

Cranes Software International Limited

Enterprise Analytics and Engineering Simulation Software & Solutions



Innovative regrouping

to ensure that we create

sustained and perpetual

value for our shareholders

as we ride the waves of Innovation.

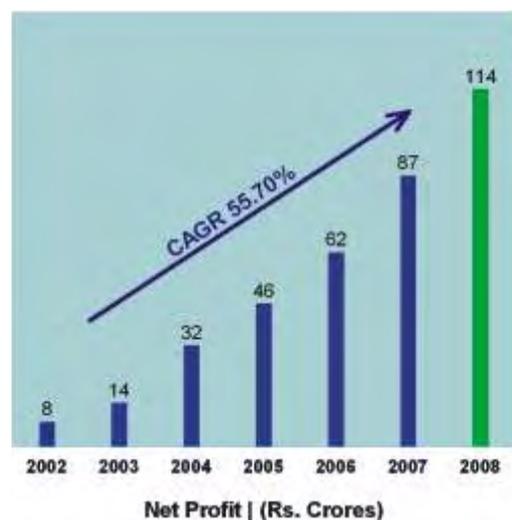
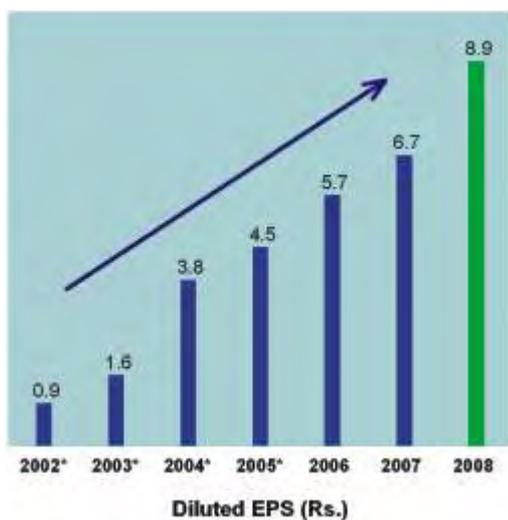
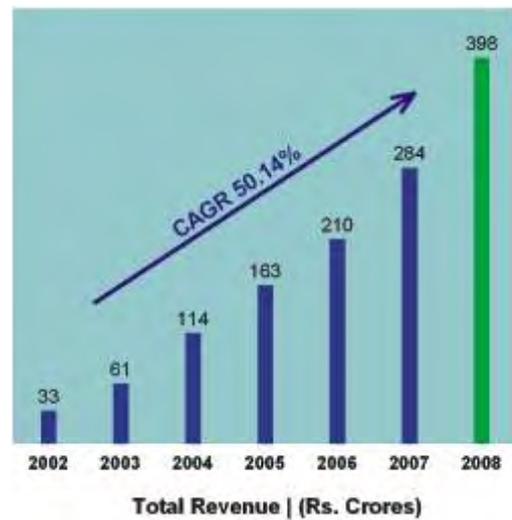
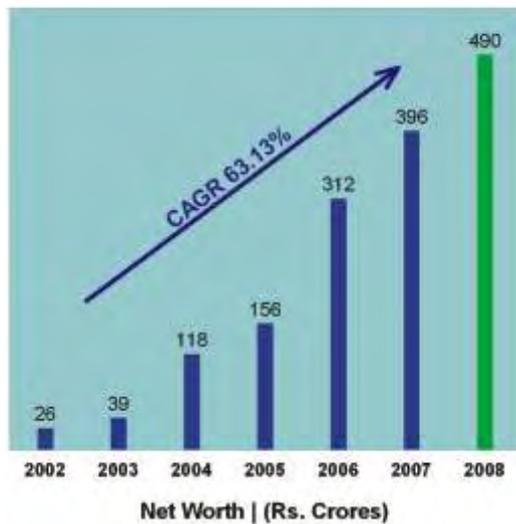
At its very core, Cranes Software is a company of scientists, mathematicians, and engineers, driven by a passion for knowledge. Our human capital, led by a highly reputed management team is the chief ingredient that has made the company a dominant player in the areas of engineering simulation and enterprise data analytics. Our software is used as an innovation engine for a gamut of businesses in the automotive, aerospace, pharmaceuticals, social sciences, environmental science and the telecom space. It is worthy to note that in order to cater to these ventures Cranes must anticipate and address various needs, both stated and unstated. It is this characteristic that defines Cranes' dynamic approach since inception. The robust growth and successful financial performance that your company has witnessed over the past year are a testimony to the same.

At any given point, your company is scouting for acquisitions to fill in technology gaps. Having successfully completed the acquisition of Engineering Technology Associates, Cranes has strengthened its position in the engineering simulations domain. In addition, your company formed a strategic alliance with Fractal Analytics that has widened the breadth of our product offerings. Building on such acquisitions and alliances are a team of in-house engineers that specializes in productizing methodologies to offer wrap around end to end solutions across the value chain.

Your company posted record sales and earnings in the year gone by. Revenues were up 40% at Rs. 3,986, of which overseas revenues accounted for 80% of total revenues. Profit after tax grew to Rs. 1,150 million up 32%. The company has fully integrated its earlier acquisitions of Tilak AutoTech and Caravel Info Systems that are now contributing to the top-line.

Cranes Software has now regrouped and is well positioned for the giant leap of being a leading provider of engineering simulation and data analytics software and services. We are optimistic of surpassing our performance both financially and as a preferred partner to our clients thereby creating sustainable wealth for all associated with the company.

Year Ended March 31,	2002	2003	2004	2005	2006	2007	RS. CRORES 2008
Total Revenues	33.96	61.55	114.06	163.38	210.98	284.86	398.64
Total Expenditure	22.98	39.60	77.76	103.83	129.73	183.95	265.06
Profit Before Tax	10.98	21.95	36.30	59.55	81.25	100.91	133.58
Tax Expenses	2.97	7.90	3.74	13.50	19.05	14.40	18.61
Net Profit	8.01	14.05	32.56	46.05	62.49	87.12	114.97
Paid up Equity Share Capital	8.42	8.42	10.17	10.17	22.73	22.93	22.93
Net Worth	26.96	39.55	118.70	156.93	312.44	396.27	490.87
Diluted Earnings Per Share	9.83	16.31	38.29	45.27	5.77	6.69	8.85



* Adjusted for 1:1 bonus issue and 1:5 stock split made during FY 2006 to make it comparable

Graphs powered by SigmaPlot



Chairman's Message

Dear Shareholders,

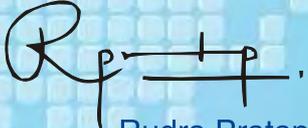
It gives me immense pleasure to inform you that the success reaped from the year gone by has cemented your company's future as a leader in the field of engineering simulations and enterprise data analytics. Business growth has been robust as our customer base has expanded to newer geographies. We have also increased our human capital to over 1,100 people and now boast of a newly built state of the art facility.

I would like to draw your attention to unraveling the mystique that surrounds Cranes Software. Our products provide customers with tools that stimulate innovation. Because of this, the success of our customers is linked to how well we can address their needs, both stated and unstated. Business leaders and decision makers now realize the value of good data. Cranes Software is adept at identifying, collating, analyzing, and acting on astronomical amounts of data.

In the Engineering Simulation space, the market for Computer Aided Automotive Engineering (CAE) is going through an industry level transformation globally. Let me give you an example. Traditionally, the evolution of a vehicle from concept to design to prototype was an iterative process, involving several manual interventions in design, testing, and repeating test processes. Today, the product development cycle has been automated and cycle times have been significantly reduced. This is purely due to the convergence of two facets of computer aided automotive design; namely computer aided design and tools based computer aided simulation. Currently, most contemporary CAE tools and product vendors address the needs of specific areas like durability, crash, and NVH (noise, vibration, harshness).

Meanwhile, the market for business analytics is also going through an industry level transformation in its application potential. Across banking and financial services, social and environmental sciences, telecom services and manufacturing, the impact of statistical intelligence gleaned from rigorous data analysis has gained in its relevance for real time decision support. Under the technology product development leadership of Dr. Leland Wilkinson (author of Systat, who is currently developing the next generation product Fastat), Cranes is poised to ride the waves of change on the analytics horizon. Under the technology solution architecture leadership of Dr. Rajeeva Karandikar, Cranes is bringing the convergence of conventional business intelligence, routine and exception reporting, and embedded analytics in business processes with smart analytics (the wrap around product Predicta is an example of this development). These two world renowned scientists are the prime movers that will propel Cranes towards a significant global share in the emerging market for smart statistics. The next generation statistical desktop products and enterprise solutions that Cranes is developing embraces these concepts.

In May 2008, your company commissioned the regrouping of its businesses into revenue centric streams of Engineering and Analytics. This has allowed Cranes to align its efforts of product offerings with their respective target markets. In addition, other new growth initiatives in the fields of Life Sciences, Education, Defence, Government Projects, and Wireless Scientific Applications will now fall under a third stream: The Technology Group. The regrouping of our business has reenergized a wealth creation engine that will propel your company into the highest league of business leaders that are driven by promoting innovation, nurturing talent, and enhancing all-round stakeholder value.


Rudra Pratap
Chairman

Managing Director's Message

Dear Shareholders,

It gives me immense pleasure to report to you another year of robust performance by your company in FY2008. This has been driven by healthy growth in our organic business as well as acquisitions that we have completed.

Cranes has been witnessing strong business momentum driven by the need to address large value opportunities in the engineering and analytics space. In a constant effort to increase operational efficiency and maintain new products' innovative effectiveness, your company has streamlined its businesses and product markets into two distinct revenue centric groups namely Engineering and Analytics. In the engineering group automotive is the major revenue generator and we have opened up leads in aviation and aerospace. The focus of the analytics group is on target sectors of pharmaceuticals, environmental science, social sciences, telecom and BFSI. Your company is in an optimal position to sustain long term growth of its businesses through technological innovation and commitment to deliver high quality IP driven productized solutions. Each of the business groups is headed by a CEO, selected in-house, to steer the groups on a high growth path.

In the year gone by, Cranes has accumulated a judicious talent pool of over 1,100 employees, of which, over 800 are mathematicians, scientists, highly skilled tech architects, and software engineers. Our attrition rate at the technical level is less than 5%, which is a strong indication of the sense of belonging felt by our people and the belief that few other places can offer such a stimulating and intellectually rewarding career.

In addition, your company has taken the initiative to build its own state of art facility by adding 35,000 square feet, which was made operational earlier this year. With presence in over 39 countries worldwide, Cranes has a cumulative user base of over 360,000 customers in leading corporations (including several Fortune 500 companies), government agencies, and academic institutions.

Financial Performance

In fiscal 2007-08, consolidated revenues have grown by 40% to Rs. 3,986 million from Rs. 2,849 million in the previous corresponding year. From a macro perspective, the proprietary software products business is up 44% to Rs. 3247 million while revenues from third party software distribution have increased by 23% to Rs. 607 million.

Operating profit for the year is up 35% to Rs. 2,038 million, bolstered by steady operating margins of 51%. Net profit after tax has increased 32% to Rs. 1,150 million translating into earnings of Rs. 8.85 per share on an expanded capital basis.

Over the last five years, Cranes' revenues have grown at a CAGR of 50% and net profit by 56%. This consistent financial performance is attributable to the company's innovative 'Acquire-Enhance-Expand' business model. This model has helped the company leverage its core competencies to build a strategic foundation with unwavering focus on IP creation.

Business Initiatives

The reorganization of the company into engineering and analytics groups has helped us clearly focus on the respective industry sectors. In the automotive sector, Cranes covers the full suite of CAE design, embedded engineering and control systems design and testing, and finite element

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analysis tools combined with third party high end simulation product suites.

Within the analytics group, Dr. Lee Wilkinson, the author of our flagship product, Systat, has joined the company to lead the foray into environmental and social science verticals, which are high growth markets. Our service offerings and value proposition has met with excellent customer traction and business growth. Under Dr. Rajeeva Karandikar's technical expertise we have launched a new product Predicta to address the retail credit risk scoring



Asif Khader

Co-founder & Managing Director



Board of Directors	Dr. Rudra Pratap	- Chairman
	Mr. Asif Khader	- Co-founder & Managing Director
	Mr. Mukkaram Jan	- Co-founder & Director
	Mr. Mueed Khader	- Director
	Mr. Richard Gall	- Director
	Mr. Ronald Brown	- Director
	Mr. Ajay Singh	- Director
	Mr. Mirza Yawar Baig	- Director
	Dr. Manju Bansal	- Director
	Dr. Peter Ryser	- Director
Company Secretary	Mr. B. Parasuram	
Bankers	HSBC Bank, Bangalore Bank of India, Bangalore The Jammu & Kashmir Bank Ltd., Bangalore State Bank of Travancore, Bangalore IDBI Bank Ltd., Bangalore Yes Bank, Bangalore State Bank of India, Bangalore	
Auditors	S. Janardhan & Associates Chartered Accountants Apt. Nos. 104 & 203, Embassy Centre No. 11, Crescent Road, Bangalore - 560 001.	
Registered Office	Cranes Software International Ltd. Shankar Narayana Building, Block I, 4th Floor, #25, M.G. Road, Bangalore - 560 001.	
Registrars	Alpha Systems Pvt. Ltd. #39, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003.	
Website	www.cranessoftware.com	

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SYSTAT, TableCurve 2D, TableCurve 3D and PeakFit are registered trademarks of Systat Software Inc.

All other company and product names are trademarks and/or registered trademarks of their respective owners.

(All references in this report to Cranes Software International Limited prior to 2001-2002 refer to the erstwhile Cranes Software International Limited before amalgamation.)

FINANCIAL STATEMENTS

2007-08

REPORT OF THE BOARD OF DIRECTORS

To the Members of Cranes Software International Limited,

Your Directors have pleasure in presenting to you the twenty-third Annual Report together with the audited accounts on the business and operations of the Company for the year ended March 31, 2008 by itself and its fifteen subsidiaries, viz.

1. Systat Software Asia Pacific Ltd., India
2. Systat Software Inc., USA
3. Cranes Software International Pte Ltd., Singapore
4. Systat Software GmbH, Germany
5. Cranes Software Inc., USA.
6. Analytix Systems Pvt Ltd., India
7. Tilak Autotech Pvt Ltd., India
8. Proland Softwares Pvt Ltd., India
9. Caravel Info Systems Pvt Ltd., India
10. Engineering Technology Associates Inc., USA (WOS of Cranes Software Inc., USA)
11. Dunn Solutions Group Inc., USA (WOS of Cranes Software Inc., USA)
12. Cranes Software UK Ltd., (WOS of Systat Software Inc., USA)
13. Engineering Technology Associates (Shanghai) Inc., (WOS of Engineering Technology Associates Inc., USA)
14. Esqube Communciation Solutions Pvt Ltd., India
15. EMRC Engineering Mechanics Research (India) Ltd., India (upto September 30, 2007)

The Audited Accounts for the same period, of the above subsidiary companies have also been incorporated as per relevant regulations in the Consolidated Financial Statements:

Financial Performance	(Rs. million)			
	2007-08	2006-07	2007-08	2006-07
			Consolidated	
Sales and Operating Revenues	2,820.88	2,476.07	3,986.42	2,848.57
Profit Before Tax	1,132.37	1,050.64	1,341.73	1,009.12
Taxes	183.23	127.85	191.97	144.03
Profit After Tax	949.14	922.79	1,149.76	865.09
Add: Prior Period Tax Adjustments	-	6.12	0.05	6.14
Net Profit	949.14	928.91	1,149.81	871.23
Surplus Brought Forward	900.68	405.92	846.77	409.70
Amount Available for Appropriation	1,849.82	1,334.83	1,996.58	1,280.93

Business

During the year, your Company on a standalone basis achieved a Sales and Operating Revenue of Rs. 2,820.88 million from Rs.2,476.07 million – a growth rate of 14%. The Profit before Tax increased by 8% from Rs.1,050.64 million to Rs.1,132.37 million while Net Profit increased to Rs. 949.14 million from Rs. 928.91 million (higher by 2.17 %).

On a consolidated basis, during the year, your Company together with its above named subsidiaries, achieved a Sales and Operating Revenue of Rs. 3,986.42 million from Rs.2,848.57 million – a growth rate of 40% while Net Profit increased from Rs 871.23 million to Rs. 1,149.81 million (an increase of 32%).

Operations

During the year under review, the following developments were noteworthy :

- Your Company acquired Engineering Technology Associates Inc, USA along with its subsidiary in China through Cranes Software Inc, USA in an all cash deal.
- Your Company acquired the entire shareholdings of Proland Softwares Pvt Ltd, thereby making it a wholly owned subsidiary of the Company. Proland's experience is in the areas of designing, developing and supporting software products in the data security space with a global customer base. It offers anti-virus and anti spam solutions for every platform of importance.
- During the year under review your Company also acquired the entire paid-up capital of Caravel Info Systems Pvt Ltd. Caravel provides consulting services in the areas of complete embedded product development, hardware design, embedded software design, intranet based applications development, Groupware application development and customization services.

- As a part of business restructuring the shares of EMRC Engineering Mechanics Research (India) Ltd., (EMRC) has been divested since the active business of the Company had been taken over by the Company w.e.f 01.01.06. At the time of this sale, there was no business conducted in the name of EMRC.
- During the year, the Board approved an increase in stake (from 15% to 76%) in Esqube Communication Solutions Pvt Ltd., a Company which has domain knowledge in providing innovative products and R&D solutions in the areas of Digital Signal Processing, wireless and wired communications and in which Cranes has already a stake.

Appropriation

Your Directors, are pleased to recommend a regular dividend of 20% and a special dividend of 40% on the equity shares (thereby aggregating to 60%) for the year under review.

