultancy	22,751,801	-
TOTAL	111,842,293	72,091,633
SCHEDULE -18: INTEREST & FINANCIAL CHARGES (NET)		
Interest on Fixed Loan	321,961	3,198,204
Interest - Others	55,822,615	20,321,196
	56,144,576	23,519,400
Less : Interest received on Fixed Deposit (TDS - Rs.4,788,632)	22,880,959	13,556,077
TOTAL	33,263,617	9,963,322

Schedule No. 19 :- Notes to Accounts and Significant Accounting Policies to the Consolidated Accounts

I. Significant Accounting Policies to the Consolidated Accounts :-

1. Basis of Consolidation :

The consolidated financial statements of M/s.Cranes Software International Limited and its subsidiary are prepared under historical cost convention in accordance with the generally accepted accounting principles applicable in India and the Accounting Standard 21 on Consolidation of Financial Statements issued by the Institute of Chartered Accountants of India.

The financial statements of the Company, its subsidiary company have been combined on a line by line basis, by adding back together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealized profits & losses on stocks.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

The translation of foreign currencies into Indian Rupees (reporting currency) is performed for monetary items using the current 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. For non monetary items, exchange rate at the date of the transaction has been adopted.

2. Revenue Recognition:

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

3. Fixed Assets :

Fixed Assets are reflected at historical cost less accumulated depreciation.

4. Depreciation :

- i) Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 on a pro-rata basis corresponding to the date of installation.
- ii) Depreciation on assets costing less than Rs. 5000/- is written off in the year of purchase irrespective of the date of installation.
- iii) Depreciation on assets of foreign subsidiary has been provided on straight line method at the rate corresponding to useful life of the assets.

5. Inventories :

- i) Software products are valued at lower of the cost or market value.
- ii) Software products developed/being developed are valued at estimated cost

6. Exchange Fluctuation :

- i) Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction.
- ii) Gains and Losses resulting from the settlement of foreign currency transaction and from the translation of Monetary assets and liabilities denominated in foreign currencies restated at the year end rate, are recognized in the Profit and Loss account.
- iii) Exchange differences relating to Fixed Assets are adjusted in the cost of the asset.

7. Research And Development:

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

8. Employees Retirement Benefits

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

9. Deferred Tax

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

10. Recognition of deferred tax assets for unabsorbed capital losses

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

11. Leases:

- i) Finance Lease:

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

- ii) Operating Lease:

Rent paid under operating leases are recognized as an expense in the income statement on a straight line basis over the lease term.

12. Treatment of Contingent Liabilities

Contingent liabilities not provided for are reflected in Notes to Accounts.

II. Notes on Accounts to Consolidated Financial Statements :-

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

Name of Company	Country of incorporation	% of voting power held	Reporting date as at
Systat Software, Inc.,	United States of America	100%	31.03.2003
Systat Software Asia Pacific Ltd	India	100%	31.03.2003

2. During the period under review, the parent company has invested in its new subsidiary Systat Software Asia Pacific Ltd, India. The subsidiary has been set up with 100% interest costing the parent company Rs.5 lacs and additional investment of Rs.12.12 Crores in Systat Software, Inc. The said subsidiary's products are primarily used by the organizations to integrate and analyse data in the process of formulating strategies more effectively. This process is commonly known as "data mining" or "data analysis using advanced analytical techniques".
3. Estimated amount of contracts remaining to be executed on capital works and not provided for is Rs. 2,002,500/-
4. Bank guarantees outstanding is Rs. 1,756,235 (previous year Rs. 1,327,555).
5. Directors Remuneration.
- | | 2002-03
(Rs.) | 2001-02
(Rs.) |
|-------------------------------|-------------------------------------|---|
| Managing Director | Salary

Allowances

(a) | 668,484

669,516

1,338,000 |
| Wholetime directors | Salary

Allowances

(b) | 1,077,072

1,078,428

2,155,500 |
| Total Managerial remuneration | (a+b) | 3,493,500 |
6. Value of imports calculated on CIF basis
- | | | |
|----------------|-------------|------------|
| Capital Goods: | 24,651,554 | 36,293,383 |
| Trading Goods: | 162,713,804 | 86,147,916 |
7. Earnings in Foreign Currency - FOB value of Exports
- | | |
|-------------|------------|
| 350,240,764 | 86,861,312 |
|-------------|------------|
8. Expenditure incurred in Foreign Currency
- | | |
|------------|-----------|
| 64,844,716 | 1,497,822 |
|------------|-----------|
9. a) Exchange fluctuation capitalized to the fixed assets during the year is Rs. 183,140/- (previous year Rs.122,959/-)
b) The Net Exchange differences credited in the Profit & Loss account on account of revenue for the period Rs.3,888,144/- (Previous year Rs.1,067,814/-)
10. In the opinion of the Board of Directors, all the current assets, Loans and advances have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.
11. Deferred revenue expenditure and amalgamation expenses are written off over a period of 5 years.
12. The Company is dealing with computer software which is not liable for excise duty.
13. There are no amounts outstanding to small scale industrial undertaking as ascertained by the Management.
14. Previous year figures have been regrouped and reclassified wherever necessary. The previous year was for a period of 18 months and hence the figures are not comparable.

15. a) Cash credit account is secured by hypothecation of stocks of consumer software, book debts and document of title of goods. Both the above loans mentioned in the balance sheet are guaranteed by directors and or collaterally secured by property at Frazer Town, Bangalore.
- b) Creditors for finance are secured by hypothecation of vehicles.

16. Earnings per Share

The following reflects the income and share data used in the computation of Basic Earnings per share:

	2002-03	2001-02
1. Net Profit after preference dividend - Rs.	137,355,690	77,729,133
2. Weighted average number of ordinary share - Nos.	8,422,440	8,422,440
3. Basic earning per share - Rs.	16.31	9.23

17. Segment Reporting

i) Primary Segment Information :

SI Number	Particulars	<i>Rs. in Lakhs</i>	<i>Year ended 31.03.2003</i>
1. Segment Revenue :			
a) Product Division		5,880.81	
b) Training Division		220.53	
Net Sales		6,101.34	
Add : Other unallocable Income		54.00	
	Total Income	6,155.34	
2 Segment Results			
Profit (+)/Loss(-) before tax and interest from each segment			
a) Product Division		2,403.84	
b) Training Division		123.99	
	Total	2,527.83	
Less: i) Interest		332.64	
ii) Other unallocable expenditure net off unallocable income		-	
	Total Profit Before Tax	2,195.19	
3 Capital Employed (Segment assets - Segment liabilities)			
a) Product Division		3,139.52	
b) Training Division		135.43	
	Total	3,274.95	

ii) Secondary Segment Information :

Geographical Segment	<i>Rs. in Lakhs</i>		
	Domestic Operations	International Operations	Total
Segment Revenue	1,397.23	4,704.11	6,101.34
Carrying amount of segment assets	1,782.75	1,874.23	3,656.98
Additions to Fixed and intangible assets	2,562.80	-	2,562.80

18. Deferred Tax.

- a) Reserves and Surplus include deferred tax liabilities of Rs.103,628/-
 - b) Deferred tax at the year end are attributable to the following

Deferred tax asset	Amount (Rs.)
a) Carry forward capital loss	33,756
b) Expenses allowable for tax purposes when paid	1,634,708
Deferred tax liability	
a) Depreciation	90,651,225
b) Expenses yet to be written off in the books	2,169,567
Net taken to Balance Sheet (liability)	91,152,328

Deferred tax of Rs.52,910,024 for the year ended 31st March 2003, is shown separately in the Profit & Loss Account for the year ended 31st March 2003.