The amount on account of the above dividend including dividend tax and surcharge thereon on distributed profits works out to Rs.160.98 million, leaving the Company with Rs.1,688.84 million, of which Rs.300.00 million is transferred to General Reserve and the balance of Rs.1,388.84 million is retained as surplus in the Profit and Loss Account.

Subsidiary Companies / Joint Ventures

As per Sec. 212(1) of the Companies Act, 1956 the Company is required to attach to its accounts, the Directors Report, Profit & Loss Account, Balance Sheet of each of the above subsidiaries. Your Company applied to the Government of India seeking an exemption from such attachment since the Company is presenting its Consolidated Financial Statements in the Annual Report. The Company received approval for the same and hence the financial statements of the subsidiaries are not enclosed. As per the terms of this approval, certain details relating to the subsidiaries are being published in the Consolidated Financial Statements section. The Annual Accounts and the related information on the subsidiaries are available for inspection at the Registered Office of the Company and copies shall be provided on request.

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

Deposits

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

Directorate

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

Conservation of Energy

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

Research & Development Activities

At Cranes, we have been committed to building a strong R&D culture from day one and have set clear R&D goals. In order to achieve these goals, Cranes has focused on furthering the efficacies of R&D activities as well as building synergies among multiple-impact technologies. For instance, we are architecting new software as well as re-engineering the old ones as independent modules so that they can be used in diverse applications for diverse industries. In the development of software products, while reinvention is a potent methodology to enhance the diversity of operability of software tools, reusability takes the foremost importance in the solutions space. At your company, a judicious mix of both are being used not just to prove a point to ourselves in the laboratory environment but to deliver products and solutions in such a way that it appeals to the increasingly knowledgeable customers, who enjoy varied choices. The statement giving information as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is enclosed to this report.

Foreign Exchange Earnings and Outgo

Foreign exchange earned (FOB) during 2007-08 is Rs. 2,066.99 million and foreign exchange outgo is Rs.2,952.88 million during the year.

Employees

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 is enclosed.

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.

Corporate Governance

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

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

Auditors

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

Acknowledgement

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

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

for and on behalf of the Board

Bangalore
June 26, 2008

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 March 31, 2008.

Research & Development Activities and Technology Absorption :

Cranes' business model 'Acquire-Enhance-Expand' is based on acquisition of technologically superior IPs, re-engineering them to add new features and functionalities, and expansion to the global market. While this in itself involves a significant amount of R&D, Cranes has also taken some dedicated in-house initiatives in selected technology areas such as Wireless Communication Systems and LAN test solutions.

Cranes has gained significant experience and expertise in its product enhancement capability over the recent years. While scouting for acquisitions, it looks for products or technology expertise that have robust latent value. The company's team of mathematical modelers and scientists reverse engineer and re-engineer the core algorithms of the Intellectual Properties (IPs) in order to provide enhanced functionalities and features as well as to productize the solutions frameworks. This singular focus on how to leverage IP suites and look at expanded market reach for the product variants is at the core of Cranes growth path. Crucial to this strategy is our effort in making sure that the erstwhile owners, authors of the IPs, join the Cranes team and are part of the product upgrade efforts post the acquisitions.

A careful selection of the new acquisitions has ensured that the new frontiers gel well with the existing ones and create a much larger whole together. This activity is so beneficial to the R&D activity which by nature requires teams of varied skill sets and produces by-products that are likely to find home in some or the other business unit. Today, our repertoire of analytics expertise spans an enviable spectrum of applications and domains. Any innovation in one area is likely to find willing takers in some other areas, thus creating multiple returns on our R&D investments. We are now moving in the other areas of our business to duplicate the successes we have had in analytics. In coming years, engineering analysis and embedded technologies will join hands to produce products, both software and hardware, that can come from only unique R&D efforts of the kind your company is currently engaged in. This activity has become so important to us that now there is a technical committee of the Board that is directly focussed on periodic review of the entire R&D activity and charting out the future course of new technology directions.

Cranes has also invested in ESQUBE, a venture of eminent scientists who focus on creating IPs in innovative communication technologies like wireless, speech and VoIP.

The goal of Cranes' R&D initiatives is not about conjuring up pictures of the future, though that is part of what is done, but is more about systematic and continuous surveillance of future markets, identification of the discontinuities that are bound to crop up and the resultant technological requirements, and creation of technological models that we must come up with to cater to requirements across the globe. In turn, we are creating new business avenues to explore opportunities for products, systems and services for as diverse an industry spectrum as possible for your company.

Significant R&D effort goes into each new product release. Now that we have so many products coming out of our stables, our R&D teams are virtually on overdrive. Products realizations during the current year were NISA Version 15.5 - targeted towards enterprise customers; NISA Version 15.0 - latest version of NISA for the Linux community; NISA Design Studio - a civil engineering software for individual structural design consultants; MYSTAT 12 - a freely downloadable statistical analysis software package designed specifically for the use of students and teaching community.

Additionally, your Company, in association with the Centre for Sponsored Schemes and Projects of Indian Institute of Science (IISc), Bangalore, has helped set up a MEMS (Micro-Electro-Mechanical systems) design and characterization laboratory at the IISc campus. Here Cranes works alongside cutting edge researchers to create an IP portfolio in MEMS and Nanotechnology, evaluate the commercial potential of research and chart out development paths for future products. This is in line with our vision and commitment to support and nurture the ecosystem of research and innovation that drives technology based economies. The Indian Institute of Science and the Company will jointly own the Intellectual Property rights and patents for technologies and products developed by this lab.

The Company in association with the Society for Innovation and Development at the Indian Institute of Science, Cranes has entered into a collaborative research programme called the Cranes - IISc Research Programme. Located again at the Indian Institute of Science campus and called the Cranes Innovation Centre, this programme puts Cranes in a unique position to imbibe the best traditions of research available in India and work with the best in the business from various disciplines. The Company and Indian Institute of Science shall be joint owners of any Intellectual Property Rights and innovation that may be realized through this programme. It is the right balance of such 'Pick and Choose' R&D that keeps a technology company, such as your Company, in good health to take confident steps from the present to the future.

for and on behalf of the Board

Bangalore
June 26, 2008

Asif Khader
Managing Director

Mukkaram Jan
Director

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

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

I confirm that the Company has in respect of the financial year ended March 31, 2008, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means the employees in Executive Vice President Cadre and Company Secretary as on March 31, 2008.

For Cranes Software International Ltd.,

Bangalore
June 26, 2008

Asif Khader
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as per Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2008

Sl. No.	Name	Designation	Qualifications	Age in years	Remuneration Rs.	Total Exp. in Years	Date of Joining	Particulars of previous employment
a) Employed for the full Financial Year								
1.	Asif Khader	Managing Director	B.E., PG Dip in Stat.	42	2,871,771	18	30-Apr-02	Erstwhile Cranes Software International Limited
2.	Mukkaram Jan	Whole-Time Director	BCom	42	2,847,666	18	30-Apr-02	Erstwhile Cranes Software International Limited
3.	Mueed Khader	Whole-Time Director	BSc, Dip in Computer Science	37	2,807,489	11	30-Apr-02	Erstwhile Cranes Software International Limited
4.	Syed Aarif Hashmi	Sr. Vice President	B.E	44	3,712,108	18	04-Sep-00	Senior Vice President-Systat Software Asia Pacific Ltd.
5.	Shankar H	Executive Vice President & CFO	B.TECH (IIT M) and PG DIPLOMA (IIM A) in Business Administration	58	3,746,214	34	10-May-04	Managing Director - Saint-Gobain Sepr Refractories India Limited
6.	Krishna Lakshmi Narasimhan	Sr. Vice President - Corporate Business Development	B.TECH (IIT M) & MBA (Insead)	47	3,080,626	25	05-Oct-05	Executive Vice President - Gavs Information Services Pvt. Ltd.
7.	Pradeep Kumar M K	Sr. Vice President	B.E & PG Diploma in Marketing Management	38	2,579,064	16	19-Oct-93	Sales Engineer - Mecord Marketing Limited - Chennai
8.	Rajiv Balaram Menon	Sr. Vice President - Development	BS (UNIV. OF WINCONSIN)	39	2,418,259	15	02-Jul-01	VP - iQ infotech Ltd.
9.	Rajeeva Laxman Karandikar	Executive VP & Head Analytic Practice	PH.D. (ISI C) & M.STAT (ISI C)	51	6,490,536	29	02-May-06	Professor - ISI New Delhi
10.	Akhilesh Khazanchi	Executive VP - Global HR And Corp. Affairs	B.A, Masters in Per. Mgmt. & IR, Dip. in Training and Dev & Dip in Labour Law and Welfare	44	3,394,752	21	12-Oct-06	Director - HR - Equinox Global Services
11.	Srinivas Bhogle	Vice President - Analytics	PHD, MPHIL, MSTAT & BSTAT	51	2,493,745	24	28-Sep-06	Scientist in Grade 4 - NAL
12.	Zakir Hussain	Vice President	B.E	36	2,879,295	11	01-Oct-97	-
13.	Amlan Kusum Nayak	Associate Vice President - Development	PHD (IIT M) & M.TECH (IIT M)	44	3,018,373	19	20-Sep-02	Project Manager - Eval Technologies
b) Employed for part of the year under review and was in receipt of remuneration in the aggregate of not less than Rs.2.00 lakhs per month								
1	Ramdass Keshavamurthy	Vice President - Product Development	PH.D (USC) & M.TECH (IIT K)	45	2,280,598	17	01-Dec-04	Project Manager-Symphony Services
2	Sridhar M K	Executive Vice President - Analytix	PH.D (IISC) & M.TECH (IISC)	50	2,666,877	27	01-Apr-06	Founder & Director - Analytix Systems (P) Ltd.
3	Usha Sridhar	Executive Vice President - Analytix Applied Research	PH.D (IISC), MA	47	3,442,181	25	01-Apr-06	Founder & MD - Analytix Systems (P) Ltd.

Note : a) Remuneration show above comprises basic salary, allowances and taxable value of perquisites

b) Except persons mentioned in SI No.1 & 3, above who are related to each other as per Section 6 read with Schedule 1A of the Companies Act, 1956, none of the other employees are related to any Director of the Company.

for and on behalf of the Board

Bangalore
June 26, 2008

Asif Khader
Managing Director

Mukkaram Jan
Director

CORPORATE GOVERNANCE REPORT 2007-08

(ANNEXURE TO DIRECTORS' REPORT)

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

Board of Directors:

The composition of the Board is as follows :

Promoter Group:

Asif Khader
Mukkaram Jan
Mueed Khader

Non- Executive Directors:

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

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

The Board met 10 times during the year, as follows :

During the quarter ended June 30, 2007	May 07, 2007 June 16, 2007 June 28, 2007
During the quarter ended September 30, 2007	July 26, 2007 August 13, 2007
During the quarter ended December 31, 2007	October 25, 2007 November 26, 2007
During the quarter ended March 31, 2008	January 04, 2008 January 31, 2008 March 31, 2008

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

Name of the Director	Date of Appointment	No. of Board Meetings attended	Whether attended last AGM	Membership in other Boards ¹	Committees ² Membership	Chairmanship
Dr. Rudra Pratap	June 21, 2002	8	Yes	-	3	1
Asif Khader	April 30, 2002	10	Yes	6	1	-
Mukkaram Jan	April 30, 2002	10	Yes	7	1	-
Mueed Khader	April 30, 2002	10	Yes	6	-	-
Richard Gall	May 16, 2002	3	Yes	-	-	-
Ronald Brown	November 21, 2002	4	Yes	-	-	-
Ajay Singh	February 18, 2003	1	No	1	2	2
Mirza Yawar Baig	March 31, 2003	5	Yes	-	2	-
Dr. Manju Bansal	March 31, 2004	9	Yes	-	2	-
Dr. Peter Ryser	March 29, 2005	5	Yes	-	-	-

Audit Committee:

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

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

¹ Excludes companies exempted under Sec 278 of the Companies Act, 1956 and Foreign Companies.

² Membership in Audit Committee, Remuneration Committee and Investor Grievance Committee only considered.

The Committee consists of the following directors :

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

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

	28.06.07	26.07.07	25.10.07	31.01.08	31.03.08
Ajay Singh	Yes	-	-	-	-
Dr. Rudra Pratap	Yes	Yes	Yes	Yes	Yes
Mirza Yawar Baig	Yes	Yes	Yes	Yes	-
Dr. Manju Bansal	Yes	Yes	Yes	Yes	Yes

The Company Secretary is the Secretary of the Committee.

The Statutory Auditors and Mr. H Shankar, CFO, attended all the meetings.

Remuneration Committee:

The Board has constituted a 'Remuneration Committee' under the provisions of Schedule XIII of the Companies Act, 1956 to finalize and propose the remuneration for Whole time Directors and Managing Director. The committee consists of Mr. Ajay Singh (Chairman), Dr. Rudra Pratap, Mr. Mirza Yawar Baig & Dr. Manju Bansal. The committee met on 28.6.07 to consider & propose revised terms to the Whole-time Directors and Managing Director. All the committee members were present for the meeting. The Company pays remuneration by way of salary, perquisites and allowances and a commission to the Whole-time Directors and Managing Director. The Managing Director and the Whole-time Directors were re-appointed on revised terms for a period of five years at the 22nd Annual General Meeting of the Company held on September 13, 2007.

The details of remuneration of the managerial personnel for the year 2007-08 is given in 21.2 of Notes on Accounts.

For Non-Executive Directors:

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

Name of the Director	Commission in Rs.
Dr. Rudra Pratap	9,75,000
Richard Gall	5,00,000
Ronald Brown	5,15,000
Dr. Manju Bansal	5,80,000
Mirza Yawar Baig	8,75,000
Dr. Peter Ryser	5,30,000
Ajay Singh	2,25,000
Total	42,00,000

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

Share Holder Grievance Committee:

The Company has a 'Shareholder Grievance Committee' consisting of Dr. Rudra Pratap, Mukkaram Jan and Asif Khader to look into the grievances of investors. During the year there were no unresolved grievances from the investors / shareholders as on March 31, 2008.

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

Annual General Meetings:

Details of last three Annual General Meetings and the special resolutions passed thereat are as under :

Date of AGM	Time	Venue	Special Resolutions passed
September 27, 2005	3.00 p.m.	Hotel Le Meridian 28, Sankey Road, Bangalore – 560 052	a) Issue of shares on preferential basis to promoters / strategic investors.
			b) Sub-division of equity shares from Rs.10/- to Rs. 2/- face value.
			c) Increase in authorised share capital and the related changes in the Memorandum of Association.
September 11, 2006			d) Alteration of Article 5(a) and Article 124 of the Articles of Association of the Company.
			e) Issue of bonus shares.
September 13, 2007			a) Issue of ESOPs for employees of the Company and its subsidiaries.
			b) Payment of Commission to Non-executive Directors.
			c) Issue of shares on preferential basis to strategic investors.
			Increase in the limit to accept investment from FII's from 49% to 60%.

An Extraordinary General Meeting was held on April 25, 2005 at 3.00 p.m at Shankar Narayana Building, Block-1, 4th Floor, # 25, M G Road, Bangalore, and the following special resolutions were passed thereat - Increase in authorized share capital and issue of GDRs / FCCBs / such other convertible instruments upto USD 50 million.

For AGM 2008, the Company does not have any proposal for postal ballot.

Disclosures:

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

A communication was received from the Government pointing out certain non-compliances relating to financial disclosures. The Company replied to the same and where needed opted and applied for compounding of the alleged offence.

Insider Trading:

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

Means of Communication:

The quarterly results are published generally in "Business Standard" & "Samyukta Karnataka" (Kannada). The results are also updated on the corporate website (www.cranessoftware.com). The quarterly results and the shareholding pattern are uploaded in the website of SEBI under EDIFAR Menu.

General Share Holder Information:

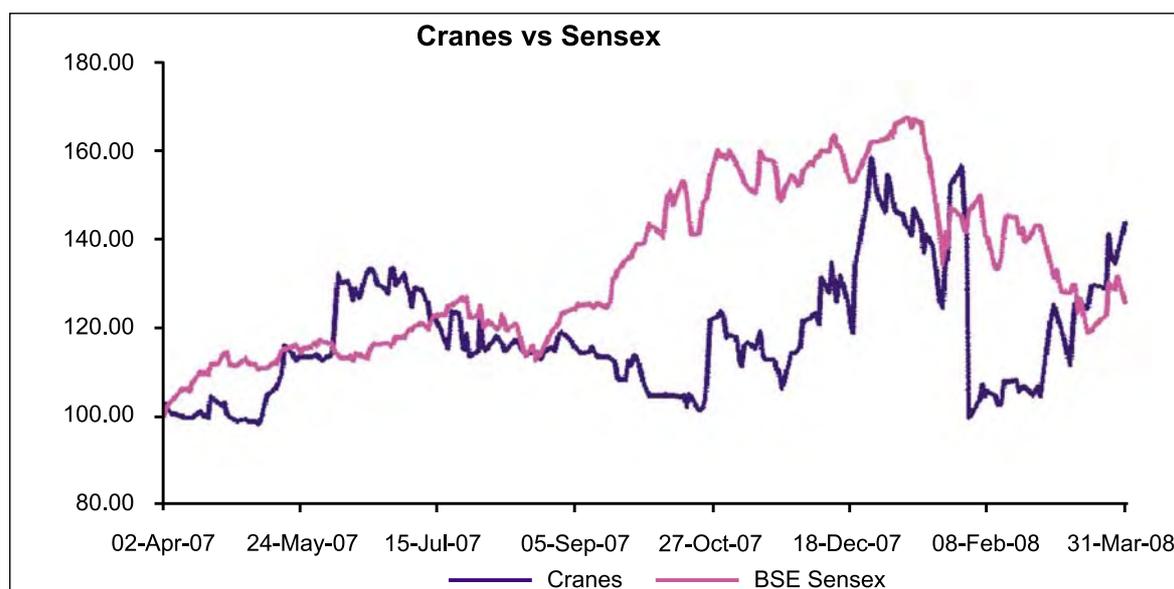
a	23 rd Annual General Meeting Date and Time Venue	On Monday September 29, 2008 at 3.00 pm Hotel Le Meridian 28, Sankey Road, Bangalore - 560 052
b	Financial calendar : Audited Annual Results - 2007-08 Unaudited results for the quarter ending June 30, 2008 Unaudited results for the quarter / half year ending September 30, 2008 Unaudited results for the quarter ending December 31, 2008 Audited Annual Results - 2008-09	June 26, 2008 Last week of July, 2008 Last week of October, 2008 Last week of January, 2009 First week of June, 2009
c	Book closure date	September 24, 2008 to September 29, 2008 (both days inclusive)
d	Dividend payment date	On or after October 1, 2008
e	Listing of equity shares	
	Name and address of Stock Exchange	Stock Code
	Bombay Stock Exchange Ltd. (BSE) P J Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051 The Listing Fees has been paid to all the Stock Exchanges	512093 CRANESSOFT - EQ
f	Website of the Company	www.cranessoftware.com
g	Registrar and Transfer Agents	Alpha Systems Private Limited No. 30, Ramana Residency, 4th Cross Sampige Road Malleswaram, Bangalore - 560 003
h	Demat ISIN Number allotted to the Company	INE234B01023

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

Share Price Data:

The share price data on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) during the year 2007-08 is given below :

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-07	106.00	97.95	108.10	99.20
May-07	122.80	97.10	123.00	96.55
Jun-07	139.50	112.55	140.00	112.80
Jul-07	134.85	113.05	134.50	110.00
Aug-07	135.00	111.05	122.00	111.10
Sep-07	119.00	105.30	123.70	105.60
Oct-07	132.00	97.30	132.00	95.00
Nov-07	125.00	100.00	129.00	102.00
Dec-07	174.00	114.20	173.85	116.05
Jan-08	163.00	110.00	164.90	105.75
Feb-08	150.70	115.45	156.50	115.65
Mar-08	146.00	108.60	145.40	108.00



Registrar & Transfer Agents :

Share transfer work is being done by Alpha Systems Pvt. Ltd, No.30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore – 560 003 who are 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 15 days from their receipt.

Secretarial Audit :

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

Compliance with Corporate Governance Norms :

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

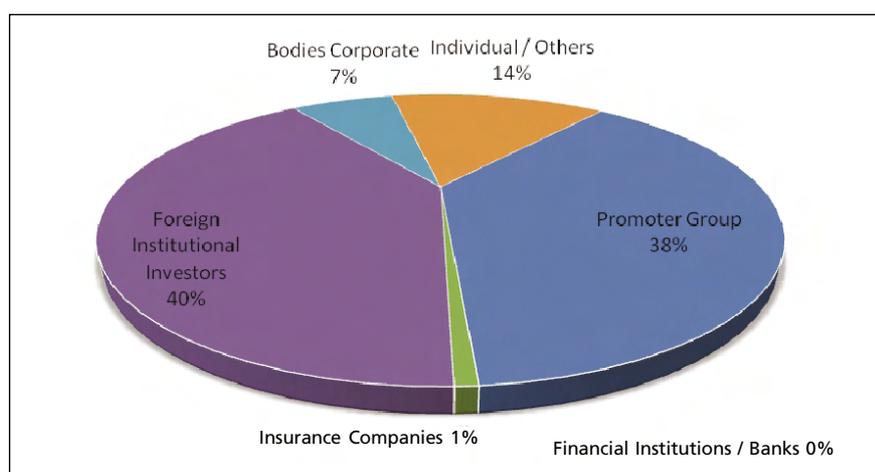
A certificate from the Managing Director and Chief Financial Officer on the financial statements was placed before the Board.

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

Distribution of Shareholdings as on March 31, 2008:

No. of shares held	Folios		Shares	
	Number	% to Total	Number	% to Total
upto 500	3672	84.07	480385	0.42
501 - 1000	273	6.25	234051	0.20
1001 -2000	135	3.09	215790	0.19
2001 -3000	48	1.10	127073	0.11
3001 -4000	25	0.57	90274	0.08
4001 -5000	26	0.60	126423	0.11
5001 -10,000	50	1.14	387405	0.34
10001 & above	139	3.18	113006569	98.55
	4368	100.00	114667970	100.00

Pattern of Share Holding as on March 31, 2008



Dematerialisation of Shares : The Company has entered into necessary agreements with NSDL & CDSL for dematerialization of shares held by investors. As of March 31, 2008 about 99.60% of the Company's shares are held in dematerialised form.

Office Locations : Being a scientific software products Company, it has its product development center at Bangalore and its branches at New Delhi, Hyderabad, Pune and Thiruvananthapuram.

Address for Communication :

1. **To the Company:**

H. Shankar
CFO & Compliance Officer
Cranes Software International Ltd.
Shankar Narayana Building, 4th Floor, Block 1
25, M G Road, Bangalore -560 001.

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

Vijay Gopal
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 31.3.2008, 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 & ASSOCIATES
CHARTERED ACCOUNTANTS

(BALAKRISHNA S.BHAT)
PARTNER
Membership No.202976

Bangalore
June 26, 2008



Cranes are known as symbols
of longevity.

MANAGEMENT DISCUSSION AND ANALYSIS

(Annexure to Directors' Report)

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

OVERVIEW

Cranes Software International Limited (NSE: CRANESFT; BSE: 512093), a US \$416 million Company (market capitalization as on March 31, 2008), develops and globally markets engineering simulation and enterprise data analytics software and services. Over the past decade, having transitioned from a third party distributor, the Company has successfully accumulated a portfolio of proprietary products with deep domain knowledge in the areas of engineering simulation and statistical analytics. In doing so, Cranes has effectively established itself as a global IP driven products and solutions provider. The Company derives its strength from its dynamic 'Acquire-Enhance-Expand' business model as well as its management team, which comprises of highly acclaimed scientists, tech-engineers, and entrepreneurs. Over the years, a key strategy at Cranes has been to take the Company global while maintaining product innovativeness and operational efficiency. With significant presence in over 39 countries worldwide through a network of direct offices and distributors, the Company has customer base of more than 360,000 scientists and engineers.





GLOBAL BUSINESS ENVIRONMENT

The IT industry in recent times has been enveloped by demand concerns over the US slowdown, the global credit crunch, appreciating rupee, and rise in tax rates. Despite all concerns, according to a report by NASSCOM, worldwide technology products and related services sector spends are estimated to have grown 7.3% to US \$1.7 trillion in 2007. The report further states that Indian software products and engineering services contributed \$6.5 billion in FY 2007. This figure is expected to rise to \$ 8.5 billion in FY 2008. The opportunities that lie ahead for Cranes are vast. Given the growing business demand, the Company is poised to be one of the leading global providers of engineering simulation and data analytics products.





BUSINESS INITIATIVES

There has been considerable activity over the past year that has propelled Cranes to deliver revenues of Rs. 3,986 million. Organically, the Company has launched newer versions of its proprietary software, expanded its marketing and distribution team, and increased investments in high growth avenues of wireless communications, enterprise performance management and varsity. Cranes has made strategic acquisitions to fill in the technology gaps and entered into alliances, thereby expanding its product offering.

Business-Wise Revenue Analysis (Rs. Million)

Product Group	FY06	FY07	FY08
a) Proprietary Products	1,661	2,252	3,247
b) Product Alliances	390	491	607
c) Training & Services	57	94	98
TOTAL	2,108	2,837	3,952



ACQUISITIONS ACQUISITIONS

In fiscal 2007-08, Cranes completed the acquisition of Engineering Technology Associates (ETA), a specialized auto consulting and product development firm. The Company has expertise at developing Computer aided Engineering (CAE) centric products and solutions for auto safety, vibration, and noise testing under simulated conditions. Headquartered in Troy, Michigan, ETA is a tier one vendor to the big three automakers in the U.S. The Company has a core team of 120 engineers that provide high end consulting to several trans-national automakers in the US and also has an advanced design and development center in China. Cranes acquired ETA through its subsidiary in the US viz., Cranes Software Inc.

The acquisition of ETA has enhanced the Company's product offering and has enabled it to penetrate into the high growth Chinese auto market. Cranes now has access to over 75 engineers at the Chinese design center. The Company is particularly optimistic on extracting high synergies from the Chinese operations by forming alliances with leading Asian car manufacturers.

In addition, Cranes has successfully integrated its earlier finite element testing and design product, NISA, with the ETA suite. The Company now enjoys greater product support and resources as well as superior distribution of its NISA suite of finite element analysis products. The integration of NISA and ETA's product suite called Virtual Proving Ground(VPG) hold potential to enable the

engineering group leverage its pioneer status in the fast expanding market for CAE centric design standards and processes in the US and European auto industry. The recent downturn in the economies has further propelled auto makers to reduce their design cycle times and improve cost effectiveness of design for safety, reliability and fuel economy. CAE centric design processes are growing in popularity.

Further, the acquisitions of Tilak AutoTech (TAT) and Caravel Info Systems have helped the engineering group of Cranes gain significant traction in the embedded and electronic control engineering in automotive and aviation industries. The combined skills and product development capabilities of TAT and Caravel have helped the engineering group penetrate the big automotive players in India in the embedded electronics space and would be expanding their reach overseas.

ETA, TAT, Caravel and Embedded systems and controls that were erstwhile separate strategic business units, have been grouped together as an engineering group under a CEO and a management board. The entire top management of the engineering group comprises of the technology specialists and founders of these erstwhile independent acquisitions that Cranes has successfully integrated in less than a year since their formal closure of purchase.





ALLIANCES ALLIANCES?

A key strategy at Cranes is to productize methodologies and offer wrap around end to end solutions across the value chain. In addition to making acquisitions, the Company has also been forming strategic alliances to fill in the technology gaps. Cranes entered into an agreement with Fractal Analytics to develop Predicta, which is a sophisticated model and scorecard development application with domain specific knowledge and analytical prowess embedded in it.

This alliance combines Cranes' ability to develop statistical software products with Fractal's expertise in the domain of credit scoring and risk management. Predicta will provide banks and financial services firms with superior risk management in the areas of credit risk assessment, speedy execution of loan approvals and saving of costs at contact point verification. Intellectual property from both sides has been used as a base to develop the application and is jointly owned on a revenue sharing arrangement.





NEW LAUNCHES

In a continuous effort to realize highest value for its technology IP and capture maximum mind-share, Cranes constantly releases newer versions of its portfolio of products with enhanced breadth, usability, functionality, and interoperability. Over the past year, Cranes launched MYSTAT 12, which is a freely downloadable statistical analysis software package designed specifically for use by students and the teaching community. It is a streamlined variation of the Company's flagship product, SYSTAT, and is designed specifically for educational use.

MYSTAT 12 has many of the core statistical functions available in the SYSTAT 12 product. It contains standard statistical and graphical functionality, as well as teaching aids such as Random Sampling and a Probability Calculator. MYSTAT will help teachers and students in virtually any course that involves quantitative analysis, including psychology, social sciences, biology, economics and market research.

During the year, Cranes also launched NISA DesignStudio, a civil engineering software for individual structural design consultants. This latest offering for the civil engineering community is a cost effective tool that will enable building design engineers and consultants to analyze and design Multistoried Buildings, Apartment Complexes and Industrial Enclosures made of RCC & Steel. The product has excellent reporting and graphing features and automatically generates detailed CAD drawings. With the release of NISA DesignStudio, Cranes has broadened the scope of technology engagements with its customers. This product has been strategically positioned to target a new customer segment of individual structural design consultants focused purely on building design.

Towards the end of December 2007, the Company launched the 64 bit NISA version 15.5 on Microsoft Windows. This version is targeted towards the enterprise customers enabling them to solve large size problems. In addition, Cranes also released NISA version 15.0 for the LINUX community. This version has substantial enhancements addressing the seismic analysis requirements of power industry.

The NISA suite is Cranes' flagship computer aided engineering product that provides global customers with solutions in the areas of Stress Analysis, Seismic Analysis, Vibration Analysis, Composite Material Analysis, Motion & Linkage Analysis, Fatigue Analysis, Thermal Analysis, PCB Analysis, Computational Fluid Dynamics, Electromagnetic Analysis and Civil Structure Analysis. This comprehensive engineering package has won many accolades and awards including ACCE CDC Award 2006 for the best software package in the civil engineering industry from the Association of Consulting Civil Engineers.



SWOT ANALYSIS OVERVIEW

Strengths

Cranes has a highly skilled and reputed pool of human capital comprising of scientists, mathematicians, and engineers.

Cranes has accumulated a vast resource of intellectual property that it can leverage to offer solutions and service clients in niche areas of engineering and analytics in a sustained manner.

Cranes has a commendable list of clients both globally and in India. Several leading names from the telecom, oil & gas, pharmaceutical, education, FMCG, power, and automotive space are a testimony to our highly refined and cutting edge capabilities.

Opportunities

The need for real time decision support systems across all organizations is inevitable. The Company is well positioned having deep domain knowledge and recognized brand value of its software products to effectively leverage itself to exploit the available opportunities in this sphere.

Storage technology costs are falling and therefore storage and retrieval of data is becoming inexpensive. There is immense scope for the Company to take advantage of these falling costs by focusing their efforts in the Analytics domain to become a preferred end-to-end solutions provider.

The Company has created a strong position in the niche area of scientific and engineering software and has an expanding IP portfolio in this niche space. The recognized brand value of its software products provides substantial visibility that has been effectively leveraged to expand the available opportunity.

The Company has taken specific actions to strengthen its eMarketing initiatives to expand it beyond its current trial facilities in Americas, where such exploration has met with success.

The Company is moving into a Systems and processes driven mode. This shift, in the way the Company operates is expected to create a more scalable model that supports its medium to long term growth initiatives. This is also expected to provide cost related benefits, enabling stronger contribution from further initiatives.

Threats

The market in which the Company operates has traditionally been fragmented, with several niche products targeting the requirements of relatively limited technical and research-related segments. Thereby competition is high on a global basis. The Company seeks to overcome this threat by providing value added solutions that deliver deep into specific applications of its products into specific industry verticals.

The Company derives about 79% of its revenue from exports. The recent trend of currency re-alignment in line with shifting economic fundamentals has created increased volatility, which may be expected to continue in the short to medium term. The currency exchange risk stands increased as a result despite efforts at hedging.

The Company has invested in some new technology business ventures where the returns could be expected only over the longer term horizon. However, in doing so, the Company has backed the initiatives of some highly renowned and talented individuals/teams of individuals and is confident about their capabilities. Also, the investment in these ventures is a small portion of the aggregate capital employed.



THE ROAD AHEAD

The year under review has been of strategic operational significance for Cranes Software. In April 2008, the Company streamlined its product offerings into two specific revenue centric groups of Engineering and Analytics. The purpose of this regrouping is to provide greater focus and better understanding of each business. Each group is headed by an internally selected CEO who has extensive knowledge in her/his respective domains.

The Engineering Group has comprehensive knowledge in providing computer aided engineering, finite element analysis, VPG and testing & simulation. The market focus of the Engineering group is in target sectors of automotive and aerospace. The CEO of the newly reorganized engineering business group, who is also the co-founder of ETA, brings to the table 33 years of design consulting and product development expertise. Based out of Detroit, he has a strong design and consulting team across the US, China and India. The engineering group of Cranes is poised for giant growth in this fast transforming engineering design industry landscape. Cranes proposes to invest in expanding its sales and technical support expertise globally with new offices in the US, Europe, Japan and China.

The Analytics Group, a pioneer in providing statistical modelling and solutions proof of concept and delivery will focus on target markets of pharmaceuticals, environmental science, social science, telecom, and BFSI. Cranes has built a library of reusable components be it statistical graphing engines, computational algorithms, or data integration interfaces. These reusable components helps the group of consultants do quick prototypes of customized solutions to clients and provide enterprise class decision support systems. The future of statistical desktop analytic products is huge and Cranes Software would like to be a leader in this lucrative high growth space.





THE MANDATE FOR THE FUTURE

The Company will continue to make significant acquisitions in the coming years to fill in the technology gaps and provide a full spectrum of engineering design offerings to our customers. The recent forays of Indian automotive majors in the global arena gives Cranes the courage of conviction that company of Indian origin can indeed transform into a global enterprise with a multi-cultural work force in this highly specialized field of design engineering. With its new solutions conceptualizing methodologies and productizing prowess, Cranes Engineering Group will continue to retain its preferred vendor status with the global automotive manufacturing industry and maintain its cost competitiveness, while holding its promise to turn-in above industry standard profitable returns. Likewise statistical analytics, with discrete specializations in its end user industries will grow in importance with increasing customer demands for real time decision support. Data is available aplenty and data storage and retrieval costs have significantly crashed to less than 20% of costs that were manifest a few years ago. This has led to proliferation of data based, embedded analytics driven decision tools. Cranes is poised to ride this new demand with its analytics group that has a strong foot print in the US and India and is expanding its base in Europe.

Financial Perspective

Source of Funds:

Share Capital

The Company's Authorized Share Capital is Rs.350 million constituting 165 million equity shares of Rs. 2/- each and 2 lakh preference shares of Rs. 100/- each. There were no capital structure changes during the year under review.

Reserves and Surplus

The Company's total Reserves and Surplus stood at Rs. 4,679.38 million at the end of the fiscal year, increasing by Rs. 946.02 million. The contribution to such increase came from retention of the year's profits (Rs. 988.82 million) & decline in Foreign Currency Translation Reserve (Rs. 42.80 million).