US Operations:

Deferred tax asset	
a) Carry forward business loss	Rs. 1,296,465

19. Related party Disclosures as ascertained by the management:

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total Related Parties
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchases of Goods/services/software	81,518,516				81,518,516
Purchase of consumables and others		5,075			5,075
Sales of Goods	81,518,516				81,518,516
Purchase of Fixed Assets					
Investment in Subsidiary					
Sale of Fixed Assets					
Rendering of Services			11,563,200		11,563,200
Receiving of Services		717,956			717,956
Agency arrangements					
Leasing or hire purchase arrangements					
Transfer of research and development					
License agreements					
Finance (including loans and equity contributions in cash or kind)			2,375,000		2,375,000
Loans/advances/equity contributions given		9,767,100			9,767,100
Loans/advances/equity contributions taken		9,797,100			9,797,100
Guarantees and collaterals					
Management contracts including for deputation of employees					
Directors Remuneration			3,493,500		3,493,500
Balance as on 31.03.03 receivable	140,107,950				140,107,950
Balance as on 31.03.03 payable			254,393		254,393

Note:

Names of related parties and description of relationship:

Holding Company

: Nil

Subsidiaries

- : 1.Systat Software, Inc., US
- 2. Systat Software Asia Pacific Limited
- 3. Systat Software, UK, Ltd.

Key Management Personnel

- : Mr.Asif Khader
- Mr.Mukkaram Jan
- Mr.Mueed Khader
- Mr. Richard Gall
- Mr. Ron Brown

Relatives of Key Management Personnel

: Nil

Other Related Parties

- : Jansons Telecom Private Limited
- Jansons Land and Property Development Pvt Limited
- Cranes Consulting Private Limited
- Orca Infotech Private Limited
- SPSS South Asia Private Limited
- Sameesha Technologies
- Jansons
- Keysoft Solutions Private Limited.

In respect of the above parties, there is no provision for doubtful debts as on 31st March 2003 and no amount has been written off/written back during the year in respect of debts due from/to them.

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Place : Bangalore
Date : 11.06.2003

Cash Flow Statement - Consolidated

For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)
Profit before tax	219,519,279
Adjustments for	
Depreciation	50,225,595
Interest receipts (Net)	33,263,617
Miscellaneous expenditure written off	1,777,527
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	304,786,018
Adjustments for	
Inventories	(50,669,125)
Debtors	(90,488,157)
Loans and advances	(14,823,625)
Provision	424,583
Liabilities excluding Interest accrued and dividend	9,771,855
NET CHANGES IN WORKING CAPITAL	(145,784,469)
CASH GENERATED FROM OPERATION	159,001,549
Interest paid	(56,144,576)
Interest receipts	24,439,497
Direct taxes paid	(15,110,446)
NET CASH FROM OPERATING ACTIVITIES (A)	112,186,024
CASH FLOW FROM INVESTMENT ACTIVITIES	
Purchase of fixed assets	(253,310,918)
Increase in deferred revenue expenditure	(1,717,775)
Increase in capital work in progress	(2,306,500)
NET CASH USED IN INVESTMENT ACTIVITIES (B)	(257,335,193)
CASH FLOW FROM FINANCIAL ACTIVITIES	
Net Increase/(Decrease) in borrowings	(145,339,462)
Unsecured Loans	167,193,879
CASH GENERATED FROM FINANCING ACTIVITIES (C)	21,854,417
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(123,294,752)
Opening Balance - Cash & Cash equivalents	132,667,064
Closing balance - Cash & Cash Equivalents	9,372,312

For and on behalf of the Board

Place : Bangalore
Date : 11.06.2003**Asif Khader**
*Managing Director***Mukkaram Jan**
*Director***Parasuram B.**
*Company Secretary***Auditor's Certificate**

We have verified the above cash flow statement of Cranes Software International Ltd (formerly Eider Commercials Ltd) derived from the Audited Financial Statements for the year ended 31st March, 2003 and found the same to be drawn in accordance therewith and also with the requirement of clause 32 of the Listing Agreement with Stock Exchanges

For S.Janardhan & Associates
Chartered AccountantsPlace : Bangalore
Date : 11.06.2003**Balakrishna. S. Bhat**
Partner

**Systat Software
Asia Pacific Limited**

FINANCIAL STATEMENTS
FOR 2002 - 03

DIRECTORS' REPORT

Your Directors are pleased to present their Second annual report together with the accounts for the year ended March 31, 2003.

Financial Performance

(Rs. in lakhs)

	2002-03	2001-02
Sales and Operating Revenues	418.44	30.65
Profit before tax	14.71	1.13
Provision for tax	4.68	0.10
Profit after tax	10.04	1.03
Surplus brought forward	1.03	-
Profit available for appropriation	11.07	1.03

Review of operations

Your company has made good progress during the year and is confident of performing well in the years to come. With a view to conserve profits, your directors have not recommended any dividends for the year under review. The company became a wholly owned subsidiary of M/s Cranes Software International Ltd. during the year under review and the name of the company was changed to Systat Software Asia Pacific Ltd. and to this effect a fresh incorporation certificate consequent to the change of name has been obtained from the Registrar of Companies, Karnataka, Bangalore.

Deposits

Your company has not accepted deposits from the public during the current year

Directorate

Mr. Asif Khader retires by rotation and being eligible offer himself for re-election.

Conservation of energy

Since the Company is carrying out the service activities, energy consumption is very marginal and hence the impact on cost is not material.

Research & Development Activities.

The Company does not have a Research and Development Department and has not absorbed any technology.

Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2002-03 is Rs.73.77 lakhs and foreign exchange outgo is Rs.542.02 lakhs during the year.

Employees

Your directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

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 profits 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.

Auditors

The company's auditors Messrs. 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.

For and on behalf of the Board

Bangalore
11.06.2003

Asif Khader
Director

Mukkaram Jan
Director

Auditor's Report

We have audited the attached Balance Sheet of M/S.SYSTAT SOFTWARE ASIA PACIFIC LIMITED, BANGALORE as at 31st March 2003, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) 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;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and 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;
- v) On the basis of written representations received from the Directors as on 31st March 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2003 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Bangalore
11.06.2003

Balakrishna. S. Bhat
Partner
Membership No.202976

Annexure to the Auditor's Report

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been, physically verified by the management during the year and no discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. Physical verification of goods has been conducted during the year and at the end of the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedure of physical verification of goods followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the book of accounts.
6. On the basis of our examination of stock of inventory, we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles.
7. The terms and conditions on which interest free unsecured loans are obtained from the company, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under section 370(1-B) of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to the Companies under same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
9. The Company has not granted any loans or advances in the nature of loans.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of goods including components, plant and machinery, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods made in pursuance of contract or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956, as aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at the prices which are reasonable having regard to the prevailing market prices for such goods.
12. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged goods. However, during the year under reference, no goods were damaged or have become unserviceable.
13. The Company has not accepted any deposits from the public.
14. Since the Company does not manufacture any products, there is no scrap or by-product.
15. The Company's paid-up capital as at the commencement of the financial year is less than Rs.25 lakhs and this being the second year of the Company's formation, the provisions of para 4A(xv) of the order, are not applicable.
16. The Central Government has not prescribed maintenance of cost records as required under Section 209(1)(d) of the Companies Act, 1956.

17. According to the information and explanations given to us, the provisions of Provident Fund and the Employees State Insurance Act, are not applicable to the Company.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom duty and Excise duty were outstanding as on 31st March, 2003 for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue accounts other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. According to the information and explanations given to us, there are no damaged goods during the year and hence the provisions of para 4(c)(ii) of the order, is not applicable.
22. The Company has reasonable system of recording receipts, issues and consumption of material and stores and allocation material consumed to the relative jobs, commensurate with its size and nature of its business.
23. The Company has reasonable system of allocating man-hours utilised to the relative jobs commensurate with the size and nature of its Business.
24. There is a reasonable system of authorisation of proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on issue of stores and allocation of stores and labour to jobs.

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

Bangalore
11.06.2003

Balakrishna. S. Bhat
Partner
Membership No.202976

Balance Sheet

As at 31st March 2003

PARTICULARS	SCH. No	31.03.2003 (Rs.)	31.03.2002 (Rs.)
I Sources of Funds			
Shareholders' funds:			
(a) Capital	1	500,000	100,000
(b) Share application money pending allotment		3,300,000	-
(c) Reserves and surplus	2	1,002,850	102,661
		4,802,850	202,661
Loan funds:			
(a) Secured loans		-	-
(b) Unsecured loans	3	38,998,500	-
		38,998,500	-
	TOTAL	43,801,350	202,661
II Application of Funds			
1) Fixed assets	4		
(a) Gross block		3,511,008	1,898,791
(b) Less: Depreciation		300,770	21,603
(c) Net Block		3,210,238	1,877,188
2) Investments		-	-
3) Current assets, loans and advances			
(a) Inventories	5	22,341,882	85,000
(b) Sundry debtors	6	20,963,732	43,548
(c) Cash and bank balances	7	832,872	8,818
(d) Loans and advances	8	6,354,988	270,000
		50,493,474	407,366
Less:			
Current liabilities and provisions	9		
(a) Current liabilities		9,403,730	2,181,893
(b) Provisions		138,000	10,000
		9,541,730	2,191,893
Net current assets		40,951,744	(1,784,527)
4) Deferred Tax Liability		(443,132)	-
5) Miscellaneous Expenditure (to the extent not written off or adjusted)	10	82,500	110,000
	TOTAL	43,801,350	202,661

The schedule numbers 1 to 10 and notes on accounts (Schedule No. 15) form an integral part of balance sheet

For and on behalf of the Board

Subject to our report of even date
For S.Janardhan & Associates
Chartered AccountantsPlace : Bangalore
Date : 11.06.2003**Asif Khader**
Director**Mukkaram Jan**
Director**Balakrishna. S. Bhat**
Partner

Profit & Loss Account

For the Year Ended 31st March 2003

PARTICULARS		SCH. No	31.03.2003 (Rs.)	31.03.2002 (Rs.)
I	INCOME:			
	Sales and services	11	41,844,087	3,064,822
		TOTAL	41,844,087	3,064,822
II	EXPENDITURE:			
	Cost of goods sold	12	32,020,228	333,359
	Personnel expenses	13	3,377,013	416,977
	Administrative expenses	14	4,696,358	2,180,222
	Depreciation		279,167	21,603
		TOTAL	40,372,766	2,952,161
	Net profit / (loss) before tax		1,471,321	112,661
	Less: Provision for taxation		128,000	10,000
	Provision for deferred tax		339,504	
			1,003,817	102,661
	Add: Balance brought forward from previous year		102,661	-
	Balance carried to balance sheet		1,106,478	102,661
	Earnings per share		20.07	10.26

The Schedule Nos. 11 to 14 and notes on accounts (Schedule no. 15) form an integral part of profit and loss account

For and on behalf of the Board

Subject to our report of even date
For S.Janardhan & Associates
Chartered Accountants

Place : Bangalore
Date : 11.06.2003

Asif Khader
Director

Mukkaram Jan
Director

Balakrishna. S. Bhat
Partner

Schedules annexed to and forming part of Balance Sheet
As at 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
Schedule 1: Share Capital		
Authorised		
500,000 Equity shares of Rs.10/- each (Previous year 500,000 equity shares of Rs.10/- each)	5,000,000	5,000,000
Issued, subscribed and paid up		
50,000 Equity shares of Rs.10/- each (Previous year 10,000 equity shares of Rs.10/- each)	500,000 500,000	100,000 100,000
Schedule 2: Reserves and Surplus		
Surplus in profit and loss account	1,106,478	102,661
Less: Deferred tax liability on initial adoption	103,628	-
	1,002,850	102,661
Schedule 3: Unsecured loans		
Loans from holding company	38,998,500 38,998,500	-
Schedule 5: Inventories		
(Valued at lower of cost or net realisable value, as valued and certified by the management)		
Trading goods: Software	22,341,882 22,341,882	85,000 85,000
Schedule 6: Sundry debtors		
(Unsecured, considered good)		
Outstanding for more than six months	-	-
Other debts	20,963,732 20,963,732	43,548 43,548
Schedule 7: Cash and bank balances		
Balances with Scheduled banks in		
- Current account	827,150	8,352
Cash on hand	5,722	466
	832,872	8,818
Schedule 8: Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	3,194,988	-
Deposits	3,160,000 6,354,988	270,000 270,000
Schedule 9: Current liabilities and provisions		
a) Current liabilities		
- Directors' current account	-	18,604
- Sundry creditors	9,403,730 9,403,730	2,163,289 2,181,893
b) Provisions		
- for taxation	138,000 138,000	10,000 10,000
	9,541,730	2,191,893
Schedule 10: Miscellaneous Expenditure		
Preliminary expenses	110,000	137,500
Less: 1/5th Written off	27,500 82,500	27,500 110,000

Schedule No. 4 : Fixed Assets

(Figures in Rupees)

PARTICULARS	GROSS BLOCK		Cost as on 31.03.2003	Upto 31.03.2002	DEPRECIATION BLOCK		As at 31.03.2003	As at 31.03.2002
	Additions	Cost as on 1.4.2002			For the year	Upto 31.03.2003		
Electrical Installations	8,325	-	8,325	34	395	429	7,896	8,291
Office Equipment	5,800	-	5,800	99	276	375	5,425	5,701
Furniture and Fixtures	-	6,293	6,293	-	291	291	6,002	-
Computers	238,450	1,380,700	1,619,150	13,650	149,632	163,262	1,455,888	224,820
Computer Software	176,000	225,224	401,224	5,926	58,738	64,664	336,560	170,074
Networking System	1,470,216	-	1,470,216	1,914	69,835	71,749	1,398,467	1,468,302
Total	1,898,791	1,612,217	3,511,008	21,603	279,167	300,770	3,210,238	1,877,188
Previous year	-	1,898,791	1,898,791	-	21,603	21,603	1,877,188	-