Loan Funds

Loan funds outstanding amounted to Rs. 5,847.69 million at the end of FY 2008 compared to Rs. 4,614.16 million at the end of FY 2007. These funds outstanding include the funds arising from the offering of Convertible Bonds.

Deferred Tax Liability

The deferred tax liability increased by Rs. 192.70 million to Rs. 525.51 million as the Company continued to invest in the expansion of its asset base.

Application of Funds:

Fixed Assets

The Company's gross block of assets expanded by Rs. 1,756.09 million to Rs. 5,228.96 million during FY 2008. In addition, Capital Work in Progress was significantly higher at Rs. 3,166.62 million compared to Rs. 2,308.83 million last year. Overall, this amounted to an increase of Rs. 2,613.88 million in the asset base at the gross level. Substantial part of this is invested into future version development, following a clearly defined strategy. Some of the software developed has been launched during the year while others are in the pipeline for subsequent launch as per plan.

Depreciation charged on the asset base was higher at Rs. 568.34 million in FY 2008 compared to Rs. 448.57 million in the previous year. Computer software (IP) is a significant component of the asset base.

Investments

The Company's investments decreased by Rs. 69.94 million to Rs. 2.22 million during FY 2008. The investments redeemed were short term mutual funds.

Inventories

The company's inventory position was Rs. 16.36 million compared to Rs. 17.80 million as at the close of last year.

Sundry Debtors

During the year under review, Sundry Debtors increased to Rs. 1,550.17 million at the close of FY 2008 compared to Rs. 1,068.92 million a year ago, Days' Sales Outstanding (DSO) for the company stood at 143 days compared with 137 days in the previous year.

Cash and Bank Balances

Cash and Bank balances was Rs. 2,808.74 million as compared to Rs. 2,809.62 million last year. Funds generated from the preferential issues are still available with the Company for funding future growth prospects.

Loans and Advances

Loans and Advances stood at Rs. 400.53 million compared with Rs. 267.46 million a year ago.

Current Liabilities

Sundry creditors stood at Rs. 925.21 million as against Rs. 451.60 million at close of the previous year.

Provisions

Provisions increased to Rs. 162.44 million from Rs. 139.70 million a year ago.

Miscellaneous Expenditure

Miscellaneous expenditure (to the extent not written off or adjusted) reduced to Rs. 164.69 million compared to Rs.309.39 million last year.

Operating Results

Income

The Company reported a 39.9% increase in revenues to Rs. 3,986.4 million. Business from overseas, which largely comprises of global sales of proprietary software products, expanded by 44% to Rs. 3,247 million from Rs. 2,252 million. Exports comprised 81% of the year's revenue.

The domestic business, largely comprising distribution of products arising from alliances, grew by 29% to Rs. 754 million. The Company sells a range of products in the Indian market for its global principals. A part of the domestic software business also comprises proprietary software products sold in the Indian market. The software training and services amounted to Rs. 98 million.

The company has maintained the prices of its products at competitive ranges despite increased input costs. An increasing user acceptance and an expanded client base have helped maintained profitability. This is a key indicator that the Company's products are inelastic to the economic upswings in the global economy and an expanded sales and technical support presence can help Cranes propel its growth even better. In fact the Engineering Group proposes to expand its technical support and sales presence globally next year to be in close proximity with the global auto manufacturers.

Expenditure

During FY 2008, cost of goods sold increased by 64.11% to Rs. 792.31 million, largely in keeping with volume of business. This represents the cost of shrink-wrapped software products sold in India for third parties through the Company's multiple distribution alliances together with direct costs involved in the manufacture and logistics of distribution of proprietary software.

Personnel costs were higher by 30.01% at Rs. 525.23 million and represented 13.17% of the revenue; the cost increases hence, being in line with volume. Total human resources strength expanded from 715 last year to 1,040 people. The focus was on adding employees in its sales, product development and wraparounds.

In line with investments in newer businesses, administrative expenses increased by 38.49% to Rs. 631.06 million. The proportion of such expenses to revenues remained stable at 15.83%.

Depreciation charged during FY 2008 amounted to Rs. 568.34 million, an increase of 26.7% from FY 2007 in line with the growth and investments needed thereon.

Profit Analysis

The Company posted profit before tax of Rs. 1,341.73 million in FY 2008 compared to Rs. 1,009.12 million in FY 2007. Current income tax was Rs. 191.97 million as against Rs. 144.03 million last year. However, deferred tax was Rs. 161.95 million as compared to Rs. 57.66 million with the claim for STPI benefit. The provision for fringe benefit tax (FBT) for the year was Rs. 4.62 million compared to Rs. 2.87 million in FY 2007. The Company earned Net Profit of Rs. 1,149.81 million, a 32% increase over FY 2007. Adding back non-cash charges, the Company's cash profit was Rs. 1,879.82 million in FY 2008 compared to Rs. 1,481.98 million in FY 2007.

Liquidity

The company's cash and cash equivalents were Rs. 2,808.74 million compared to Rs. 2,809.62 million last year.

In FY 2008, cash generated by the company's operating activities increased to Rs. 2,022.64 million from Rs. 1,854.94 million in FY 2007. The key variances were higher profitability, and current liabilities that increased along with the growth in business.

During the year, the Company invested Rs. 2,996.83 million, the main components of which were Rs. 857.79 million towards product development investments for upcoming versions of the range of proprietary products; Rs. 1,743.04 million towards purchase of software assets along with the acquisitions completed during the year, Rs. 460 million towards Goodwill on consolidation and proceeds from sale of investments Rs. 64 million.

The company's net cash generated from financing activities was Rs.760.14 million.

Internal Control Systems

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

Human Resources

The Company continues to focus on business expansion while limiting the resources deployed to achieve such expansion. Its manpower strength increased to 1,040 in the current year. The mix of such members consists of Domain Experts as also technology architects apart from Sales and Marketing personnel manning the global offices. Acquisitions made in the year also served to augment manpower strength and quality.

Safe Harbor

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

AUDITORS' REPORT

To

The Members of Cranes Software International Limited

1. We have audited the attached Balance Sheet of M/s. Cranes Software International Limited, Bangalore as at 31st March 2008, 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 as 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.
4. 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 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - (b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES
CHARTERED ACCOUNTANTS

Bangalore
June 26, 2008

Balakrishna S. Bhat
Partner
Membership No.202976

ANNEXURE

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the Assets have not been physically verified by the management during the year but 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 material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year and therefore do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. In view of the above, clause 4 (iii) (b),(c),(d),(f) and (g) of the said order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs duty, and Cess have been regularly deposited by the company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Sales Tax and Cess were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth Tax, and Cess, which have not been deposited on account of any dispute except of the following.

Nature of Liability	Period under Dispute	Disputed amount Rs. Million	Authority under which Appeal is pending
Income Tax	AY 2003-04	3.17	Commissioner of Income Tax Appeal - VI

- (x) The Company does not have any accumulated losses, as at March 31, 2008. The Company has not incurred any cash losses in the financial year ended on that date and in the immediate preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any financial institution and banks and there are no dues to debenture holders as at the balance sheet date.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a Nidhi /mutual benefit fund/ society.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to information and explanations given to us, and as per our examination of relevant records, the terms and conditions on which guarantees are given are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period, the Company has not raised any funds by issue of debentures.
- (xx) The end use of money raised by preferential issue and Foreign Currency Convertible bonds is disclosed in the Notes on Accounts to the financial statement. We have verified the same, based on the information and explanation given to us.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

for S.JANARDHAN & ASSOCIATES
CHARTERED ACCOUNTANTS

Bangalore
June 26, 2008

Balakrishna S. Bhat
Partner
Membership No.202976

BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Sch. No.	Current Year Rs	Previous Year Rs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	229,335,940	229,335,940
Reserves and Surplus	2	4,580,499,172	3,792,343,298
		4,809,835,112	4,021,679,238
Loan Funds			
Secured Loans	3	2,258,438,794	1,466,924,490
Unsecured Loans	4	3,470,172,616	3,147,240,697
		5,728,611,410	4,614,165,187
Deferred Tax Liability (Net)		453,727,914	303,727,914
TOTAL		10,992,174,436	8,939,572,339
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	4,278,020,136	3,297,382,368
Less : Accumulated Depreciation		1,502,980,994	1,002,571,644
Net Block		2,775,039,142	2,294,810,724
Capital Work in Progress		2,609,798,478	1,503,903,315
		5,384,837,620	3,798,714,039
Investments	6	801,348,647	344,720,392
Current Assets, Loans & Advances			
Inventories	7	11,676,206	15,447,654
Sundry Debtors	8	1,191,398,806	1,109,948,992
Cash and Bank Balances	9	2,718,783,330	2,595,704,698
Loans and Advances	10	1,297,001,769	1,115,417,494
		5,218,860,111	4,836,518,838
Less : Current Liabilities & Provisions	11		
Current Liabilities		398,307,412	211,095,892
Provisions		162,186,950	136,805,974
		560,494,362	347,901,866
Net Current Assets		4,658,365,749	4,488,616,972
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	147,622,420	307,520,936
Significant Accounting Policies	20		
Notes on Accounts	21		
TOTAL		10,992,174,436	8,939,572,339

Schedules Nos. 1 to 12 and 20 & 21 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
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	Sch. No.	Current Year Rs		Previous Year Rs	
INCOME					
Sales	13	2,789,382,102		2,465,339,151	
Other Income	14	31,499,598	2,820,881,700	10,724,696	2,476,063,847
EXPENDITURE					
Cost of Goods Sold	15	345,240,380		300,405,739	
Personnel Expenses	16	306,819,108		252,160,278	
Administrative Expenses	17	397,388,969		385,791,358	
Interest and Financial Charges (Net)	18	132,357,922		48,321,980	
Depreciation		506,704,562	1,688,510,941	438,748,975	1,425,428,330
PROFIT BEFORE TAX			1,132,370,759		1,050,635,517
Tax Expenses	19		183,227,935		127,850,000
PROFIT AFTER TAX			949,142,824		922,785,517
Add /(Less) : prior period Adjustments to earlier years			-		6,125,383
NET PROFIT			949,142,824		928,910,900
Add : Balance brought forward from previous year			900,679,164		405,924,056
PROFIT AVAILABLE FOR APPROPRIATION			1,849,821,988		1,334,834,956
Appropriations					
Proposed Equity Dividend			137,601,564		114,667,970
Tax on Dividend			23,385,386		19,487,822
General Reserve - Transfer			300,000,000		300,000,000
Balance carried to Balance Sheet			1,388,835,038		900,679,164
			1,849,821,988		1,334,834,956
Earnings Per Share (Rs.) (Face value Rs. 2/- each)					
- Basic			8.28		8.10
- Diluted			7.35		7.12
Significant Accounting Policies	20				
Notes on Accounts	21				

Schedule Nos 13 to 21 form an integral part of the Profit and 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

Bangalore
June 26, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Current Year Rs	Previous Year Rs
SCHEDULE NO.1: SHARE CAPITAL		
AUTHORISED	330,000,000	330,000,000
165,000,000 Equity shares of Rs.2/- each [Previous year 165,000,000 Equity shares of Rs.2/- each]		
200,000 Preference shares of Rs.100/- each [Previous year 200,000 Preference shares of Rs.100/- each]	20,000,000	20,000,000
TOTAL	350,000,000	350,000,000
ISSUED, SUBSCRIBED & PAIDUP		
114,667,970 (Previous year 114,667,970) Equity shares of Rs.2/- each fully paid up [Of the above 40,912,200 (Previous year 40,912,200) Equity shares of Rs.2/- each fully paid up issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Limited] (Of the above 56,833,985 were issued & allotted as fully paidup Bonus shares by capitalisation of Reserves)	229,335,940	229,335,940
TOTAL	229,335,940	229,335,940
SCHEDULE NO.2: RESERVES AND SURPLUS		
Share Premium Account		
Opening Balance	1,588,664,134	1,540,664,134
Add : Receipts on issue of preferential allotment	-	108,000,000
	1,588,664,134	1,648,664,134
Less: Transfer to FCCB Premium Redemption Reserve	60,000,000	60,000,000
	1,528,664,134	1,588,664,134
FCCB Premium Redemption Reserve		
Opening Balance	60,000,000	-
Add: Transfer from Share Premium account	60,000,000	60,000,000
	120,000,000	60,000,000
General Reserve		
Opening Balance	1,243,000,000	943,000,000
Add : Transfer from Profit and Loss Account	300,000,000	300,000,000
	1,543,000,000	1,243,000,000
Balance in Profit and Loss Account	1,388,835,038	900,679,164
TOTAL	4,580,499,172	3,792,343,298
SCHEDULE NO.3: SECURED LOANS		
From Banks		
Working Capital Loans	1,661,069,128	1,218,460,720
Term Loans	590,940,174	239,885,100
Vehicle Loans (For Security, refer Note No.21.4)	6,429,492	8,578,670
TOTAL	2,258,438,794	1,466,924,490
SCHEDULE NO.4: UNSECURED LOANS		
From Banks		
Short Term Loans	1,148,970,027	808,369,816
From Others	2,321,202,589	2,338,870,881
TOTAL	3,470,172,616	3,147,240,697

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

SCHEDULE NO 5 : FIXED ASSETS

(In Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON April 1, 2007	ADDITIONS	DELETIONS	TOTAL AS ON March 31, 2008	UPTO April 1, 2007	FOR THE YEAR	WITHDRAWN	TOTAL UPTO March 31, 2008	AS ON March 31, 2008	AS ON March 31, 2007
LAND & BUILDINGS	27,730,037	16,374,225	–	44,104,262	–	–	–	–	44,104,262	27,730,037
FURNITURE & FIXTURES	40,035,368	3,841,457	115,650	43,761,175	11,121,577	2,621,540	17,673	13,725,444	30,035,731	28,913,791
COMPUTERS	103,628,015	17,236,675	51,442	120,813,248	63,628,495	9,795,464	12,674	73,411,285	47,401,963	39,999,520
COMPUTER SOFTWARE	3,078,336,852	1,052,207,685	112,050,000	4,018,494,537	919,270,452	490,746,719	5,026,010	1,404,991,161	2,613,503,376	2,159,066,400
PLANT & MACHINERY	24,547,695	5,270,272	6,840	29,811,127	4,260,536	1,365,987	731	5,625,792	24,185,335	20,287,159
VEHICLE	23,003,322	493,393	2,562,007	20,934,708	4,275,177	2,170,051	1,238,124	5,207,104	15,727,604	18,728,145
TECHNICAL BOOKS	101,079	–	–	101,079	15,407	4,801	–	20,208	80,871	85,672
TOTAL	3,297,382,368	1,095,423,707	114,785,939	4,278,020,136	1,002,571,644	506,704,562	6,295,212	1,502,980,994	2,775,039,142	2,294,810,724
PREVIOUS YEAR	2,037,222,995	1,261,005,128	845,755	3,297,382,368	551,803,816	451,127,236	359,408	1,002,571,644	2,294,810,724	1,485,419,179

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Current Year Rs	Previous Year Rs
SCHEDULE NO.6: INVESTMENTS		
Long-Term Investment (Unquoted) <i>(Valued at cost)</i>		
Trade		
Subsidiaries		
Systat Software, Inc. USA	185,117,768	185,117,768
974,166 Equity shares of face value USD 1/- each fully paid up (Previous year 974,166 Equity shares of face value USD 1/- each fully paid up)		
Systat Software Asia Pacific Limited	3,800,000	3,800,000
380,000 Equity Shares of Rs.10/- each fully paidup (Previous year 380,000 Equity shares of Rs.10/- each fully paidup)		
Systat Software Gmbh-Germany	1,447,500	1,447,500
1 Equity Share of 25,000 Euros fully paidup (Previous year 1 Equity share of 25,000 Euros fully paidup)		
Cranes Software International Pte Limited - Singapore	4,430,582	4,430,582
165,692 Equity shares of Singapore Dollar 1/- each fully paidup. (Previous year 165,692 Equity shares of Singapore Dollar 1/- each fully paid up)		
EMRC Engineering Mechanics Research India Ltd		
Nil (Previous year 5,000 Equity shares of Rs.100/- each fully paid up)	-	2,740,000
Cranes Software Inc, USA (erstwhile NISA Software Inc)	450,072,825	56,856,625
26,91,855 Equity shares of USD 1 each fully paid up (Previous year 316,885 Equity shares of USD 1 each fully paid up)		
Tilak Auto Tech Private Limited	5,162,487	5,162,487
1,000 Equity Shares of Rs. 100/- each fully paid up (Previous Year 1,000 Equity shares of Rs.100/- each fully paid up)		
Analytix Systems Private Limited	63,000,000	13,000,000
20,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year 20,000 Equity shares of Rs.10/- each fully paid up)		
Caravel Info Systems Pvt Ltd	36,233,187	-
1,20,000 Equity Shares of Rs. 10/- each fully paid up (Previous year Nil)		
Proland Software Pvt Ltd	31,889,280	-
4,840 Equity Shares of Rs. 100/- each fully paid up (Previous year Nil)		
Esqube Communication Solutions Private Limited	17,977,989	10,000,000
8,942 Equity shares of Rs.10/- each fully paid up (Previous Year 1,765 Equity shares of Rs.10/- each fully paid up)		
Others		
S-Wave Systems Pvt. Ltd	100,000	100,000
1,000 Equity Shares of Rs. 100/- each fully paid up (Previous Year 1,000 Equity shares of Rs.100/- each fully paid up)		
Cranes Software Middle East LLC - UAE	1,786,172	1,786,172
147 Equity shares of UAE Dirham 1,000/- each fully paid up (Previous Year 147 Equity shares of UAE Dirham 1,000/- each fully paid up)		
Current Investment (Quoted) <i>(Valued at lower of cost or fair value)</i>		
Mutual Funds	330,857	60,279,258
<i>(Refer Note No 21.7)</i>		
TOTAL	801,348,647	344,720,392