**Schedules annexed to and forming part
of Profit & Loss Account**

For the year ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2002 (Rs.)
Schedule 11: Sales and services		
Sale of software	35,632,392	3,064,822
Technical service charges (TDS - Rs.5,644)	6,211,695	-
	41,844,087	3,064,822
Schedule 12: Cost of goods sold		
Opening stock	85,000	-
Add: Purchases	54,201,772	69,989
	54,286,772	69,989
Add: Direct expenses		
- Clearing charges	-	347,372
- Exchange fluctuation	75,338	998
	54,362,110	418,359
Less: Closing stock	22,341,882	85,000
	32,020,228	333,359
Schedule 13: Personnel expenses		
Salaries	791,301	339,916
Deputation fees	2,531,503	-
Staff welfare	54,209	77,061
	3,377,013	416,977
Schedule 14: Administrative expenses		
Audit fee	26,200	5,250
Electricity charges	103,342	432,642
Travelling and Conveyance	1,095,991	320,877
Repairs and office maintenance	192,421	68,517
Printing and stationery	390,396	129,498
Rent	1,205,531	129,839
General expenses	1,654,977	1,066,099
Preliminary expenses written off	27,500	27,500
	4,696,358	2,180,222

Signatures to Schedules 1 to 14

For and on behalf of the Board

Subject to our report of even date
For S.Janardhan & Associates
Chartered Accountants

Place : Bangalore
Date : 11.06.2003

Asif Khader
Director

Mukkaram Jan
Director

Balakrishna. S. Bhat
Partner

SCHEDULE NO. 15: - NOTES TO ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES.

I. Significant Accounting Policies: -

a) Basis of Accounting

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

b) Income Recognition

Revenue from sales is recognized only after the delivery of goods.

c) Fixed Assets

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

d) Depreciation

- (i) Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, on a pro-rata basis corresponding to the date of installation.
- (ii) Depreciation on assets costing less than Rs.5000 is written off in the year of purchase irrespective of the date of installation.

e) Inventory

Inventory is valued at lower of cost or net realizable value on FIFO basis.

f) Exchange Fluctuation

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

g) Deferred Tax

- (i) Deferred tax is recognized, subject to the consideration of prudence on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (ii) This being the first year of adoption of deferred tax, provision for earlier years has been made and appropriately disclosed.

II. Notes on Accounts: -

1. The value of imports calculated on CIF basis - Rs. 54,201,772/- (Previous year - Rs. 117,361/-)
2. Earnings in foreign currency - FOB value of exports - Rs. 7,377,713/- (Previous year - Rs. 44,546/-)
3. Expenditure incurred in foreign currency - Rs. 49,162,294/- (Previous year - Nil)
4. Earnings in foreign currency - Rs. 4,158,502/- (Previous year - Nil)
5. There are no amounts outstanding to small-scale industrial undertakings as ascertained by the Management.
6. Previous year figures have been regrouped and reclassified wherever necessary. The previous year was for a period of six months and hence the figures are not comparable.

7. Debtors include Rs. 19,555,278/- due from companies under the same management.

Systat Software, Inc., USA - Rs. 15,471,023/-

Systat Software UK Ltd. - Rs. 4,084,255/-

8. The company is trading in different types of statistical software. Quantitative particulars required under 4C of Part II of Schedule VI are furnished below.

Description	Opening stock	Receipts	Issues	Closing stock
SYSTAT version 10.2 (100 user)	1	110	108	3
PeakFit version 4.11 (100 user)	-	4	3	1
PeakFit upgrade	1	30	22	9
TableCurve 2D version 5.01 (100 user)	4	35	35	4
TableCurve 3D version 4.0 (100 user)	5	40	39	6
AutoSignal (100 user)	-	20	18	2

9. In the opinion of the Board of Directors, the current assets, loans and advances have realizable value at least to the extent stated in the Balance Sheet and realizable in the ordinary course of the business.

10. Auditors remuneration is for	31.3.2003 (Rs.)	31.3.2002 (Rs.)
(i) Statutory audit	15,000	5,000
(ii) Service tax	1,200	250
(iii) Certification fees	1,050	-
(iv) Other services	10,000	-
	27,250	5,250

11. Deferred tax liability

- (i) Deferred tax liability of Rs. 103,628/- on account of initial adoption has been charged to Reserves and Surplus.
- (ii) Deferred Tax Liability as at the year-end, attributable to Depreciation - Rs. 339,504/. Deferred tax of Rs. 339,504/- for the year ended 31st March 2003 is shown separately in the Profit and Loss Account.

12. Earnings per share: Calculation of EPS - Basic

a) Net profit after deferred tax	Rs. 1,003,817
b) Total number of equity shares	50,000
c) Earnings per share	Rs. 20.07

13. Related party disclosures as ascertained by the management:

Particulars	Holding Company	Associates	Total Related Parties
	(Rs.)	(Rs.)	(Rs.)
Issued and subscribed share capital	500,000		500,000
Share application money received	3,300,000		3,300,000
Unsecured loans	38,998,500		38,998,500
Purchases of Goods/services/software		54,201,772	54,201,772
Sales of Goods	27,190,004		27,190,004
Rendering of Services		6,157,945	6,157,945
Receiving of Services		1,392,672	1,392,672
Balance as on 31.03.03 receivable		19,666,010	19,666,010
Balance as on 31.03.03 payable	38,998,500		38,998,500

Note:

Names of related parties and description of relationship:

Holding Company : Cranes Software International Ltd.

Key Management Personnel : Mr.Asif Khader
Mr.Mueed Khader
Mr.Mukkaram Jan

Associates : Orca Infotech Private Limited
Systat Software UK Ltd.
Systat Software Inc. USA
Jansons Telecom Private Limited
Cranes Consulting Private Limited
Sameesha Technologies
SPSS South Asia Private Limited
Keysoft Solutions Private Limited.

Segment Reporting

i) Primary Segment Information :

SI No	Particulars	Rs. in Lakhs
1.	Segment Revenue:	31.03.03
a)	Product Division	418.44
	Total	418.44
	Less: Inter segment Revenue	-
	Net Sales	418.44
	Add: Other unallocable Income	-
	Total Income	418.44
2	Segment Results	
	Profit (+)/Loss (-) before tax and interest from each segment	
a)	Product Division	20.97
	Total	20.97
	Less: i) Interest	6.26
	ii) Other unallocable expenditure net off unallocable income	-
	Total Profit Before Tax	14.71
3	Capital Employed (Segment assets - Segment liabilities)	
a)	Product Division	786.85
	Total	786.85

ii) Secondary Segment Information :

Geographical Segment		Rs. in Lakhs		
Particulars		Domestic Operations	International Operations	Total
Segment Revenue		283.08	135.35	418.44
Carrying amount of segment assets		591.60	93.19	684.79
Additions to Fixed and intangible assets		1.43	14.81	16.24

For and on behalf of the Board

As per our report of even date
For S.Janardhan & Associates
Chartered AccountantsPlace : Bangalore
Date : 11.06.2003**Asif Khader**
Director**Mukkaram Jan**
Director**Balakrishna. S. Bhat**
Partner

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

2	9	6	5	2
---	---	---	---	---

State Code

0	8
---	---

Balance Sheet Date

3	1	0	3	0	3
---	---	---	---	---	---

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N	I	L				
---	---	---	--	--	--	--

Rights Issue

N	I	L				
---	---	---	--	--	--	--

Bonus Issue

N	I	L			
---	---	---	--	--	--

Private Placement

			4	0	0
--	--	--	---	---	---

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

	4	3	8	0	1
--	---	---	---	---	---

Total Assets

	4	3	8	0	1
--	---	---	---	---	---

Sources of funds

Paid up Capital*

		3	8	0	0
--	--	---	---	---	---

Reserves & Surplus

			1	0	0	3
--	--	--	---	---	---	---

Secured Loans

		N	I	L		
--	--	---	---	---	--	--

Unsecured Loans

		3	8	9	9	8
--	--	---	---	---	---	---

(* Includes share application money pending allotment)

Application of funds

Net fixed assets

		3	2	1	0
--	--	---	---	---	---

Investments

		N	I	L		
--	--	---	---	---	--	--

Net current assets **

		4	0	5	0	9
--	--	---	---	---	---	---

Misc. Expenditure

				8	2
--	--	--	--	---	---

Accumulated Losses

		-			
--	--	---	--	--	--

** Includes deferred tax liability

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

		4	1	8	4	4
--	--	---	---	---	---	---

Total expenditure

			4	0	3	7	3
--	--	--	---	---	---	---	---

 /

Profit/Loss before tax

		1	4	7	1
--	--	---	---	---	---

Profit/Loss after tax

			1	0	0	4
--	--	--	---	---	---	---

Earning per share in Rs.

		2	0	.	0	8
--	--	---	---	---	---	---

Dividend rate %

N	I	L
---	---	---

V. Generic names of three principal products/services of company (as per monetary terms)

Item Code # (ITC Code)

8	5	2	4	3	9	9	0
---	---	---	---	---	---	---	---

Product Description

S	O	F	T	W	A	R	E
---	---	---	---	---	---	---	---

For and on behalf of the Board

Subject to our report of even date

For S.Janardhan & Associates
Chartered Accountants

Statement of Cash Flows

For the year ended 31st March 2003

PARTICULARS	31.03.2003 (Rs.)	31.03.2003 (Rs.)
Cash flows from operating activities		
Net profit	1,343,321	
Add:		
Depreciation	279,167	
Preliminary expenses written off	27,500	
Operating profit before working capital changes	1,649,988	
Adjustments for working capital		
Increase in inventory	(22,256,882)	
Increase in debtors	(20,920,184)	
Increase in loans and advances	(6,094,904)	
Increase in current liabilities	7,221,837	
Cash generated from operations	(40,400,145)	
Add:		
Provision for income tax	137,916	
Net cash from Operating Activities		(40,262,229)
Cash flows from investing activities		
Purchase of fixed assets	(1,612,217)	
Net cash from Investing Activities		(1,612,217)
Cash flows from financing activities		
Increase in Share Capital	400,000	
Share application money received	3,300,000	
Increase in Unsecured Loans	38,998,500	
Net cash from Financing Activities		42,698,500
Net increase in Cash and Cash Equivalents		824,054
Opening cash and cash equivalents	8,818	
Closing cash and cash equivalents		832,872

For and on behalf of the Board

Subject to our report of even date
For S.Janardhan & Associates
Chartered Accountants

Place : Bangalore
Date : 11.06.2003

Asif Khader
Director

Mukkaram Jan
Director

Balakrishna. S. Bhat
Partner

Systat Software, Inc.

FINANCIAL STATEMENTS FOR 2002 - 03

REPORT OF DIRECTORS

Financial Results

	US\$
Sales	2,176,439
Profit/Loss Before Tax	(41,746)
Net Profit/Loss	(36,158)

Operations

Systat Software, Inc. is a wholly owned subsidiary of Cranes Software International Ltd., India. The Company's products are primarily used by organizations to integrate and analyze operational data in the process of formulating strategies more effectively. This process is commonly known as "data mining" or "data analysis using advanced analytical techniques". Analytical solutions include products and services sold for customer relationship management, business intelligence and general-purpose statistical analysis.

Directorate

The Directorate remained unchanged during the year.

Share Capital

Cranes Software International Limited holds the entire common stock of 807,500 shares of \$ 1 each.

For and on behalf of the Board

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

Independent Auditor's Report

To the Board of Directors and Stockholders' of Systat Software, Inc.

We have audited the consolidated balance sheet of Systat Software, Inc., as of March 31, 2003 and the related statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of the Systat Software(UK) Limited, a wholly owned subsidiary, whose statements reflect total revenue and earnings of \$ 1,166,688 and \$ 31,536 respectively for the year ended March 31, 2003. Those statements were audited by other auditors, whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for the Systat Software(UK) Limited, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Systat Software, Inc., at March 31, 2003 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles generally accepted in the United States of America.

Subra. E. Ramanan, CPA

Fremont, California

May 16, 2003

Balance Sheet - US Operations

As at 31st March 2003

PARTICULARS	31.03.2003 (US \$)	31.03.2002 (US \$)
ASSETS		
Current Assets:		
Cash and cash equivalents	80,922	60,245
Accounts receivable, net	103,531	21,444
Inter-co receivables	882,100	-
Inventory	50,960	-
Prepaid expenses and other current assets	66,807	124,000
Deferred tax asset	27,294	20,906
	Total current assets	1,211,614
		226,595
Property and equipment, net	85,455	13,545
Intangible assets	2,233,043	411,049
Investments	145	-
	Total assets	3,530,257
		651,189
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	124,608	5,000
S/T portion of L/T liabilities	2,359	3,682
Accrued liabilities	44,942	267,076
Inter-company payables	519,624	-
	Total current liabilities	691,533
		275,758
Long Term Liabilities		
Shareholders' Equity:		
Common stock: \$1.00 par value; 2,000,000 shares authorized; 807,500 shares issued and outstanding at March 31, 2003	807,500	390,000
Additional paid in capital	2,087,500	-
Retained earnings	(61,741)	(20,583)
Total shareholders' equity	2,833,259	369,417
	Total liabilities and shareholders' equity	3,530,257
		651,189

Per our report attached

For and on behalf of the Board

Subra. E. Ramanan, CPA
16.05.2003

Richard. H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

The accompanying notes are an integral part of these financial statements.