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Current Year Rs	Previous Year Rs
SCHEDULE NO.7: INVENTORIES		
<i>(Valued at lower of cost or net realisable value)</i>		
Stock - in - trade	11,676,206	15,447,654
TOTAL	11,676,206	15,447,654
SCHEDULE NO.8: SUNDRY DEBTORS		
<i>(Unsecured - Considered Good)</i>		
Outstanding for a period exceeding six months	70,877,889	47,528,447
Others debts	1,120,520,917	1,062,420,545
TOTAL	1,191,398,806	1,109,948,992
SCHEDULE NO.9: CASH AND BANK BALANCES		
(i) Balances with Scheduled Banks in Indian Rupees		
Current Accounts	350,885,110	90,494,600
Deposit Accounts	2,358,706,735	2,465,713,387
Dividend Accounts	990,887	140,044
(ii) Balances with Scheduled Banks in Foreign Currency		
Current Accounts	8,200,011	24,456,569
Deposit Account	-	14,900,098
(iii) Cash on Hand		
	587	-
TOTAL	2,718,783,330	2,595,704,698
SCHEDULE NO.10: LOANS AND ADVANCES		
<i>(Unsecured, Considered Good)</i>		
(i) Loans and Advances to subsidiaries	1,059,978,431	953,657,901
(ii) Advances recoverable in cash or kind or for value to be received	35,524,276	95,665,038
(iii) Deposits	80,828,503	66,094,555
(iv) Advance Tax (Net of Provisions)	21,170,559	-
(v) MAT Credit Entitlement	99,500,000	-
TOTAL	1,297,001,769	1,115,417,494
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
(i) Sundry Creditors		
Dues of Micro, Small and Medium enterprises (Refer Note No.21.8)	-	-
Dues of Others	389,784,463	206,061,546
Current Account with Directors	7,500,000	4,900,000
(ii) Unclaimed Dividend		
	1,022,949	134,346
TOTAL	398,307,412	211,095,892
PROVISIONS		
(i) Proposed Equity Dividend (including tax)	160,986,950	134,155,792
(ii) Income Tax (Net of Advances)	-	1,672,522
(iii) Fringe Benefit Tax (Net of Advances)	1,200,000	977,660
TOTAL	162,186,950	136,805,974
SCHEDULE NO.12 : MISCELLANEOUS EXPENDITURE		
<i>(To the extent not written off or adjusted)</i>		
Amalgamation Expenses	-	321,558
Deferred Revenue Expenditure	307,520,936	467,419,452
	307,520,936	467,741,010
Less : Written off during the year	159,898,516	160,220,074
TOTAL	147,622,420	307,520,936

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	Current Year Rs	Previous Year Rs
SCHEDULE - 13: SALES		
Software Sales & Services		
Exports	2,066,993,887	1,882,011,060
Domestic	655,524,007	510,386,318
	2,722,517,894	2,392,397,378
Software Training	66,864,208	72,941,773
TOTAL	2,789,382,102	2,465,339,151
SCHEDULE - 14: OTHER INCOME		
Dividend received	887,677	2,026,575
Commission Received	7,709,814	5,665,181
Gain on Forex Transactions	10,191,250	—
Miscellaneous Income	464,699	3,032,940
Income on Sale of Interest in Subsidiary	12,246,158	—
TOTAL	31,499,598	10,724,696
SCHEDULE - 15: COST OF GOODS SOLD		
Opening Stock	15,447,654	21,018,642
ADD: Purchases	309,821,928	271,671,830
ADD: Direct Expenses	31,647,004	23,162,921
	356,916,586	315,853,393
LESS: Closing Stock	11,676,206	15,447,654
TOTAL	345,240,380	300,405,739
SCHEDULE - 16: PERSONNEL EXPENSES		
Salaries and Other Allowances	261,995,051	209,614,514
Contribution to Provident and other funds	25,464,112	27,829,782
Staff Welfare	19,359,945	14,715,982
TOTAL	306,819,108	252,160,278
SCHEDULE - 17: ADMINISTRATIVE EXPENSES		
General Expenses	105,030,418	101,062,704
Auditor's Remuneration (Refer Note No.: 21.11)	1,294,988	1,232,357
Sales Commission	23,570,347	28,345,638
Insurance	894,123	3,451,180
Office Rent	33,772,246	29,965,104
Electricity and Water Charges	9,730,710	8,040,525
Rates and Taxes	574,258	757,379
Directors remuneration (Refer Note No.: 21.2)	11,826,926	4,642,800
Travelling and Conveyance	42,892,137	38,994,796
Repairs and Maintenance (Refer Note No.: 21.10)	3,248,900	3,309,551
Deferred Revenue and Amalgamation Expenditure written off	159,898,516	160,220,074
Commission to Non-Whole Time Directors (Refer Note No.: 21.2)	4,200,000	4,900,000
Loss on Sale of Asset	455,400	251,586
Bad debts	—	617,664
TOTAL	397,388,969	385,791,358
SCHEDULE - 18: INTEREST & FINANCIAL CHARGES (Net)		
Fixed Loans	173,928,588	68,387,896
Others	161,240,845	96,960,446
	335,169,433	165,348,342
Less : Interest received on Fixed Deposit [TDS :Rs.42,115,670] [Previous Year TDS : Rs.23,858,403]	202,811,511	117,026,362
TOTAL	132,357,922	48,321,980
SCHEDULE - 19: TAX EXPENSES		
Income Tax	128,000,000	65,000,000
Deferred Tax	150,000,000	60,000,000
Fringe Benefit Tax	4,500,000	2,850,000
Wealth Tax	110,000	—
MAT Credit Entitlement	(99,500,000)	—
Taxation Adjustment of previous year	117,935	—
TOTAL	183,227,935	127,850,000

SCHEDULE NO. 20

SIGNIFICANT ACCOUNTING POLICIES

20. SIGNIFICANT ACCOUNTING POLICIES

20.1 Basis of Accounting

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

20.2 Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as on the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

20.3 Revenue Recognition

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

20.4 Cash Flow Statement

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

20.5 Fixed Assets and Capital Work-in-progress

- i. Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition. During the year, exchange differences on translation of foreign currency loans obtained to purchase fixed assets from countries outside India are recognized in Profit and Loss account.
- ii. Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.
- iii. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for its intended use before such date are disclosed under Capital Work-in-progress.

20.6 Intangible Assets

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

20.7 Research and Development

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

20.8 Depreciation and Amortization

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

20.9 Impairment of Assets

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

20.10 Inventories

Inventories comprises of Third Party software products and Own software products

- i. Own software products which are developed/being developed are valued at allocated cost on specific identification method or net realizable value whichever is lower.
- ii. Third party software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis.

Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

20.11 Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase

- i. Long term investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- ii. Current investments are valued at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the profit & loss account.
- iii. Investments in Foreign Subsidiaries have been reflected at the exchange rates prevailing at the date of transactions.

20.12 Effect of Exchange Fluctuation on Foreign Currency Transactions

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

20.13 Employee Benefits

i) Post-employment benefit plans

Contributions to defined retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

ii) Short-term employee benefits

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

iii) Long-term employee benefits

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

20.14 Income Tax

- i. Current income tax is calculated in accordance with the provisions of the Income Tax Act, 1961.
- ii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of charge. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.
- iii. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

20.15 Fringe Benefit Tax

Consequent to the introduction of Fringe Benefit tax effective April 1, 2005, in accordance with the guidance note on accounting for fringe benefit tax issued by the ICAI, the Company makes provision for Fringe Benefit Tax on accrual basis.

20.16 Provisions and Contingent Liabilities

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

20.17 Earnings per Share

- i. Basic earnings per share is calculated by dividing the net earning available to the equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. Diluted earnings per share is calculated by dividing the net earnings available to existing and potential equity shareholders by aggregate of the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares (FCCB). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

20.18 Leases

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

SCHEDULE NO. 21

NOTES ON ACCOUNTS

21.1 Contingent liabilities not provided for and Capital commitments

(Rs. in Million)

Particulars	Current Year	Previous Year
Contingent liabilities not provided for		
(a) Outstanding guarantees and counter guarantees to various banks and others in respect of the guarantees given by those banks in favour of various government authorities and others	466.38	2.40
(b) Claims against the Company not acknowledged as debts on Tax matters in dispute under appeal	14.96	3.65
Estimated amount of contracts remaining to be executed on capital account not provided for	49.18	130.34

21.2 Managerial Remuneration

The aggregate managerial remuneration under Section 198 of the Companies Act, 1956 to the directors including the managing director is:

(Rs. in Million)

Particulars		Current Year	Previous Year
Managing Director			
– Basic Salary		1.15	0.84
– House Rent Allowance		0.46	0.34
– Special Allowance		1.12	0.50
– Contribution to Provident Fund		0.14	0.10
– Commission		1.10	–
Total Remuneration	(a)	3.97	1.78
Whole-time Directors			
– Basic Salary		2.27	1.35
– House Rent Allowance		0.91	0.54
– Special Allowance		2.21	0.81
– Contribution to Provident Fund		0.27	0.16
– Commission		2.20	–
Total Remuneration	(b)	7.86	2.86
Total Managerial Remuneration	(a + b)	11.83	4.64

Computation of Net profit in accordance with Section 349 of the Companies Act, 1956 and Calculation of commission payable to Directors as per Sec 309(4) of the Companies Act, 1956.

(Rs. in Million)

Particulars	Current Year
Profit before taxation	1,132.37
Add:	
Directors remuneration	8.53
Provision for commission payable to Directors	7.50
Loss on sale of fixed assets (net) as per Sec. 350 of the Companies Act 1956	0.46
Add: Depreciation as per profit and loss account	506.70
Less:	
Profit on sale of Mutual Fund	(0.89)
Profit on sale of Interest in subsidiary	(12.25)
Depreciation as per Sec. 350 of the Companies Act 1956	(506.70)
Net profit as per Sec 349 of the Companies Act, 1956	1,135.72
1% of Net profit u/s 349 of the Companies Act 1956.	11.36
Commission to Non Whole time Directors provided for (Previous year 4.9)	4.20
Commission to Whole time Directors provided for (Previous year NIL)	3.30

21.3 Activities in foreign currency

(Rs. In Million)

Particulars	Current Year	Previous Year
Earnings in Foreign Currency – FOB value of exports	2,066.99	1,882.01
Expenditure incurred in Foreign Currency	2,952.88	2,623.76
Capital Goods (valued on CIF basis)	2,533.11	2,230.84
Trading Goods (valued on CIF basis)	293.30	269.29
Membership & Subscription	1.40	0.58
Travelling, Boarding & Lodging Expenses	5.99	13.25
Marketing Expenses	8.80	3.08
Legal/Professional/Consultancy Expenses	35.68	49.39
Dividend	1.90	1.80
Interest	43.46	38.56
Commission & Brokerage	28.20	15.99
Others	1.04	0.98

21.4 Security for borrowings

- i) Working Capital and Term Loans: Bank finances are secured by hypothecation of stocks of software, book debts and collaterally secured by properties; personally guaranteed by Whole time Directors and also have additional collateral security by way of pledge of promoters share for a part amount.
- ii) Vehicle Loans: Finance for purchase of vehicles are secured by hypothecation of respective vehicles.
- iii) Finances availed from UPS Capital Business Credit are personally guaranteed by Whole time Directors

21.5 Debtors and Creditors; Loans and Advances

Periodically, the Company evaluates all Debtors and Creditors balances. However, some of these are subject to confirmation.

All 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.

21.6.1 Dues from Subsidiary Companies are as under:

(Rs. In Million)

Particulars	Current Year	Previous Year
Systat Software GmbH, Germany	27.35	18.10
Systat Software UK Limited	14.20	4.05
Systat Software Inc, USA	171.70	201.53
Total	213.25	223.68

21.6.2 Loans & advance includes, due from Companies under the same management, as under (Disclosure required by Clause 32 of the Listing Agreement):

(Rs. in Million)

Particulars	Current Year	Maximum amount outstanding during the current year	Previous Year	Maximum amount outstanding during the previous year
Cranes Software International Pte Ltd Singapore	5.07	5.07	-	1.01
EMRC Engineering Mechanics Research (India) Ltd	-	-	9.64	22.61
Cranes Software Inc, USA (NISA Software Inc)	124.83	143.69	182.97	208.55
Tilak Auto Tech Pvt. Ltd	15.90	15.90	2.61	2.61
Cranes Software (UK) Ltd	13.79	13.79	62.95	62.95
Systat Software GmbH, Germany	6.00	6.00	5.81	5.81
Systat Software Inc USA	649.39	649.39	490.62	490.62
Proland Software Pvt Ltd	0.07	0.07	-	-
Esqube Communication Solutions Pvt Ltd	14.90	14.90	-	-
Caravel Info System Pvt Ltd	16.84	16.84	-	-
Total	846.79	865.65	754.60	794.16

21.7 Current Investments (Quoted) - In Money market Mutual funds

(Rs. in Million)

PARTICULARS	No. of Units	Face value Rs	Current year	Previous year
HDFC Liquid Fund – Dividend - Daily Reinvestment		10	-	0.62
HDFC Cash Management Fund - Savings Plan -Daily Dividend Re-investment		10	-	0.13
ING Vysya Liquid Fund Institutional - Daily Dividend Reinvestment	32931	10	0.33	0.23
ING Vysya Liquid Fund - Daily Dividend Option		10	-	0.05
ING Vysya Floating Rate Fund - Daily Dividend	154	10	-	-
LIC MF Liquid Fund – Dividend Plan		10	-	0.14
HSBC Cash Fund - Institutional Plus- Daily Dividend		10	-	0.70
SBI Insta Cash Fund-reinvestment		10	-	0.20
HDFC Liquid Fund – Dividend – Daily Reinvestment		10	-	11.20
HDFC Liquid Fund – Dividend – Daily Reinvestment		10	-	2.50
HDFC Cash Management Fund - Savings Daily Dividend		10	-	2.00
SBI Magnum Insta Cash Fund – Daily Dividend Option		10	-	42.50
Aggregate Fair value of quoted investments			0.33	60.27
Aggregate cost of quoted investment			0.33	60.27

21.8 Dues to Small-scale industrial undertakings

- i. As at March 31, 2008 and March 31, 2007, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking.
- ii. There are no micro and small enterprises, to whom the Company owes dues, for more than 45 days as at 31st March, 2008. This information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

21.9 Quantitative Details

The Quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are as follows:

Current Year

Item Description	Opening Stock April 1, 2007	Receipts	Issues	Balance as on March 31,2008
Matlab Media CD Kits	12	828	840	0
Dongles	0	404	387	17
Matlab	68	691	670	89
Simulink	33	394	385	42
Toolboxes	880	2,873	3,248	505
DSP Starter kits	209	996	1,190	15
Statistics	222	0	222	0
Calculators – TI	30	1,547	1,500	77
BWD	0	5,880	481	5,399
Dspace	0	39	39	0
Mentorgraphic	0	3	3	0
Lyrtech	0	4	4	0
TOTAL	1,454	13,659	8,969	6,144

Previous Year

Item Description	Opening Stock April 1, 2006	Receipts	Issues	Balance as on March 31,2007
Matlab Media CD Kits	146	761	895	12
Dongles	0	474	474	0
Matlab	178	604	714	68
Simulink	81	364	412	33
Toolboxes	1,352	2,983	3,455	880
DSP Starter kits	56	1,141	988	209
Statistics	207	199	184	222
Calculators – TI	71	1,414	1,455	30
BWD	305	0	305	0
Dspace	0	47	47	0
Mentorgraphic	0	2	2	0
TOTAL	2,396	7,989	8,931	1,454

The Company is in the business of software development and trading. Hence information on Licensed and installed capacity is not applicable.