Profit & Loss Account (Statement of Operations) - US Operations

For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (US \$)	31.03.2002 (US \$)
Revenue		
Sales	2,176,439	194,315
Cost of revenue	161,714	-
Gross profit	2,014,725	194,315
Operating Expenses:		
Personnel expenses	823,169	71,181
Sales, general and administrative	1,233,310	244,893
Total operating expenses	2,056,479	316,074
Profit/(Loss) from operations	(41,754)	(121,759)
Other income (expense)	8	60,000
Profit before income tax	(41,746)	(61,759)
Income tax	5,588	20,906
Net Profit/(Loss)	(36,158)	(40,853)

Per our report attached

For and on behalf of the Board

Subra. E. Ramanan, CPA
16.05.2003

Richard. H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement - US Operations

For the Year Ended 31st March 2003

PARTICULARS	31.03.2003 (US \$)	31.03.2002 (US \$)
Cash flows from operating activities:		
Net profit (loss)	(36,158)	(40,853)
Adjustments to reconcile net profit (loss) to net cash used in operating activities:		
Increase in deferred tax asset	(6,388)	(20,906)
Depreciation and amortization	435,765	77,897
Prior period adjustments	(5,000)	20,270
Changes in current assets and liabilities:		
Accounts receivable	(82,087)	(21,444)
Accounts receivable-inter co	(882,100)	-
Prepaid expenses and other current assets	57,193	(124,000)
Inventory	(50,960)	-
Accounts payable	119,608	5,000
Accounts payable - inter co	519,624	-
Accrued liabilities	(222,134)	257,056
ST portion of LT liabilities	(1,323)	3,682
Long term liabilities	(549)	6,014
Net cash used in operating activities	(154,509)	162,716
Cash flows from investing activities:		
Purchase of property and equipment	(79,669)	(4,581)
Purchase of software & development	(2,250,000)	(487,890)
Investment in Subsidiary	(145)	-
Net cash used in investing activities	(2,329,814)	(492,471)
Cash flows from financing activities:		
Proceeds from issuance of stock	417,500	390,000
Proceeds from additional paid in capital	2,087,500	-
	2,505,000	390,000
Net increase in cash and cash equivalents	20,677	60,245
Cash and cash equivalents at beginning of year	60,245	-
Cash and cash equivalents at end of year	80,922	60,245

Per our report attached

For and on behalf of the Board

Subra. E. Ramanan, CPA
16.05.2003

Richard. H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Summary of significant accounting policies

The company

Systat Software, Inc., ("Systat" or the company) was incorporated on September 18, 2000 as a Delaware Corporation, and was subsequently qualified and authorized to transact intrastate business in the state of California on October 12, 2001. Systat is a wholly owned subsidiary of Cranes Software International Limited ("CSIL" or "Cranes"), located in India. The company's products are primarily used by organizations to integrate and analyze operational data in the process of formulating strategies more effectively. This process is commonly known as "data mining" or "data analysis using advanced analytical techniques". Analytical solutions include products and services sold for customer relationship management, business intelligence and general-purpose statistical analysis.

The company acquired marketing and other rights under various agreements to own, use, modify, enhance and sell certain software products primarily from two companies namely, AISN and SPSS. The company's research & development activities and core technology are managed by Cranes and Systat (Asia Pacific) located in India.

Systat formed a wholly owned subsidiary in the United Kingdom on June 11, 2002, named Systat Software (UK) Limited. The primary purpose of this wholly owned subsidiary is to market and distribute software products in Europe.

The company is fully owned and managed by Cranes Software International Limited, Bangalore, India. Accordingly, the company's future success or failure is largely dependent upon the management decisions of, and continued support by the parent company. The U.S. office functions as a sales outfit to sell in the United States. All sales overseas are channeled through the affiliated entities; namely Systat Software (UK) Limited and Systat (Asia Pacific), Bangalore, India.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosures of contingent assets & liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Revenue recognition

The company applies AICPA Statement of Position ("SOP") 97-2, Software Revenue Recognition, which specifies the criteria that must be met prior to Systat recognizing revenues from software sales. Systat primarily recognizes revenue from sale of software products and product licenses, net of an allowance for estimated returns and cancellations. Revenue from sale of software products and product license agreements is recognized upon product delivery and customer acceptance. Systat recognizes revenue once the risk of ownership has been passed on to the end users or distributors.

Software development and acquisition costs

Software development and acquisition costs incurred by Systat in connection with the company's long-term development projects are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, *Accounting for the costs of computer Software to Be Sold, Leased, or Otherwise Marketed*. Systat reviews capitalized software development costs each period and, if necessary, reduces the carrying value of each product to its net realizable value. Research and development costs will be charged to expense when incurred.

Cash equivalents

The company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The company deposits cash and cash equivalents with high credit quality financial institutions.

Concentration of credit risk

Financial instruments that potentially subject the company to concentration of credit risk consist principally of trade accounts receivable. The company performs ongoing credit evaluations of its customers' financial condition, and the risk of loss with respect to its accounts receivable is further mitigated by the fact that the company's customer base is comprised of well-established companies. The company provides reserves for credit losses which, to date, have not been significant.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income.

Description	Useful Life	Method
Computers and equipment	3 - 5 years	Straight line
Leasehold improvements	Shorter of 5 years or remaining lease term	Straight line
Software	3- 7 years	Straight line
Furniture & fittings	7 years	Straight line

Stock-based compensation

The company does not have a stock-based compensation plan currently in place. However, should the company adopt a stock based compensation plan in the future, the stock option grants would be accounted for in accordance with APB No. 25 " Accounting for Stock Issued to Employees". The company would account for stock- based compensation to non-employees in accordance with SFAS No.123 "Accounting for Stock Based Compensation."

Income Taxes

The company accounts for income tax pursuant to SFAS No. 109, "Accounting for Income taxes" SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. Under this method deferred tax assets and liabilities are determined using the current applicable enacted tax rates and provisions of the enacted tax law.

Common Stock

As of March 31, 2003 the company had issued an aggregate of 807,500 shares of common stock with par value of \$1.00 each. The company received \$2,087,500 as additional paid-in capital during the year from the parent company.

Lease Commitments

The company leases various equipment under non-cancelable leases, which expire on various dates through 2006. The future minimum lease payments under these commitments are as follows:

2003/2004	\$ 2,359
2004/2005	\$ 2,798
2005/2006	\$ 2,667

Acquired Software Products

The company acquired marketing and other rights to own, use, modify, enhance and sell certain product lines primarily from two major software companies, AISN and SPSS. These product lines, considered to be long-lived assets, are amortized over 3 - 7 years. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount should be evaluated. Factors leading to impairment include a combination of historical losses, anticipated future losses and inadequate cash flow. The assessment of recoverability is based on management's estimate. The management has determined that as of March 31, 2003, there has been no impairment in the carrying values of long-lived assets

Note 2. Trade accounts receivable

Trade accounts receivable consists of balances due from account holders, net of a provision for estimated returns as follows.

	March 31, 2003	March 31, 2002
Accounts Receivable - Trade	\$ 106,377	\$ 21,444
Less: Reserve for estimated returns	\$ (2,846)	-
Accounts Receivable - Trade (net)	\$ 103,531	\$ 21,444

Note 3. Inter-company receivable

The balance shown is the amount due from Systat Software (UK) Limited.

	March 31, 2003	March 31, 2002
Balance due from Systat Software (UK) Ltd	\$ 882,100	-

Note 4. Inventory

The inventory as of March 31, 2003 was valued at cost or net realizable value whichever is lower. The inventory cost includes the cost of software replication, manuals and other related costs incurred in the process of making the software available for sale, excluding the amortization of the acquired software product costs.

Management has determined that all inventory shown on the balance sheet are recoverable for the value shown. The inventory is held at a third party software replication and fulfillment center.

Note 5. Prepaid expenses and other current assets

Included in prepaid expenses and other current assets are the prepaid insurance, prepaid consulting fee to Richard Gall, and refundable deposits as follows

	March 31, 2003 \$	March 31, 2002 \$
Prepaid expenses	5,625	-
Prepaid insurance	655	-
Refundable deposits	10,527	2,400
Prepaid rent	-	1,600
Prepaid consulting	50,000	120,000
Total	66,807	124,000

Note 6. Deferred tax asset

Based on the current applicable enacted tax rates and provisions of the enacted tax law, the company has determined the deferred tax asset as follows:

	March 31, 2003 \$	March 31, 2002 \$
Deferred tax benefit/liabilities arising from:		
Difference between book & tax depreciation & amortization	(50,413)	-
Net operating loss carry over	77,707	20,906
Deferred tax benefit, net	27,294	20,906

Note 7. Property and equipment, net

Property and equipment consist of the following as of March 31, 2003.

	Apr 1, 2002	Cost Additions	Disposals	Mar 31, 2003	Apr 1, 2002	Accumulated depreciation Additions	Disposals	Figs. In US \$ Mar 31, 2003
LHI	1,565	-	-	1,565	262	1303	-	1,565
Equipment	10,343	2118	-	12,461	650	3,004	-	3,654
Software	2,693	66,262	-	68,955	144	1,839	-	1,983
Furniture & Fixtures	-	11,289	-	11,289	-	1,613	-	1613
Total	14,601	79,669	-	94,270	1,056	7,759	-	8,815

Note 8. Intangible assets

As of March 31, 2003, the company had the following intangible assets as a result of various purchase and consulting agreements entered into between Systat, AISN and SPSS.

	Apr 1, 2002	Cost Additions	Disposals	Mar 31, 2003	Apr 1, 2002	Accumulated amortization Additions	Disposals	Figs. In US \$ Mar 31, 2003
AISN Auto Signal	90,000	-	-	90,000	20,000	18,000	-	38,000
TC 2D; TC 3D; PeakFit	397,890	-	60,050	337,840	56,841	64,897	(8,579)	113,159
SPSS								
Systat Software	-	2,310,050	-	2,310,050	-	353,688	-	353,688
Total	487,890	2,310,050	60,050	2,737,890	76,841	436,585	(8,579)	504,847

On March 8, 2001, the company acquired AISN Software Products Tablecurve 2D, Tablecurve 3D and PeakFit for a payment of \$281,590. All source codes in these product lines were transferred to Systat free of all licenses and claims with the exception of; (a) the one-time license that accompany the software development tools with which these products are written, and (b) the SPSS software licensing system. Under the purchase agreement, AISN retains the use of the software technology in Tablecurve 2D, Tablecurve 3D and PeakFit for use in future AISN ventures, services and related business opportunities subject to the following restriction. AISN shall not re-create the "existing products" from the retained technology for a period of five (5) years from the date of the purchase agreement.

On July 29, 2001, Systat and AISN signed the "AutoSignal" Marketing Agreement. This agreement outlines the responsibilities of AISN in producing and maintaining AutoSignal and responsibilities of Systat in marketing and technically supporting AutoSignal within specific markets.

On December 29, 2000, CSIL entered into a distribution agreement with SPSS Inc., to distribute SPSS SYSTAT software products. The distribution agreement between CSIL and SPSS provided for a Purchase Agreement Option whereby CSIL could purchase the software source, and all associated assets, including but not limited to any associated trademarks or copyrights for an additional price of \$250,000 under the terms of a subsequent agreement to be signed by the parties. However, until April 1, 2002, CSIL was not fully operational in the U.S., to take over the marketing of Systat software products, and therefore, entered into a consulting agreement with SPSS whereby SPSS would continue to sell Systat licenses and pay royalties to CSIL. By April 1, 2002, CSIL, through its wholly owned subsidiary, Systat Software, Inc, commenced selling of Systat Software products in the United States. Subsequent to forming the wholly owned subsidiary in the U.S., CSIL elected to pay SPSS through its U.S., subsidiary.

Final purchase agreement and bill of sale between SPSS and SSI for the transfer of ownership and marketing rights of Systat Products was signed on January 24, 2003. The company elected to capitalize and amortize payments totaling \$2,250,000 made to SPSS as software acquisition costs.

Note 9. Accrued liabilities

	March 31, 2003 \$	March 31, 2002 \$
AISN (AutoSignal) Cont #3 payable	11,994	90,000
Accrued expenses	11,925	3,157
Payroll Taxes Payable	4,182	-
Sales Tax Payable	2,224	-
Advance payable	-	5,000
AISN (Products) Cont#1 payable	-	140,794
AISN (Ron Brown) Cont#2 payable	-	28,125
Accrued Vacation & Sick pay	14,617	-
Total	44,942	267,076

Note 10. Inter-company payable

This represents the balance owed to Systat Software Asia Pacific for the developmental and support expenses incurred in India and to Cranes Software International Limited for payments made on behalf of the company.

	March 31, 2003 \$	March 31, 2002 \$
Systat Software, (Asia Pacific)	370,624	-
Cranes Software International Limited	149,000	-
Total	519,624	-

Note 11. Retained earnings

The company's retained earnings are as follows:

	March 31, 2003 \$	March 31, 2002 \$
Beginning retained earnings	(20,583)	20,270
Net profit (loss)	(36,158)	(40,853)
Prior period adjustment	(5,000)	-
Ending retained earnings	(61,741)	(20,583)

Note 12. Revenue

The sales revenue for the year ended March 31, 2003 consists of the following :

	March 31, 2003 \$	March 31, 2002 \$
AISN (AutoSignal)	12,301	-
AISN (TableCurve 2D,	304,656	194,315
TableCurve 3D, PeakFit)		
SPSS Systat Software	886,317	-
Royalty Income	86	-
Freight Recovered	12,183	-
Systat Software (UK) Limited	840,693	-
Systat Software (Asia Pacific) Limited	123,049	-
Sales Returns, allowances & discounts	(2,846)	-
TOTAL INCOME	2,176,439	194,315

Note 13. Sales, general and administrative expenses

The following consists of the sales, general and administrative expenses.

Audit fee	5,000	-
Outside services	4,689	1,749
Operating supplies	-	175
Small tools	422	-
Freight, postage and delivery	66,452	108
Internet/Website	17,444	-
Rent	91,836	69,874
Equipment rental	286	-
Utilities	1,680	-
Telephone	21,886	3,282
Repairs and maintenance	2,698	-
Advertising and promotion	78,622	10,103
Insurance	3,781	-
Travel and lodging	41,776	61,721
Property tax & other taxes	-	2,648
Permits & license	536	516
Credit card merchant fees	14,269	-
Interest & finance charges	2,306	290
Bank charges	1,613	321
Legal and professional fees	9,708	-
Sales commissions	68,935	14,694
Office expenses	4,237	1,515
Amortization	428,006	76,841
Depreciation	7,759	1,056
Professional development	319	-
Technical consultancy	359,050	-
Total	1,233,310	244,893

Note 14. Related party transactions

Richard Gall, the President and CEO of Systat Software, Inc., serves as a consultant to the company. Richard Gall also serves on the board of directors of CSIL. Richard Gall was paid an advance payment of \$170,000 for consulting of which \$120,000 has been expensed in the fiscal year ended March 31, 2003. The balance \$50,000 is shown as prepaid consulting as of March 31, 2003.

Ron Brown, the President, CEO and the sole shareholder of AISN, also serves on the board of directors of CSIL. Systat acquired the rights to own, modify and enhance certain product lines from AISN for a total consideration of \$427,850. In addition, Ron Brown was paid \$120,000 as consulting fee in the year ended March 31, 2003.