21.10 Repairs and Maintenance includes

(Rs. in Million)

Particulars	Current Year	Previous Year
(i) Building	0.63	1.09
(ii) Machinery	0.75	0.50
(iii) Others	1.87	1.72
Total	3.25	3.31

21.11 Details of Auditors remuneration

(Rs. in Million)

Particulars	Current Year	Previous Year
Statutory Audit	0.45	0.39
Other Services	0.82	0.81
Out of Pocket Expenses	0.03	0.03
Total	1.30	1.23

21.12 Dividends remitted in foreign currencies (Rs. in Million)

	Number of Non-Resident Equity Shareholders	No of Equity Shares Held	Gross Amount of Dividend	
			Current Year	Previous Year
Dividend for 2006-07				
Paid in 2007-08	2 (Previous Year 1)	1,900,200 (Previous Year 1,500,200)	1.90	1.80

21.13 Reconciliation of basic and diluted shares used in computing earnings per share

(Rupees in Million except share data)

Particulars	Current Year	Previous Year
Net Profit for the period attributable to equity shareholders (A)	949.14	928.91
Adjustment for interest on Foreign Currency convertible Bonds(FCCB) net of Taxes (B)	35.56	24.71
Net Profit for the period attributable to equity shareholders (after adjustment for diluted earnings) (A+B)	984.70	953.62
Number of shares considered as basic weighted average shares outstanding (C)	114.67	114.67
Add: Effect of dilutive issues of shares (D)	19.24	19.24
Number of shares considered as weighted average shares and potential shares outstanding (C+D)	133.91	133.91
Basic Earnings per share (A/C)	8.28	8.10
Diluted Earnings per share (A+B)/(C+D)	7.35	7.12
Nominal Value per share	2.00	2.00

21.14 Deferred Tax Liability

Deferred tax at the year end are attributable to the following:

(Rs. in Million)

Deferred Tax Asset	Current Year	Previous Year
Provision for Retirement Benefits	0.46	0.91
(A) Total	0.46	0.91
Deferred Tax Liabilities	Current Year	Previous Year
Difference between book and tax depreciation	449.62	295.70
Deferred revenue expenditure	4.56	8.94
(B) Total	454.18	304.64
Deferred Tax Liability (Net) (A-B)	453.72	303.73

21.15 Gratuity

As at March 31, 2008

(Rs. in Million)

(i) Change in Benefit Obligations:	
Projected Benefit Obligation, beginning of the year (April 1, 2007)	11.75
Service Cost	6.06
Interest Cost	0.96
Actuarial (gain) / loss on obligations	0.07
Benefit paid	(0.63)
Projected Benefit Obligation, at the end of the year	18.21
(ii) Change in Plan Assets:	
Fair value of Plan Assets, beginning of the year (April 1,2007)	5.70
Expected return on Plan Assets	0.46
Employer's contributions	8.42
Benefit paid	(0.63)
Actuarial (gain) / loss on Plan Assets	2.02
Fair value of Plan Assets, at the end of the year	15.97
Excess of (obligation over plan assets) / plan assets over obligation	(2.24)
(Accrued Liability) / Prepaid Benefit	(2.24)

(iii) Net Gratuity and other cost for the year ended March 31, 2008	
Service Cost	6.06
Interest on Defined Benefit Obligation	0.96
Expected return on Plan Assets	(0.46)
Net Actuarial (gain) / loss recognised in the year	2.09
Net Gratuity and other cost	8.65
Actual Return on Plan Assets	2.49
(iv) Category of Assets as at March 31, 2008	
Insurer Managed Funds	15.97
Total	
15.97	
(v) Assumptions used in accounting for the Gratuity Plan	
Discount Rate	8.20%
Salary escalation rate	7.00%
Expected rate of return on Plan Assets	8.20%

21.16 Obligations towards long term, non-cancellable operating lease

The Company has also taken on non-cancellable operating leases certain offices, the future minimum lease payments in respect of which, as at the close of the year are as follows.

(Rs. in Million)

Lease obligation	Current Year	Previous Year
Due not later than one year	25.04	52.44
Due later than one year but not later than five years	27.12	32.95
Due after five years	Nil	Nil
Total	52.16	85.39

These lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period.

The rental expenses in respect of operating leases recognized in the profit and loss account are Rs.32.24 Million for the year ended March 31, 2008. (Previous year Rs.25.75 Million)

21.17 Preferential Issue:

The Company issued 1,000,000 Equity shares of Rs.2 each at a premium of Rs. 108 per share on preferential basis to strategic investors on September 22, 2006 amounting to Rs. 110 Million. During October 2005, the Company had raised 1,200,000 equity shares of Rs.10 each at a premium of Rs.890 per share to promoters and strategic investors. Pending utilization, the aggregate amount of Rs.1190.00 Million is forming part of Balances with Scheduled Banks in Indian Rupees – Deposit Accounts as on March 31, 2008

21.18 Foreign currency convertible Bonds

The Company issued and allotted on March 17, 2006 Foreign Currency Convertible Bonds (Considered as non-Monetary liability) for Euro 42 Million (Equivalent to Rs. 2,270.10 Million) bearing an interest at 2.5% per annum payable half yearly. The bonds are convertible at any time on and after April 27, 2006 and till close of business on March 11, 2011 and were convertible into shares or GDRs at an initial conversion price of Rs. 143.293 per share with a fixed rate of exchange on conversion of Euro 1.00 = Rs. 52.6828. The outstanding bonds are redeemable at a premium of 12.833% on March 18, 2011. Further, based on the relevant clause of the issue document, conversion price has now been refixed at Rs.115. During the year ended 31 March 2008, there has been no conversion of the Bonds into Shares. If the outstanding bonds as on March 31, 2008 are converted into equity shares or GDRs, then the share capital of the Company will increase by 19,240,675 shares.

Proportionate Premium payable on redemption of FCCB of Rs 60 Million has been transferred to FCCB Redemption reserve during the year out of Share premium account. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the Share premium account will be suitably adjusted in the respective years.

The use of the proceeds of the FCCB issue as at March 31, 2008 is as under:

(Rs. in Million)

Particulars	Current Year	Previous Year
Issue expenses	63.86	63.86
Capital expenditure	1,364.56	1,364.56
Term Loan repayment to Jammu & Kashmir Bank Limited	97.36	97.36
Advance to Subsidiaries	666.02	650.55
Software Imports	123.24	123.24
Others (Exchange Variation)	(75.84)	(75.84)
Interest	30.90	30.90
Total	2,270.10	2,254.63

Balance amount Rs.NIL (Previous year 15.47 Million) is forming part of Balances with Scheduled Bank in foreign Currency as on March 31, 2008.

21.19 Research & Development

Research & development expenditure recognized as expenses during the year amounted to Rs 23.97 Million (Previous year Rs15.24 Million)

21.20 Related Party Disclosures

Current Year

(Rs. in Million)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management	Total
Purchases of Goods/software	32.19	-	-	-	32.19
Sales of Goods	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-
Investment in Subsidiary	519.32	-	-	-	519.32
Rendering of Services	199.44	-	-	-	199.44
Receiving of Services	52.37	-	-	-	52.37
Loans/advances/equity contributions given	373.94	-	-	-	373.94
Loans/advances/equity contributions taken	-	-	-	-	-
Directors Remuneration	-	-	8.53	-	8.53
Commission to Directors	-	-	3.30	-	3.30
Balance as on					
31.03.08 receivable	1060.04	-	-	-	1060.04
Balance as on 31.03.08 payable	-	-	3.30	-	3.30

Previous Year

(Rs. in Million)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management	Total
Purchases of Goods/software	19.04	-	-	-	19.04
Sales of Goods	-	-	-	-	-
Purchase of Fixed Assets	16.33	-	-	-	16.33
Investment in Subsidiary	18.16	-	-	-	18.16
Rendering of Services	212.40	-	-	-	212.40
Receiving of Services	48.56	-	-	-	48.56
Loans/advances/equity contributions given	462.53	-	-	-	462.53
Loans/advances/equity contributions taken	-	-	-	-	-
Directors Remuneration	-	-	4.64	-	4.64
Balance as on 31.03.07 receivable	978.27	-	-	-	978.27
Balance as on 31.03.07 payable	11.10	-	-	-	11.10

Note:

Names of related parties and description of relationship

Holding Company

NIL

Subsidiaries

1. Systat Software Inc., USA
2. Systat Software Asia Pacific Limited
3. Cranes Software UK Ltd. (Systat Software UK Ltd)
4. Cranes Software International Pte. Ltd, Singapore
5. Systat Software GmbH, Germany
6. Cranes Software Inc, USA (NISA Software Inc., USA)
7. Analytix Systems Private Ltd
8. Tilak Autotech Private Ltd
9. Dunn Solutions Group Inc, USA
10. Caravel Info Systems Pvt. Ltd.,
11. Proland Software Pvt. Ltd.,
12. Engineering Technology Associates Inc, USA
13. Engineering Technology Associates (Shanghai) Inc., China
14. Esqube Communication Solutions Pvt. Ltd.,
15. EMRC Engineering Mechanics Research (India) Limited (Upto September 30, 2007)

Key Management Personnel	Mr.Asif Khader Mr.Mukkaram Jan Mr.Mueed Khader
Relatives of Key Management Personnel	Nil
Associates	Orca Infotech Private Limited K&J Holdings Private Limited Jansons Telecom Private Limited Jansons Land & Property Development Pvt Ltd SPSS South Asia Private Limited Keysoft Solutions Private Limited Spice Capital Fund Private Limited Sea Equity Enterprises Private Limited

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

21.21 Segment Reporting

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

Primary Segments	–	a) Exports and b) Domestic
Secondary Segments	–	a) Proprietary Products and Services and b) Product Alliances

Primary Segment Information – Geographical Segment

(Rs. in Million)

SL.No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	2066.99	722.39	2789.38	1,882.01	583.33	2,465.34
2	Segment Results	1055.08	209.65	1264.73	994.13	94.10	1,088.23
	Other Income	–	–	–	–	–	10.73
	Operating Profit	–	–	1264.73	–	–	1098.96
	Interest Expenses	–	–	132.36	–	–	48.32
	Profit Before Tax	–	–	1132.37	–	–	1,050.64
	Tax expenses	–	–	183.23	–	–	127.85
	Profit after tax	–	–	949.14	–	–	922.79
	Adjustments relating to earlier years	–	–	–	–	–	6.12
	Net Profit	–	–	949.14	–	–	928.91
3	Segment Assets	8,231.28	2,743.76	10,975.04	6,839.69	1,818.15	8,657.84
	Total Assets	–	–	11,552.67	–	–	9,002.55
	Segment Liabilities	40.57	10.14	50.71	174.45	59.25	233.70
	Total Liabilities	–	–	1,014.22	–	–	5,288.40
	Segment Capital Employed (Segment Assets – Segment Liabilities)	8,190.71	2,733.62	10,924.33	6,665.24	1,758.90	8,424.14
4	Segment Capital Expenditure	810.61	284.81	1,095.42	983.38	261.14	1244.52
5	Segment Depreciation	473.33	33.37	506.70	346.61	92.14	438.75

Secondary Segment Information - Business Segment

(Rs. in Million)

SI.No.	Particulars	Current Year		Previous Year	
		Proprietary products and services	Product Alliances	Proprietary products and services	Product Alliances
1.	Segment Revenue	2,190.46	598.92	1,983.19	482.15
2.	Segment Results	1,201.87	62.86	1,033.05	55.18
3.	Segment Assets	10,426.28	548.76	8145.42	512.42
4	Capital Expenditure	860.23	235.19	923.62	320.90

21.22 Acquisitions / Divestments

- a) During the year, the Company, through its Wholly owned subsidiary, Cranes Software Inc., acquired 100% of the shares of Engineering Technology Associates Inc., along with its subsidiary in China (Engineering Technology Associates Inc., Shanghai).
- b) During the year, the Company subscribed to 100% share capital of Proland Software Pvt. Ltd., and Caravel Info Systems Pvt. Ltd.,
- c) Effective January 1, 2008, the Company increased the stake in Esqube Communication Solutions Pvt. Ltd., from 15% to 76%
- d) The Company divested the shares of EMRC Engineering Mechanics Research (India) Ltd., for a consideration of Rs. 14.99 million on October 1, 2007.

21.23 Previous year's figures have been regrouped and reclassified wherever necessary

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner
Membership No. 202976
Bangalore
June 26, 2008

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration # 31621

State code 08

Balance sheet date 310308

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

Public issue Nil

Rights issue Nil

Bonus issue Nil

Private placement/Preferential issue Nil

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

Total liabilities 10992174

Total assets 10992174

Sources of funds

Paid up capital 229336

Reserves & Surplus 4580499

Secured Loans 2258439

Unsecured loans 3470172

Deferred Tax Liability (Net) 453728

Application of funds

Net fixed assets 5384838

Investments 801348

Net current assets 4658366

Miscellaneous expenditure 147622

* Including capital work in progress

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

Turnover 2820882

Total expenditure 1688511

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

Profit / Loss before tax 1132371

Profit / Loss after tax 949143

Earnings per share in Rs.

Dividend rate % 60%

- Basic 8.28

- Diluted 7.35

V Generic names of three principal products / services of the Company (As per monetary terms)

Item code # (ITC Code) 85249009

Product description Software

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

STATEMENT OF CASH FLOWS

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
Cash flows from operating activities		
Net profit before taxation	1,132,370,759	1,050,635,517
Adjustments for		
Prior period adjustment	-	6,125,383
Profit / Loss on sale of Investments / Fixed assets	(11,790,758)	251,586
Exchange fluctuation difference on translation of foreign currency cash & cash equivalents	5,531,936	(517,739)
Depreciation and amortization deferred venue expenditure	506,704,562	438,748,975
Preliminary expenses	159,898,516	160,220,074
Dividend / interest income (Net)	(203,699,188)	(119,052,937)
Interest expense on borrowings	335,169,433	165,348,342
Operating profit before working capital changes	1,924,185,260	1,701,759,201
Adjustments for working capital		
Inventory	3,771,448	5,570,988
Debtors	(81,449,814)	(48,030,438)
Loans and advances	(181,548,274)	(176,479,188)
Current liabilities	186,322,917	(162,446,489)
Cash generated from operations	1,851,245,537	1,320,374,074
Adjustments		
Direct Taxes paid	(34,678,117)	(65,539,907)
Net cash flow from Operating Activities	1,816,567,420	1,254,834,167
Cash flows from investing activities		
Purchase of Investments	-	(60,379,258)
Investments in Subsidiaries	(519,316,656)	(18,162,487)
Proceeds from sale of Investments	74,934,559	-
Dividend / Interest received	203,699,188	119,052,937
Proceeds from sale of fixed assets	108,035,327	234,761
Acquisition of property, fixed assets (including advances)	(2,201,318,870)	(2,752,397,597)
Net cash flow from Investing Activities	(2,333,966,452)	(2,711,651,644)
Cash flows from financing activities		
Share Capital	-	2,000,000
Share Premium	-	108,000,000
Dividend and Dividend Tax	(133,267,189)	(155,536,478)
Interest on borrowed funds	(335,169,433)	(159,508,066)
Secured Loans / Borrowings	791,514,304	770,777,588
Unsecured Loans	322,931,918	600,232,873
Net cash flow from Financing Activities	646,009,600	1,165,965,917
Exchange fluctuation difference on translation of foreign currency cash & cash equivalents	(5,531,936)	517,739
Net increase/(decrease) in cash and cash equivalents	128,610,568	(290,851,560)
Opening cash and cash equivalents	2,595,704,698	2,886,038,519
Closing cash and cash equivalents	2,718,783,330	2,595,704,698

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

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

Name of the Subsidiary Company	Systat Software GmbH Germany	Systat Software Inc (Consolidated with Cranes Software UK Ltd)	Systat Software Asia Pacific Ltd	Cranes Software International Pte. Ltd Singapore	Caravel Info System Pvt. Ltd	Cranes Software Inc., USA NISA (Consolidated with Dunn solutions Goup Inc., USA. Engg. Technology Associates Inc & China)	Tilak Autotech Pvt.Ltd	Analytix Systems Pvt.Ltd	Proland Software Pvt. Ltd	Esqube Communication Solutions Pvt. Ltd
Financial period ended	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008	31.3.2008
a) No. of shares held	1	974,166	380,000	165,692	120,000	2,691,855	1,000	20,000	4,840	8,942
b) Face value per share	EURO 25,000	USD 1	INR 10	SGD 1	INR 10	USD 1	INR 100	INR 10	INR 100	INR 10
c) Extent of interest as at year end	100%	100%	100%	100%	100%	100%	100%	100%	100%	76%
The Net aggregate amount of Profits /(losses) of the subsidiary for the current period so far as it concerns the members of the holding company										
a) Dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	EURO 64,436	USD (1,472,946)	INR (1,357,507)	SGD 6,953	INR (1,160,372)	USD (261,631)	INR (7,710,482)	INR (19,905)	INR (1,534,530)	INR (425,197)
The Net aggregate amount of Profits / (losses) for the previous financial years of the Subsidiary so far as it concerns the members of the holding company										
a) Dealt with or provided for in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-
b) Not dealt with or provided for in the accounts of the holding company	EURO (166,926)	USD (80,785)	INR 3,190,842	SGD (6,276)	-	USD (103,519)	INR (1,464,102)	INR (37,115)	-	-

For and on behalf of the Board

Asif Khader
Managing Director

Mukkaram Jan
Director

Bangalore
June 26, 2008

**CONSOLIDATED
FINANCIAL STATEMENTS
2007-08**

Auditors' Report on Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of M/s Cranes Software International Limited, Bangalore and its subsidiaries as at 31st March, 2008, and the Consolidated Profit and Loss Account and the Consolidated 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 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 report that the consolidated financial statements have been prepared by the Company's management 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 subsidiaries included in the Consolidated Financial Statements (Refer Note No. 1 in Notes forming part of Accounts for the year ended March 31, 2008).

Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2008;
- b. in the case of Consolidated Profit and Loss Account, of the consolidated profits of the Company and its subsidiaries for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

for S.JANARDHAN & ASSOCIATES
CHARTERED ACCOUNTANTS

Bangalore
June 26, 2008

Balakrishna S. Bhat
Partner
Membership No.202976

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Sch. No.	Current Year Rs	Previous Year Rs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	229,335,940	229,335,940
Reserves and Surplus	2	4,679,383,459	3,733,365,415
		4,908,719,399	3,962,701,355
Minority Interest		1,054,247	–
Loan Funds			
Secured Loans	3	2,258,438,793	1,466,924,491
Unsecured Loans	4	3,589,250,678	3,147,240,697
		5,847,689,471	4,614,165,188
Deferred Tax Liability (Net)		525,509,056	332,812,237
TOTAL		11,282,972,173	8,909,678,780
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	5,228,956,392	3,472,866,338
Less : Accumulated Depreciation		1,746,581,632	1,145,130,207
Less : Impairment Loss		–	89,503
Net Block		3,482,374,760	2,327,646,628
Capital Work in Progress		3,166,623,506	2,308,834,542
		6,648,998,266	4,636,481,170
Goodwill on consolidation		779,937,348	319,838,689
Investments	6	2,222,530	72,165,430
Current Assets, Loans & Advances			
Inventories	7	16,364,372	17,796,462
Sundry Debtors	8	1,550,169,629	1,068,917,656
Cash and Bank Balances	9	2,808,739,168	2,809,618,742
Loans and Advances	10	400,532,672	267,456,378
		4,775,805,841	4,163,789,238
Less : Current Liabilities & Provisions	11		
Current Liabilities		926,237,157	452,279,302
Provisions		162,441,787	139,704,581
		1,088,678,944	591,983,883
Net Current Assets		3,687,126,897	3,571,805,355
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	164,687,132	309,388,136
Significant Accounting Policies	20		
Notes on Consolidated Accounts	21		
TOTAL		11,282,972,173	8,909,678,780

Schedules Nos. 1 to 12 and 20 & 21 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
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	Sch. No.	Current Year Rs	Previous Year Rs
INCOME			
Sales	13	3,952,448,782	2,837,280,774
Other Income	14	33,975,179	11,291,258
		3,986,423,961	2,848,572,032
EXPENDITURE			
Cost of Goods Sold	15	792,309,459	482,791,669
Personnel Expenses	16	525,226,251	403,977,692
Administrative Expenses	17	631,057,706	455,667,153
Interest and Financial Charges	18	133,703,233	48,349,282
Depreciation		570,220,990	448,572,851
Depreciation written back		(1,876,821)	-
Impairment Loss		-	89,503
		2,650,640,818	1,839,448,150
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1,335,783,143	1,009,123,882
Add/(Less) : Extraordinary Items			
Profit on Sale of interest in Subsidiary		5,948,124	-
PROFIT BEFORE TAX		1,341,731,267	1,009,123,882
Less : Tax Expenses	19	191,971,281	144,030,983
PROFIT AFTER TAX		1,149,759,986	865,092,899
Add/(Less) : Prior period adjustments		(52,427)	6,137,607
NET PROFIT		1,149,707,559	871,230,506
Add/(Less) : Share of Minority Interest		102,025	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		1,149,809,584	871,230,506
Add : Balance brought forward from previous year		846,773,510	409,698,796
PROFIT AVAILABLE FOR APPROPRIATION		1,996,583,094	1,280,929,302
Appropriations			
Proposed Equity Dividend		137,601,564	114,667,970
Tax on Dividend		23,385,386	19,487,822
Transfer to General Reserve		300,000,000	300,000,000
Balance carried to Balance Sheet		1,535,596,144	846,773,510
		1,996,583,094	1,280,929,302
Earnings Per Share			
(Face Value Rs. 2/- each)			
- Basic		10.03	7.60
- Diluted		8.85	6.69
Significant Accounting Policies	20		
Notes on Consolidated Accounts	21		

Schedule Nos 13 to 21 form an integral part of the Profit and 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
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	Current Year Rs	Previous Year Rs
SCHEDULE NO.1: SHARE CAPITAL		
AUTHORISED		
165,000,000 Equity Shares of Rs.2/- each	330,000,000	330,000,000
[Previous year 165,000,000 Equity Shares of Rs.2/- each]		
200,000 Preference Shares of Rs.100/- each	20,000,000	20,000,000
[Previous year 200,000 Preference Shares of Rs.100/- each]		
TOTAL	350,000,000	350,000,000
ISSUED, SUBSCRIBED & PAIDUP		
114,667,970 (Previous year 114,667,970) Equity shares of Rs.2/- each fully paid up	229,335,940	229,335,940
[Of the above 40,912,200 (Previous year 40,912,200) Equity shares of Rs.2/- each fully paid up issued pursuant to the scheme of amalgamation of the erstwhile Cranes Software International Limited]		
(Of the above 56,833,985 were issued & allotted as fully paidup Bonus shares by capitalisation of Reserves)		
TOTAL	229,335,940	229,335,940
SCHEDULE NO.2: RESERVES AND SURPLUS		
Capital Reserve	576,353	576,353
Share Premium Account		
Opening Balance	1,588,664,134	1,540,664,134
Add : Receipts on issue of preferential allotment	–	108,000,000
	1,588,664,134	1,648,664,134
Less: Transfer to FCCB Premium Redemption Reserve	60,000,000	60,000,000
	1,528,664,134	1,588,664,134
FCCB Premium Redemption Reserve		
Opening Balance	60,000,000	–
Add: Transfer from Share Premium account	60,000,000	60,000,000
	120,000,000	60,000,000
General Reserve		
Opening Balance	1,243,000,000	943,000,000
Add : Transfer from Profit and Loss Account	300,000,000	300,000,000
	1,543,000,000	1,243,000,000
Foreign Currency Translation Reserve	(48,453,172)	(5,648,582)
Balance in Profit and Loss Account	1,535,596,144	846,773,510
TOTAL	4,679,383,459	3,733,365,415
SCHEDULE NO.3: SECURED LOANS		
From Banks		
Working Capital Loans	1,661,069,127	1,218,460,721
Term Loans	590,940,174	239,885,100
Vehicle Loans	6,429,492	8,578,670
(For Security, refer Note No 21.4)		
TOTAL	2,258,438,793	1,466,924,491
SCHEDULE NO.4: UNSECURED LOANS:		
From Banks		
Short Term Loans	1,148,970,025	808,369,816
(Refer Note No 21.4)		
From Others	2,440,280,653	2,338,870,881
TOTAL	3,589,250,678	3,147,240,697

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

SCHEDULE NO 5 : FIXED ASSETS

(In Rupees)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	COST AS ON April 1, 2007	ADDITIONS	TRANSFER	DELETIONS	TOTAL AS ON March 31, 2008	UPTO April 1, 2007	FOR THE YEAR	TRANSFER	WITHDRAWN	TOTAL UPTO March 31,2008	AS ON March 31, 2008	AS ON March 31, 2007
LAND & BUILDINGS	31,205,189	16,374,225	-	3,475,152	44,104,262	877,020	-	-	877,020	-	44,104,262	30,328,169
FURNITURE & FIXTURES	44,914,388	6,899,276	11,438,527	1,262,510	61,989,681	12,882,741	4,358,586	8,553,132	779,269	25,015,190	36,974,491	32,031,647
COMPUTERS	102,029,537	24,915,771	34,224,173	51,442	161,118,039	61,450,156	14,886,605	25,982,001	12,674	102,306,088	58,811,951	40,579,381
COMPUTER SOFTWARE	3,240,573,601	1,872,676,076	(101,741,245)	112,051,280	4,899,457,152	1,058,984,591	546,804,860	4,130,495	5,026,010	1,604,893,936	3,294,563,216	2,181,589,010
PLANT & MACHINERY	31,140,301	6,345,718	1,519,422	6,840	38,998,601	6,750,025	1,786,389	66,736	188,355	8,414,795	30,583,806	24,390,276
VEHICLE	23,003,322	925,193	2,152,308	2,792,166	23,288,657	4,275,177	2,384,550	708,584	1,416,688	5,951,623	17,337,034	18,728,145
TOTAL	3,472,866,338	1,928,136,259	(52,406,815)	119,639,390	5,228,956,392	1,145,219,710	570,220,990	39,440,948	8,300,016	1,746,581,632	3,482,374,760	2,327,646,628
PREVIOUS YEAR	2,221,666,225	1,252,182,109	-	981,996	3,472,866,338	696,993,354	448,572,851	-	346,495	1,145,219,710	2,327,646,628	1,524,672,871

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2008

PARTICULARS	CURRENT YEAR Rs	PREVIOUS YEAR Rs
SCHEDULE NO.6: INVESTMENTS		
Long-Term Investment (Unquoted) (valued at cost)		
(i) in Government Securities		
National Savings Certificate	5,500	-
(ii) in trade		
Esqube Communication Solutions Private Limited 8,942 Equity shares of Rs.10/- each fully paid up [Previous Year - 1,765 Equity shares of Rs.10/- each fully paid up]	-	10,000,000
Cranes Software Middle East LLC, UAE 147 Equity Shares of UAE Dirham 1,000/- each fully paid up [Previous year 147 Equity shares of UAE Dirhams 1000/- each fully paid]	1,786,172	1,786,172
S-Wave Systems Pvt. Ltd., 1,000 Equity Shares of Rs 100/- each fully paid (Previous Year 1,000 Equity shares of Rs. 100/- each fully paid)	100,000	100,000
Current Investment (Quoted) (Valued at lower of cost or fair value)		
Mutual Funds (Refer Note No 21.6)	330,858	60,279,258
TOTAL	2,222,530	72,165,430
SCHEDULE NO.7: INVENTORIES		
(Valued at lower of cost or net realisable value)		
Stock - in - trade	16,364,372	17,796,462
TOTAL	16,364,372	17,796,462
SCHEDULE NO.8:SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Outstanding for period exceeding six months	71,933,524	47,387,325
Other debts	1,478,236,105	1,021,530,331
TOTAL	1,550,169,629	1,068,917,656
SCHEDULE NO.9: CASH AND BANK BALANCES		
(i) Balances with Scheduled Banks in Indian Rupees		
Current Accounts	359,595,726	104,327,168
Deposit Accounts	2,361,590,949	2,465,713,387
Dividend Accounts	990,887	140,044
(ii) Balances with Scheduled Banks in Foreign Currency		
Current Accounts	86,550,404	51,003,838
Deposit Accounts	-	14,900,098
(iii) Cash on Hand	11,202	113,007
(iv) Money in Transit	-	173,421,200
TOTAL	2,808,739,168	2,809,618,742
SCHEDULE NO.10: LOANS AND ADVANCES		
(Unsecured, Considered Good)		
(i) Advances recoverable in cash or kind or for value to be received	191,565,381	199,382,364
(ii) Deposits	88,296,732	68,074,014
(iii) Advance Tax (Net of Provisions)	21,170,559	-
(iv) MAT Credit Entitlement	99,500,000	-
TOTAL	400,532,672	267,456,378
SCHEDULE NO.11: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
(i) Sundry Creditors		
Dues of Micro, Small and Medium enterprises	-	-
Dues of Other Creditors	917,714,208	446,695,221
(ii) Current Account with Directors	7,500,000	5,449,735
(iii) Unclaimed Dividend	1,022,949	134,346
TOTAL	926,237,157	452,279,302
PROVISIONS		
(i) Proposed Equity Dividend(including tax)	160,986,950	134,155,792
(ii) Income Tax (Net of Advances)	-	4,571,129
(iii) Fringe Benefit Tax (Net of Advances)	1,454,837	977,660
TOTAL	162,441,787	139,704,581
SCHEDULE NO.12 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Amalgamation Expenses	-	321,558
Deferred Revenue Expenditure	309,388,136	471,153,852
	309,388,136	471,475,410
Add : Additions during the year	17,064,712	-
	326,452,848	471,475,410
Less : Written off during the year	161,765,716	162,087,274
TOTAL	164,687,132	309,388,136

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

PARTICULARS	CURRENT YEAR RS	PREVIOUS YEAR Rs
SCHEDULE - 13: SALES		
Software Sales & Services		
Exports	3,198,449,801	2,251,425,133
Domestic	687,134,773	512,913,868
	3,885,584,574	2,764,339,001
Software Training	66,864,208	72,941,773
TOTAL	3,952,448,782	2,837,280,774
SCHEDULE - 14: OTHER INCOME		
Dividend received	887,677	2,026,575
Commission Received	7,709,814	5,665,181
Gain on Forex Transactions	10,191,250	-
Miscellaneous Income	2,940,280	3,599,502
Income on Sale of Interest in Subsidiary	12,246,158	-
TOTAL	33,975,179	11,291,258
SCHEDULE -15: COST OF GOODS SOLD		
Opening Stock	17,796,462	24,608,274
ADD: Purchases	380,947,054	451,814,320
ADD: Direct Expenses	409,930,315	24,165,537
	808,673,831	500,588,131
LESS: Closing Stock	16,364,372	17,796,462
TOTAL	792,309,459	482,791,669
SCHEDULE -16: PERSONNEL EXPENSES		
Salaries and other allowances	455,250,716	355,927,054
Contribution to Provident and other Funds	32,099,681	27,829,782
Staff Welfare	37,875,854	20,220,856
TOTAL	525,226,251	403,977,692
SCHEDULE -17: ADMINISTRATIVE EXPENSES		
General Expenses	149,112,724	95,017,650
Auditors Remuneration	4,231,967	2,297,002
Sales Commission	56,894,345	37,044,884
Insurance	17,467,983	9,207,720
Office Rent	82,461,781	47,441,487
Advertisement	42,886,765	34,276,202
Electricity & Water Charges	10,686,355	8,090,584
Rates and Taxes	3,821,154	1,003,586
Directors Remuneration	11,826,926	4,642,800
Travelling and Conveyance	77,021,113	44,810,487
Repairs & Maintenance	4,171,592	3,964,576
Commission to Non-Whole Time Directors	4,200,000	4,900,000
Deferred Revenue and Amalgamation Expenses Written Off	161,765,716	162,087,274
Loss on sale of Asset	922,643	265,237
Bad debts	3,586,642	617,664
TOTAL	631,057,706	455,667,153
SCHEDULE -18: INTEREST & FINANCIAL CHARGES (Net)		
Fixed Loans	177,294,485	68,415,198
Others	162,824,367	96,960,446
	340,118,852	165,375,644
Less : Interest received on Fixed Deposit [TDS : Rs 42,115, 670] [Previous Year TDS : Rs.23,858,403]	206,415,619	117,026,362
TOTAL	133,703,233	48,349,282
SCHEDULE -19: TAX EXPENSES		
Income Tax	124,669,926	83,494,142
Deferred Tax	161,951,780	57,663,915
Fringe Benefit Tax	4,621,640	2,872,926
Wealth Tax	110,000	-
MAT Credit Entitlement	(99,500,000)	-
Taxation adjustment of previous year	117,935	-
TOTAL	191,971,281	144,030,983

SCHEDULE NO. 20

SIGNIFICANT ACCOUNTING POLICIES

20. SIGNIFICANT ACCOUNTING POLICIES

20.1. Basis of Preparation

The Consolidated Financial statements of the Company and its subsidiaries are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) applicable in India and in accordance with the mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 and guidelines issued by the Securities and Exchange Board of India.

20.2 Principles of consolidation

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

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

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

20.3 Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as on the date of the financial statements and the reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

20.4 Revenue Recognition

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

20.5 Cash flow statement

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

20.6 Fixed Assets

(a) Tangible Fixed Assets

- i. Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition. During the year, exchange differences on translation of foreign currency loans obtained to purchase fixed assets from countries outside India are recognized in Profit and Loss Account.
- ii. Interest on borrowed money allocated to and utilized for fixed assets, pertaining to the period up to the date the fixed asset is ready for its intended use, is capitalized.
- iii. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for its intended use before such date are disclosed under Capital Work-in-progress.

(b) Intangible Assets

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition and other incidental costs incurred in bringing the intangible assets for its intended use.

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

(c) Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

20.7 Research and Development

Research cost are charged to profit and loss account and the expenditure incurred relating to the development phase are treated as advances in Capital Work-in-progress and are capitalized when the intangible asset is ready for use.

20.8 Depreciation and Amortization

- i) Depreciation on tangible assets is provided on Straight Line method at the rates prescribed under the respective applicable laws in case of each subsidiary.
- ii) Other Intangible assets (other than goodwill) are amortized over their respective individual estimated useful lives on straight-line basis, commencing from the date the asset is available to the Company for its use as estimated by the management.
- iii) After recognition of impairment loss, the depreciation charge for the assets is on the revalued amount prospectively over the remaining useful life of the assets.

20.9 Inventories

Inventories comprises of Third Party software products and Own software products

- i. Own software products which are developed/being developed are valued at allocated cost on specific identification method or the net realizable value whichever is lower.
- ii. Third party software products are valued at cost or net realizable value, whichever is lower. The cost formula used is weighted average basis.

Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT Credit.

20.10 Investments

Investments are either classified as current or long term based on the management's intention at the time of purchase.

- i. Long term investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.
- ii. Current investments are valued at the lower of cost or fair value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the profit and loss account.