Inter-co sales to Systat Software (UK) Limited and Systat Asia Pacific amounted to \$840,693 and \$123,049 respectively.

Note 15. Subsequent events

On March 31, 2003, The Jammu and Kashmir Bank Limited in Bangalore, approved a bank loan equivalent to US \$ 2,000,000 for working capital in favor of 'Systat Software, Inc.' for a period of one year subject to renewal thereafter.

The board of directors and shareholders of Systat Software, Inc., approved the pledge and collateralization of all of the business assets of the company including but not limited to: furniture and fixtures, equipment, contract rights, accounts receivable, leasehold improvements, inventory, proceeds of the same or similar type now and hereafter acquired by the company and all insurance policies covering the described collateral wherever now and hereafter located except as may be used by the company to repair or replace items of collateral for which insurance proceeds are payable.

Per our report attached

For and on behalf of the Board

Subra. E. Ramanan, CPA
16.05.2003

Richard. H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

Systat Software UK Limited

FINANCIAL STATEMENTS FOR 2002 - 03

DIRECTORS' REPORT

The Director have pleasure in presenting the first annual report along with the audited financial statements of the company for the year ended 31st March 2003..

Principal Activities and Business Review

The principal activity of the company during the year was Software retailing. The company is the sole supplier of Systat Products in the whole of UK and Europe. The company's products are mainly used in statistical analysis, relationship management,simulation applications. The products mainly help in formulation of strategies more effectively.

Results and Dividends

The financial results for the year under review is as follows :

Particulars	Year ended 31st March, 2003 (Figs in £)
Turnover	754,804
Gross Profit	124,881
Operating Profit	24,967
Tax	(4,993)
Profit after Tax	19,974

with a view to conserve funds for future the Board of directors have not recommended a dividend. The company has made profits in the very first year of operation and its sales performance of the products is increasing. The company expects to post better results in the coming years.

The Director and his interests in shares of the company

The company is a wholly owned subsidiary of Systat Inc. USA. The Board of directors are appointed by the shareholders, viz Systat Software, Inc. USA.

The director who served the company during the year together with his beneficial interests in shares of the company was as follows:

	Ordinary Shares of £1 each	
	At 31 March 2003	At 1 April 2002
Inc SYSTAT SOFTWARE INC	100	100

Director's Responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described herein in the notes and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director may also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Acknowledgements:

The directors wish to place on the record appreciation for the dedicated service of its staff at all levels in the organisation. Your directors also wish to thank the customers, bankers, government for their continued support during the year.

Auditors

The auditors, Tamsons, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 15-05-03.

Registered office:

For Systat Software UK Limited

23 Vista Centre
50 Salisbury Road
Hounslow
Middlesex
TW4 6JQ

Asif Khader
Director

Approved by the directors on 15.05.2003

Independent Auditors' Report to the Shareholder

For the year ended 31st March 2003

We have audited the financial statements enclosed which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and accounting policies set out thereon.

Respective Responsibilities of the Directors and the Auditors

As described in the Directors' report, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

With reference to the above, we report that :

1. 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;
2. In our opinion, proper books of accounts, as required by the law, have been kept by the company, so far as appears from our examination of those books;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts and returns;
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt by this report comply with the Accounting Standards.
5. In our opinion and to the best of our information and to the explanations given to us, the said Accounts give the information required, by the Act, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in the U.K.:
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2003; and
 - b) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

177 Kingsley Road
Hounslow
Middlesex, TW3 4AS
TW3 4AS

TAMSONS
Registered Auditors
Chartered Certified Accountants

T. Sivanandaraja
FCCA, ACMA

Date : 15th May, 2003.

Profit & Loss Account

Year ended 31st March 2003

	Note	2003 £
Turnover	2	754,804
Cost of sales		629,923
Gross Profit		124,881
Distribution costs		9,961
Administrative expenses		89,953
Operating Profit	3	24,967
Tax on profit on ordinary activities	5	(4,993)
Retained Profit For The Financial Year		19,974

Balance Sheet

As at 31st March 2003

	Note	2003 £	2003 £
Current Assets			
Stocks	6	1,650	
Debtors	7	621,525	
Cash at bank		17,770	
		640,945	
Creditors: Amounts falling due within one year	8	(19,392)	
Net Current Assets			621,553
Total Assets Less Current Liabilities			621,553
Creditors: Amounts falling due after more than one year	9	(601,479)	
			20,074
Capital And Reserves			
Called-up equity share capital	11	100	
Profit and Loss Account			19,974
Shareholder's Funds			20,074

These financial statements were approved and signed by the directors on 15.05.2003

As per report of even date

For Systat Software UK Limited

T. Sivanandaraja
FCCA, ACMA

Asif Khader
Director

Mukkaram Jan
Director

Mueed Khader
Director

Cash Flow Statement

Year ended 31st March 2003

	2003 £	2003 £
Net Cash Outflow From Operating Activities		(583,809)
Cash Outflow Before Financing		(583,809)
Financing		
Issue of equity share capital	100	
Net inflow from other long-term creditors	601,479	
Net Cash Inflow From Financing		601,579
Increase In Cash		17,770
Reconciliation Of Operating Profit To Net Cash Inflow From Operating Activities		
Operating profit	24,967	
Increase in stocks	(1,650)	
Increase in debtors	(621,525)	
Increase in creditors	14,399	
Net cash outflow from operating activities		(583,809)
Reconciliation Of Net Cash Flow To Movement In Net Debt		
Increase in cash in the period	17,770	
Net cash inflow from other long-term creditors	(601,479)	
	(583,709)	
Change in net debt	(583,709)	
Net debt at 31 March 2003		(583,709)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	-	17,770	17,770
Debt:			
Debt due after 1 year	-	(601,479)	(601,479)
Net debt	-	(583,709)	(583,709)

Notes to the Financial Statements

Year ended 31 March 2003

2003
£

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Stocks

Stock valued at 30% of sales value

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

United Kingdom

754,804

Turnover includes sales at different currencies converted at rate prevailing on 31.03.2003

3. Operating Profit

Operating profit is stated after charging:

Director's emoluments

4. Particulars of Employees

The aggregate payroll costs of the above were:

Wages and salaries

9,085

Social security costs

2,431

11,516

5. Tax on Profit on Ordinary Activities

Corporation Tax based on the results for the year at -%

4,993

Corporation tax calculated at 30%

6. Stocks

Stock

1,650

7. Debtors

Trade debtors

26,196

Other debtors

595,329

621,525

8. Creditors: Amounts falling due within one year

Corporation Tax

4,993

Other creditors

14,399

19,392

9. Creditors: Amounts falling due after more than one year

Other creditors

601,479

	2003 £
10. Related Party Transactions	
No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.	
11. Share Capital	
Authorised share capital:	
100 Ordinary shares of £1.00 each	100
Allotted, called up and fully paid:	
Issue of ordinary shares	100



Cranes Software International Ltd.
35/1, Alappat Building, 3rd Floor,
Cunningham Road, Bangalore - 560 052 India.
Phone : +91 - 80 - 2250260
Email : info@cranessoftware.com
Website : www.cranessoftware.com