20.11 Effect of Exchange Fluctuation on Foreign Currency Transactions

- i. Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- ii. Non-Monetary assets and liabilities are translated at the rate prevailing on the date of transaction.
- iii. Period-end balances of monetary foreign currency assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balances sheet date. The resulting exchange difference is recorded in the profit and loss account.
- iv. For the purpose of the translation of financial statement of foreign subsidiaries, the same are classified as non-integral foreign operations. In case of non-integral foreign operation accounts, all assets and liabilities both monetary and non-monetary are translated at the closing rate. Items of income and expenses are translated at the average exchange rate for the period. Resulting exchange rate difference is accumulated in 'Foreign currency translation reserve' as a separate component of shareholders' funds, until the disposal of "Net investment in non-integral foreign operation"

20.12 Employee Benefits

Retirement benefit plans, pension schemes and defined contribution plans or funds are governed by the statutes of the countries in which the holding and subsidiaries are located and also as per the rules of the respective companies. Such contribution to the funds or future liability on actuarial valuation is charged to profit and loss account. In case of leave encashment, the Accrued liability is provided based on the unavailed leave to the credit of employees in accordance with the rules of respective subsidiary companies wherever applicable, whereas the holding company provides on the basis of actuarial valuations.

i) Post-employment benefit plans

Contributions to defined retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

ii) Short-term employee benefits

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

iii) Long-term employee benefits

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

20.13 Income Tax

- i. Current income tax expenses comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expenses relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.
- ii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax in respect of timing difference which originate during the tax holiday period but reverse after the tax holiday period is recognized in the year in which the timing difference originate. For this purpose the timing difference which originates first is considered to reverse first. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of change. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.
- iii. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

20.14 Earnings per Share

- i. Basic earnings per share is calculated by dividing the net earning available to the equity shareholders by the weighted average number of equity shares outstanding during the year.
- ii. Diluted earnings per share is calculated by dividing the net earnings available to existing and potential equity shareholders by aggregate of the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares (FCCB). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

20.15 Leases

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

SCHEDULE NO.21
NOTES ON ACCOUNTS

21.1 Particulars of the Subsidiary Companies considered in the Consolidated Financial Statements and their reporting dates

Sl. No.	Name of Company	Country of incorporation	% of voting power held	Reporting date as at
i.	Systat Software Inc., USA	USA	100%	March 31, 2008
ii.	Cranes Software UK Limited (Earlier known as Systat Software UK Limited)	UK	Wholly Owned subsidiary of Systat Software Inc., USA	March 31, 2008
iii.	Systat Software Asia Pacific Limited	India	100%	March 31, 2008
iv.	Systat Software GmbH	Germany	100%	March 31, 2008
v.	Cranes Software International Pte Limited	Singapore	100%	March 31, 2008
vi.	EMRC Engineering Mechanics Research (India) Limited	India	100%	Sep 30, 2007
vii.	Cranes Software Inc., USA	USA	100%	March 31, 2008
viii.	Analytix Systems Private Limited	India	100%	March 31, 2008
ix.	Tilak Autotech Pvt Ltd	India	100%	March 31, 2008
x.	Dunn Solutions Group Inc., USA	USA	Wholly Owned subsidiary of Cranes Software Inc., USA	March 31, 2008
xi.	Caravel Info Systems Pvt Ltd	India	100%	March 31, 2008
xii.	Proland Software Pvt Ltd	India	100%	March 31, 2008
xiii.	Engineering Technology Associates Inc., USA	USA	Wholly Owned subsidiary of Cranes Software Inc., USA	March 31, 2008
xiv.	Engineering Technology Associates (Shanghai) Inc.,	China	Wholly Owned subsidiary of Engineering Technology Associates Inc, USA	March 31, 2008
xv.	Esqube Communication Solutions Pvt Ltd	India	76%	March 31, 2008

During the period under review,

- The Company subscribed to 100% share capital of Caravel Info Systems Pvt Ltd , a private limited Company offering Solutions Embedded System and System Software.
- The Company through its wholly owned subsidiary Cranes Software Inc, USA, subscribed to 100% share capital of Engineering Technology Associates Inc., USA along with its subsidiary ‘Engineering Technology Associates (Shanghai) Inc, China” The Company provides computer aided engineering services and develops computer-engineering software.
- The Company has subscribed to 100% share capital of Proland Software Pvt Ltd, a private limited company offering Anti Virus Products.
- The Company increased its stake in Esqube Communication Solutions Pvt Ltd., from 15% to 76% a private limited company offering solutions in VoIP, Wireless, Speech and Audio Domain area.
- The company sold off its 100% stake in EMRC Engineering Mechanics Research (India) Limited, a wholly owned subsidiary. The consolidated profit and loss account includes the results of the wholly owned subsidiary upto the date of sale.

21.2 Contingent liabilities not provided for and Capital commitments

(Amount in Million)

Particulars	Current Year	Previous Year
Contingent liabilities not provided for		
(a) Outstanding guarantees and counter guarantees to various banks and others, in respect of the guarantees given by those banks in favor of various government authorities and others	467.52	2.40
(b) Claims against the Company not acknowledged as debts on Tax matters in dispute under appeal	14.97	3.65
Estimated amount of contracts remaining to be executed on capital account and not provided for.	49.18	130.34

21.3 Effect of Change in Depreciation Policy

- During the year Esqube Communication Solutions Private Ltd one of the subsidiary companies has changed its method of depreciation from Written down value method to Straight Line Method in order to comply with the uniform accounting policy of its Holding company M/s Cranes Software International Limited, which acquired an additional stake of 61% (totaling to 76%) as on January 1, 2008. The change in the method has resulted in increase in profits for the year to the extent of Rs.1,910,712/-
- During the year Proland Software Pvt. Ltd, one of the subsidiary companies has changed its method of depreciation from Written down Value Method to Straight Line Method in order to comply with the uniform accounting policy of its holding company M/s. Cranes Software International Limited. The effect of change in the method has lead to increase in Profit for the year to the extent of Rs.417,155/-

21.4 Security for borrowings

- i) Working Capital and Term Loans: Bank finances are secured by hypothecation of stocks of software, book debts and collaterally secured by properties; personally guaranteed by Whole time Directors and also have additional collateral security by way of pledge of promoters share for part amount.
- ii) Vehicle Loans: Finance for purchase of vehicles are secured by hypothecations of respective vehicles.
- iii) Finances availed from UPS Capital Business Credit are personally guaranteed by Whole time Directors.

21.5 Reconciliation of basic and diluted shares used in computing earnings per share

(Rs. in Million)

Particulars	Current Year	Previous Year
Net Profit for the period attributable to equity shareholders (A)	1149.81	871.23
Adjustment for interest on Foreign Currency Convertible Bonds (FCCB) net of Taxes (B)	35.56	24.71
Net Profit for the period attributable to equity shareholders (after adjustment for diluted earnings) (A+B)	1185.37	895.94
Number of shares considered as basic weighted average shares outstanding (C)	114.67	114.67
Add: Effect of dilutive issues of shares (D)	19.24	19.24
Number of shares considered as weighted average shares and potential shares outstanding (C+D)	133.91	133.91
Basic Earnings per share (A/C)	10.03	7.60
Diluted Earnings per share (A+B)/(C+D)	8.85	6.69
Nominal Value per share (Rs.)	2.00	2.00

21.6 Current Investments (Quoted)- In Money Market Mutual Funds

2007-08

(Rs. in Million)

Particulars	No. of Units	Face Value	Amount
ING Vysya Liquid Fund Institutional-Daily Dividend Reinvestment	32,931	10	0.33
ING Vysya Floating Rate Fund -Daily Dividend	154	10	0.00
Aggregate Fair value of quoted investments			0.33
Aggregate cost of quoted investments			0.33

2006-07

(Rs. in Million)

Particulars	No. of Units	Face Value	Amount
HDFC Liquid Fund-Dividend-Daily Reinvestment	61,124	10	0.62
HDFC Cash Management Fund-Saving Plan-Daily Dividend Re-Investment	11,821	10	0.13
ING Vysya Liquid Fund Institutional-Daily Dividend Reinvestment	23,277	10	0.23
ING Vysya Liquid Fund -Daily Dividend option	5,040	10	0.05
ING Vysya Floating Rate Fund -Daily Dividend	129	10	0.00
LIC MF Liquid Fund-Dividend Plan	12,894	10	0.14
HSBC Cash Fund-Institutional Plus-Daily Dividend	69,961	10	0.70
SBI Insta Cash Fund-Reinvestment	11,932	10	0.20
HDFC Liquid Fund-Dividend-Daily Reinvestment	1,098,233	10	11.20
HDFC Liquid Fund-Dividend-Daily Reinvestment	245,141	10	2.50
HDFC Cash Management Fund-Savings Daily Dividend	188,034	10	2.00
SBI Magnum Insta Cash Fund-Daily Dividend Option	2,537,268	10	42.50
Aggregate Fair value of quoted investments			60.27
Aggregate cost of quoted investments			60.27

21.7 Preferential Issue:

The Company issued 1,000,000 Equity shares of Rs.2 each at a premium of Rs.108 per share on preferential basis to the strategic investors on September 22, 2006 amounting to Rs.110 million. During October 2005, the Company raised 1,200,000 equity shares of Rs.10 each at a premium of Rs.890 per share to promoters and strategic investors. Pending utilization, the aggregate amount of Rs.1190.00 million is forming part of Balances with Scheduled Banks in Indian Rupees-Deposit Accounts as on March 31, 2008.

21.8 Foreign Currency Convertible Bonds

The Company issued and allotted on March 17, 2006 Foreign Currency Convertible Bonds (Considered as non-Monetary liability) for Euro 42 Million (Equivalent to Rs. 2,270.10 Million) bearing an interest at 2.5% per annum payable half yearly. The bonds are convertible at any time on and after April 27, 2006 and till close of business on March 11, 2011 and were convertible into shares or GDRs at an initial conversion price of Rs. 143.293 per share with a fixed rate of exchange on conversion of Euro 1.00 = Rs. 52.6828. The outstanding bonds are redeemable at a premium of 12.833% on March 18, 2011. Further, based on the relevant clause of the issue document, conversion

price has now been refixed at Rs.115. During the year ended 31 March 2008 there has been no conversion of the Bonds into Shares. If the outstanding bonds as on March 31, 2008 are converted into equity shares or GDRs, then the share capital of the Company will increase by 19,240,675 shares.

Proportionate Premium payable on redemption of FCCB of Rs 60 Million has been transferred to FCCB Redemption reserve during the year out of share premium account. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the share premium account will be suitably adjusted in the respective years.

The use of the proceeds of the FCCB issue as at March 31, 2008 is as under:

Particulars	(Rs. in Million)	
	Current Year	Previous Year
- Issue expenses	63.86	63.86
- Capital expenditure	1,364.56	1,364.56
- Term Loan repayment to Jammu & Kashmir Bank Ltd	97.36	97.36
- Advance to Subsidiaries	666.02	650.55
- Software Imports	123.24	123.24
- Others (Exchange Variation)	(75.84)	(75.84)
- FCCB Interest	30.90	30.90
Total	2,270.10	2,254.63

Balance amount Rs. Nil (Previous year 15.47 Million) is forming part of Balances with Scheduled Bank in foreign currency as on March 31, 2008 .

21.9 Related Party Disclosures

Current Year (Rs. in Million)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total Related Parties
Directors Remuneration	-	-	8.53	-	8.53
Commission to Directors	-	-	3.30	-	3.30
Balance as on 31.03.08 payable	-	-	3.30	-	3.30

Previous Year (Rs. in Million)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total Related Parties
Directors Remuneration	-	-	4.64	-	4.64
Balance as on 31.03.07 receivable	-	-	-	-	-
Balance as on 31.03.07 payable	-	-	-	-	-

Note:

Names of related parties and description of relationship

Key Management Personnel	Mr.Asif Khader Mr.Mukkaram Jan Mr.Mueed Khader
Relatives of Key Management Personnel	Nil
Other Related Parties	Orca Infotech Private Limited K&J Holdings Private Limited Jansons Telecom Private Limited Jansons Land & Property Development Pvt Ltd SPSS South Asia Private Limited Keysoft Solutions Private Limited Spice Capital Fund Private Limited Sea Equity Enterprises Private Limited

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

21.10 Segment Reporting

The Company has identified Geographic segments as its primary segment and Business segments as its secondary segment.

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

Primary Segment Information -Geographical Segment (Rs. in Million)

SL.No.	Particulars	Current Year			Previous Year		
		Export	Domestic	Total	Export	Domestic	Total
1	Segment Revenue	3,198.45	754.00	3,952.45	2,251.42	585.86	2,837.28
2	Segment Results	1,162.76	272.74	1,435.50	981.31	64.87	1,046.18
	Other Income			33.98			11.29
	Operating Profit			1,469.48			1,057.47
	Interest Expenses			133.70			48.35
	Profit Before Tax			1,335.78			1,009.12
	Tax expenses			191.97			144.03
	Extraordinary items (+)			5.95			-
	Profit after Tax			1,149.76			865.09
	Adjustments relating to earlier year			- 0.05			+ 6.14
	Net Profit			1,149.71			871.23
3	Segment Assets	8,818.73	2,939.57	11,758.30	6,480.54	2,365.09	8,845.63
	Unallocated Corporate Assets			613.36			358.15
	Total Assets			12,371.66			9,203.78
	Segment Liabilities	64.83	16.20	81.03	114.05	63.72	177.77
	Unallocated Corporate Liabilities			1,533.16			5,372.70
	Total Liabilities			1,614.19			5,550.47
	Segment Capital Employed (Segment Assets – Segment Liabilities)	8,753.90	2,923.37	11,677.27	6,366.49	2,301.37	8,667.86
4	Segment Capital Expenditure	1,542.51	385.63	1,928.14	990.58	261.54	1,252.12
5	Segment Depreciation	532.73	37.49	570.22	348.17	100.49	448.66

Secondary Segment Information - Business Segment (Rs. in Million)

SL.No.	Particulars	Current Year		Previous Year	
		Proprietary products and services	Product Alliances	Proprietary products and services	Product Alliances
1.	Segment Revenue	3,345.11	607.34	2,346.70	490.58
2.	Segment Results	1,366.21	69.29	992.98	53.20
3.	Segment Assets	11,083.02	675.28	8,330.20	515.43
4.	Capital Expenditure	1,446.10	482.04	930.16	321.96

21.11 Previous year's figures have been regrouped and reclassified wherever necessary

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

For and on behalf of the Board

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Managing Director

Mukkaram Jan
 Director

Parasuram B
 Company Secretary

Bangalore
 June 26, 2008

STATEMENT OF CASH FLOWS

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
Cash flows from operating activities		
Net profit before taxation, minority interest and extraordinary items	1,341,731,267	1,009,123,882
<i>Adjustments for:</i>		
Prior period adjustment	(52,427)	6,137,607
Share of minority loss	102,025	-
Loss on sale of assets	922,643	265,237
Profit on sale of Investments	5,948,124	-
Exchange difference on translation of foreign currency cash & cash equivalents.	(48,668,221)	(9,499,745)
Depreciation and amortization	570,220,990	448,572,851
Preliminary expenses	161,765,716	162,087,274
Dividend / interest income (Net)	(207,303,296)	(119,052,937)
Interest expense on borrowings	340,118,852	165,375,644
Operating profit before working capital changes	2,164,785,672	1,663,009,813
Adjustments for working capital		
Inventory	1,432,090	6,721,033
Debtors	(481,251,973)	(13,224,521)
Loans and advances	(12,405,735)	(219,763,438)
Other current assets	-	-
Provisions for liabilities	-	73,251,131
Current liabilities	474,123,501	47,744,526
Cash generated from operations	2,146,683,555	1,997,265,420
Adjustments		
Direct Taxes paid	(124,038,973)	(142,329,717)
Net cash flow from Operating Activities	2,022,644,582	1,854,935,703
Cash flows from investing activities		
Purchase of Investments	(5,500)	(60,279,258)
Proceeds from sale of Investments	64,000,276	-
Dividend / Interest received	207,303,296	119,052,937
Increase in deferred revenue expenditure	(17,064,712)	-
Proceeds from sale of Fixed assets	110,416,731	280,761
Acquisition of property, fixed assets (including advances)	(3,154,176,120)	(3,176,279,673)
Net cash flow from Investing Activities	(2,789,526,029)	(3,117,225,233)
Cash flows from financing activities		
Share Capital	-	2,000,000
Share Premium	-	108,000,000
Dividend and Dividend Tax	(133,267,189)	(155,536,478)
Interest on borrowed funds	(340,118,852)	(159,535,368)
Secured Loans / Borrowings	791,514,302	770,777,588
Unsecured Loans	442,009,981	600,232,874
Net cash flow from Financing Activities	760,138,242	1,165,938,616
Exchange difference on translation of foreign currency cash & cash equivalents.	5,863,631	734,128
Net increase/(decrease) in Cash and Cash Equivalents	(6,743,205)	(96,350,914)
Opening cash and cash equivalents	2,809,618,742	2,905,235,528
Closing cash and cash equivalents	2,808,739,168	2,809,618,742

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

For and on behalf of the Board

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Managing Director

Mukkaram Jan
Director

Parasuram B
Company Secretary

Bangalore
June 26, 2008

STATEMENT REGARDING SUBSIDIARY COMPANIES

FOR THE YEAR ENDED MARCH 31, 2008

(Pursuant to approval No. 47/234/2008-CL-III dated June 6, 2008, received from the Ministry of Company Affairs under Section 212 (8) of the Companies Act, 1956.

(Rupees in Million)

Wholly Owned Subsidiaries	Systat Software GmbH Germany	Systat Software Inc (Consolidated with Cranes Software UK. Ltd)	Systat Software Asia Pacific Ltd	Cranes Software International Pte Ltd Singapore	Caravel Info Systems Pvt. Ltd	Cranes Software Inc, USA (Consolidated with Dunn Solutions Group Inc, Engineering Technology Associate Inc & China)	Tilak Autotech Pvt. Ltd	Analytix Systems Pvt. Ltd	Proland Software Pvt. Ltd	Esquebe Communication Solutions Pvt. Ltd
Reporting Currency	EURO	USD	INR	SGD	INR	USD	INR	INR	INR	INR
Exchange Rate in Rupees as on March 31, 2008	63.09	39.97	1	28.91	1	39.97	1	1	1	1
Issued & Subscribed capital	1.45	185.59	3.80	4.43	1.20	450.07	0.10	0.20	0.48	0.12
Reserves	(5.04)	(69.47)	1.83	0.02	7.28	(14.95)	(8.89)	1.37	6.37	(5.71)
Total Assets	48.51	944.20	5.68	140.48	25.68	1,092.37	16.06	1.57	6.93	25.73
Total Liabilities	48.51	944.20	5.68	140.48	25.68	1,092.37	16.06	1.57	6.93	25.73
Investments	0	0	0	0	0	0	0	0	0	0
Turnover	55.36	315.80	0	24.20	33.34	1,174.14	6.67	0	0	1.98
Profit/(loss) before taxation	3.68	(44.57)	(1.93)	0.19	(0.43)	(16.94)	(7.67)	(0.02)	(2.03)	0.31
Provision for taxation	0	14.73	0.58	0	(0.72)	6.41	0.04	0	0.50	(0.73)
Profit/(loss) after taxation	3.68	(59.30)	(1.36)	0.19	(1.16)	(10.53)	(7.71)	(0.02)	(1.53)	(0.43)
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Country	Germany	USA	India	Singapore	India	USA	India	India	India	India

For and on behalf of the Board

Asif Khader
Managing Director

Mukkaram Jan
Director

Bangalore
June 26, 2008

Cranes Software International Limited

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